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WITH
CECILIA
ZIMBA**

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FOR SMES IN
ZAMBIA - THE
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EXECUTIVE LUXURY OFFICE SUITES TO LET



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UNITY OF PURPOSE

IT IS INDEED a great honour for me to present this message to you as ZICA President. I wish to tender my heartfelt gratitude and appreciation for the support and confidence you have placed in me and the new Council for the Zambia Institute of Chartered Accountants (ZICA). I would also like to commend all members who contested for various positions for the spirited and vibrant campaigns that were conducted as this attests to the significance and honour they attach to the positions on Council of the Institute. Our commitment to serve the Institute rests on the recognition of the many gifted professionals that we have in our membership as an Institute who, through concerted, collective action and responsibility, achieve great results. My message to you all is that of unity of purpose in order to achieve the mission and vision of the Institute as enshrined in its 2019-2023 Strategic Plan.

Dear colleagues, the advocacy role of the Institute in line with the shared perspectives that make a difference to businesses, finance, accounting and ultimately, our economy at large, cannot be over emphasised. Due to the disruptions of the COVID-19 pandemic, we are living in a time when the future is not predictable, thus we as accountants need to have the ability to adjust and steer our organizations in the right direction. Our profession is a noble one and society expects us accountants to offer solutions during such challenging times. We must therefore be up to the task, given such expectations. It is incumbent upon all of us to work tirelessly to match the public expectation of us as individuals and collectively as a profession under the umbrella of the Institute.

In my campaign message, I emphasised that my vision is to contribute to an accountancy profession in Zambia that is relevant, influential and respected by all stakeholders in the country and beyond. Key in meeting stakeholder expectations is the need for us to ensure that our qualifications remain premier qualifications at the cutting edge of knowledge relevant to ensuring that our graduates will meet the skills demands of commerce, industry and public service.

Benjamin Franklin once said, "An investment in knowledge pays the best interest", propounding that knowledge is the differentiator which separates one from the pack. Recognising the

importance of knowledge, a lot of emphasis by the current Council will be placed on ensuring that we build the premier Chartered Accountant (CA) Zambia brand into a highly respected qualification

that makes the difference for

businesses, communities and economies. We are therefore resolved in ensuring

that we design and develop qualifications and exit certifications which meet the expectations of relevant stakeholders.

Colleagues, the Institute has a number of exciting projects which need to be pushed to the finish line. My role will be to ensure that your Council, with the input of Management, mitigate any challenges which may hinder the delivery of desired results. As you may be aware, the Government signed the SI 34 in 2018 to prohibit low-balling and provide a legal basis for the fees charged by accountants in practice with a view that going forward those fees would be a true reflection of the value of the services offered. During the implementation process, we received feedback from the Attorney General that SI 34 did not sit well with the provisions of Section 16 (2) of the Accountants Act No. 13 of 2008. This is because the schedule in the SI 34 provided for the fees chargeable, applied to administrative structures that exist in accounting practice firms, which were not consistent with the classes of Membership as provided for in the ZICA constitution and the Accountants Act. Therefore, based on the aforementioned, the Attorney General recommended the revocation of Statutory Instrument No. 34 of 2018 to ensure that it is aligned with the provisions of the Accountants Act No. 13 of 2008 and the ZICA Constitution. Consequently, SI 34 was revoked on 5th February 2019 by the then Minister of Finance. In light of the foregoing, your Council's commitment will be to revisit this and ensure that it is put to its logical conclusion. Additionally, Council will ensure that the Accountants Bill of 2019 aimed at harmonising the Act with other business legislation is finalised. We also

intend to finalise consultations on how practitioners can report on persons holding out to Boards of client organisations as a NOCLAR issue under the Accountants Act.

Lastly, we need to chart the path ahead for our diversification plan towards property investments at the Accountants Park and the Shuungu Namutitima International Convention Centre (SNICC) in Livingstone.

On behalf of Council and indeed on my own behalf, I would like to thank you all for your commitment to the Institute and for your dedication to the accountancy profession. As the year draws to a close, I implore all of to continue being resilient in your respective areas of operation as we navigate through the challenges imposed by the COVID19 pandemic.

I wish you a merry Christmas and a prosperous new year.

Cecilia Zimba,
ZICA President



STRATEGIC MANAGEMENT IN A COMPETITIVE & CHALLENGING ENVIRONMENT

ACCOUNTANTS are increasingly playing a key role in the development and implementation of Business Strategy. Professional Accountants in business now make up more than half of all the Accountants in the world, according to the International Federation of Accountants. That puts them in a perfect position to “drive successful and sustainable organizations.”

In this edition, we have published an article titled “*Strategic Management in A Competitive Environment*.” The author postulates that the rapid growth in the external environment has drawn more energy on the resources and organisational capabilities as the main sources of competitive advantage for many organisations.

The COVID-19 pandemic has prompted organisations around the world to adopt different ways of doing business. The pandemic has been characterised by social distancing and nationwide lockdowns. Businesses, no matter how established they are, have been experiencing major impacts and are having to re-look at how they manage and operate, including re-visitation of their business strategies. It has become challenging for most businesses to keep their financial wheels turning during the pandemic and this has resulted in a number of businesses suffering loss of revenue and exposure to the general uncertainty in the global financial environment. The scenario has cast a light on Accountants, who now have to play an even greater role in guiding companies through the strategic options available to cope with the COVID-19 pandemic.

Accountants are in a unique position to oversee and even lead strategic analysis processes to strongly position businesses for success in uncertain and difficult times. The training of Accountants enhances their business and financial acumen, which enables them to play a valuable leadership role in strategic management. Successful strategies require an understanding of an organisation’s long-term



Bonna Kashinga
ZICA CEO

goals, competition, resources, and effective implementation of strategies.

Automation and technology have now become prominent features of organizations. Companies are now more than ever before embracing automation and technology thanks to the COVID-19 pandemic. Businesses have had to quickly adjust to the new normal in order to remain competitive. We have seen employees across all functions learning to complete tasks remotely, using digital communication and collaboration tools. It is not enough for companies to recover revenues gradually as the crisis subsides. They will need to fundamentally rethink their revenue profiles, position themselves for the long-term and get ahead of the competition.

Accounting professionals at CFO levels are increasingly expected to be involved in strategy

and decision-making with more of the responsibilities for accounting for non-financial risks falling on them as well. For this reason, they are instrumental in pushing for the breaking down of corporate “silos” and the sharing of vital information about risks and liabilities.

It cannot be argued further that the COVID-19 crisis has accelerated the shift to digitalisation and strategic companies are going further by enhancing and expanding their digital channels.

The Institute has taken positive strides by re-evaluating its strategy and ensuring that it remains competitive under these challenging times. Notably, the Institute has launched online capacity building short courses. This is partly in response to the COVID-19 pandemic; it is no longer business as usual. The short courses offered through partner Institutions such as CFI and CIMA are aimed at providing members and other interested parties with up-to-date skills in Financial Modelling, Data Analysis and Dashboard reporting. The partnership with CFI, in particular, consists of e-learning

courses under the Financial Modelling and Valuation Analyst (FMVA) Certification programme among other certifications.

Clearly, accounting roles are increasingly being automated and my guess is there will be even more automation of the traditional accounting functions during this COVID time. There is already a shift towards being future-ready as it has been accepted that automation is not just coming; it is already here, will only increase and evolve very quickly. Hence, there is a need to embrace technology and not see it as a risk or a cost, a need to develop and adapt skill sets, knowledge, and understanding in data analytics, synthesis, artificial intelligence, robotics, intelligent process automation, and other similar technology, which is the direction the Institute has taken. ■

AN ANALYSIS OF VALUE ADDED TAX ON THE DIGITAL ECONOMY IN ZAMBIA

INTRODUCTION

In December 2019, the Zambian Parliament passed the Value Added Tax (“VAT”) (Amendment) Act, 2019. One of the major changes brought in by the Act is the introduction of specific rules on the taxation of electronic commerce (“e-commerce”). This article seeks to examine in detail, the implications of these rules on taxation of e-commerce in Zambia.

AN OVERVIEW OF E-COMMERCE

The Zambia Information and Communication Technology Authority (ZICTA)¹ reported that the number of mobile internet users and fixed internet subscriptions as of the second quarter of 2020 was at 9,366,639 and 100,477, respectively. In a country with a total population of about 17 million, these statistics represent the potential growth of e-commerce with the internet becoming not only a tool for communication and connectivity but a key business driver.

The internet is increasingly appealing to consumers who are now shifting from the conventional way of physically purchasing consumer goods and services.

Entities are able to supply goods and services such as self-education packages, software, software applications, mobile applications, e-books, e-music, e-movies, websites, web-hosting, remote maintenance services, virtual databases among others, into multiple countries and receive payments without having a physical presence in the countries. Further, they are now also able to offer goods and services without owning any inventory or cost intensive tangible assets. Some of the most well-known examples of these entities are Amazon, Facebook, Google, Alibaba, Jumia, Konga et cetera².

MODE OF E-COMMERCE TRANSACTIONS

The African Tax Administration Forum (“ATAF”) notes that there are various types of products, business models and transactions in the digital economy. The main two types of transactions are distinguished as follows³:



By Liywalii Kanyimba,
MPhil (Tax Law), BA

E-contract for tangible goods

In this case, the transaction is concluded via the Internet for the sale of tangible goods. The tangible goods are delivered via a courier or postal service. Generally, these transactions pose little to no risk for VAT. This is because the tangible goods are taxed by the Customs Authorities when they enter the country.

E-contract for intangibles

In this case, the transaction is concluded via the Internet and the delivery of the services and/or intangibles also takes place via the Internet. These types of transactions pose a risk for VAT. This is due to the fact that the importation of services and/or intangibles often goes undetected or present the challenge of determining the jurisdiction of taxation due to their mobility.

ATAF further notes that these transactions materialise in business models consisting of regular Business to Consumer (“B2C”) store set up or in a digital marketplace⁴ that connects buyers and sellers. The latter type of model is generally referred to as a digital marketplace⁵.

The foregoing clearly speaks to the fact that e-commerce presents an economic opportunity for Zambia, at the same time potentially allowing for an effective improvement to domestic

revenue mobilisation and expanding the tax base.

PRE-EXISTING VAT RULES ON E-COMMERCE

Prior to 1st January 2020, taxation of e-commerce was covered under the general VAT rules on services.

Accordingly, a Zambian supplier was required to register for VAT if the turnover exceeded or was expected to exceed ZMW800,000.00 per annum (“the registration threshold”).

In the case of foreign suppliers, the registration threshold did not apply. Such foreign suppliers were required to appoint a local tax agent in Zambia to discharge their VAT obligations, including the requirements to charge output tax, issue valid tax invoices, submit tax returns and make payments by the due dates to the Zambia Revenue Authority (“ZRA”). This permitted the recipients of the e-services to recover the input tax using tax invoices issued by the local tax agent.

For any breach, the local tax agent and the foreign supplier were severally liable under the VAT Act.

Where the foreign supplier did not appoint a local tax agent, the obligation to account for VAT shifted to the recipient of the services under the VAT Reverse Charge mechanism⁶. Further, the recipient was not permitted to claim the corresponding input tax. Therefore, the cost of the services in effect increased by 16% of their monetary consideration in the hands of the recipient or consumer in Zambia.

However, even though the rules made it mandatory for foreign suppliers to appoint a local tax agent, in practice, this was mainly at the instigation of the Business to Business (“B2B”) consumers because of the input tax benefits and the shift of both the legal and economic incidence of the tax to the foreign supplier. Therefore, the collection of VAT on e-services was generally on B2B transactions.

The other problem that adversely impacted the collection of VAT on e-services was the absence of concise and comprehensive definitions of good and services and their supply to capture all the emerging products in the

1. <http://onlinesystems.zicta.zm:8585/statsfinal/>, accessed on 15th October 2020

2. ATAF, Digital Economy and Cross Border transactions: Valued-Added Tax (VAT) Policy and Administration considerations for African Countries, ATAF Secretariat Tax Programmes Directorate, p.2

3. Ibid, p.2,3

4. Digital Marketplaces are platforms that bring together buyers and suppliers to facilitate transaction between the parties. They usually do not own inventory or engage in supply of goods and services to consumers on their platform. Examples are e-bay, facebook, Airbnb, Uber, Alibaba/Aliexpress, Konga et cetera.

5. ATAF, Digital Economy and Cross Border transactions: Valued-Added Tax (VAT) Policy and Administration considerations for African Countries, ATAF Secretariat Tax Programmes Directorate

6. VAT Reverse Charge Mechanism is a VAT mechanism that transfers the liability to account for and pay VAT on services from the person making the supply (“the supplier”) to the person receiving the supply (“the recipient”)

digital economy. This created a challenge in categorizing intangibles such as software on the argument that software is outside the scope of VAT for the following reasons:

- The software is not tangible and therefore may not be a good within the context of the traditional definition of goods. Neither is it a service, as it is a product that was created through human effort (like every other product) but it does not require human effort from the provider for it to function.
- The transaction is neither a supply of goods nor service but a mere grant of right to use the intangible good. Thus, it should be outside the scope of VAT.

THE NEW VAT LEGISLATION ON E-COMMERCE

In line with the global trend where various countries are now taking steps to introduce specific tax legislation to deal with challenges arising from digitisation of the global economy, the government has taken the first step to introduce provisions in the VAT Act that are specific to e-commerce.

The salient features of the new VAT provisions on e-commerce are discussed below:

Scope of VAT on e-commerce

The VAT Act was amended to introduce the following definitions⁷:

“Electronic commerce means the buying, selling, advertising, or marketing of goods and services using the internet, mobile telecommunication networks and other electronic commerce infrastructure...; [and]

Electronic service means “a service capable of delivery of data across multiple electronic commerce platforms.”

It is commendable that an attempt has been made to define e-commerce and e-services to ensure certainty and clarity. However, the definition of an e-service is vague on what constitutes an e-service and accordingly, subject to varying interpretations.

The reference to ‘multiple electronic commerce platforms’ in the definition could be interpreted as excluding some e-services that are capable of being provided without the use of multiple electronic commerce platforms.

The definition of e-services also creates a challenge in categorising certain intangibles such as software for reasons earlier highlighted in part 4 above.

Accordingly, it would have helped to include an indicative but non-exhaustive list of what constitutes e-services in the law. Other countries such as Tanzania, Uganda as well as the European Union have endeavoured to define e-services by including in the law and relevant directives indicative lists to make this clear for taxpayers.

Place of supply rules

The general place of supply rules on locally supplied and imported services have been

maintained with following additional Section specific to e-commerce introduced:

“8A (1) Tax is payable on the provision of an electronic service in the Republic where that service is performed, undertaken, or utilised in the Republic or the benefit of the supply is for a recipient in the Republic regardless of whether the provider of the service has a place of business in the Republic or the service is paid for outside the Republic.

Based on the above, the VAT trigger on e-services is the location of the consumer or recipient of the service.

However, in practice the implementation and collection of VAT on supplies of e-services, especially intangibles will be a challenge because the place of delivery may differ from the place of consumption.

It will also be difficult for marketplace operators to identify the tax status of the recipients or place of use in order to determine the jurisdiction of tax.

Administration

The general VAT rule on administration provides for any supplier dealing in taxable supplies to register for VAT with the ZRA if the turnover exceeds or is expected to exceed the registration threshold. However, this rule does not apply to supplies of e-services.

Local suppliers of e-services whose turnover is less than the registration threshold are required to have a special registration using their Taxpayer Identification Number (“TPIN”) and are required to account for VAT using a special return prescribed by the ZRA.

In the case of foreign suppliers, Section 8A of the VAT Act states as follows:

“... ”

(2) A supplier of an electronic service, a tax agent in the Republic or the person providing an electronic commerce service shall account for the tax on electronic commerce.

(3) Where a supplier of an electronic service does not have a registered office or permanent address of business in the Republic, that supplier shall appoint a tax agent who is resident in the Republic for the purpose of accounting for the tax on electronic commerce.

(4) Despite subsections (2) and (3), the Commissioner General may appoint a tax agent who is resident in the Republic to account for tax on an electronic service...”

Based on the forgoing, it is mandatory for foreign suppliers of e-services to appoint a local tax agent to assume all their VAT responsibilities in Zambia including the requirements to charge tax, issue tax invoices, submit tax returns and make payments to the ZRA. For any breach, the local tax agent and the foreign supplier would severally be liable under the VAT Act.

The above requirements also apply to digital marketplace operators on the service charges for using or accessing their platforms. This depends on the location of the marketplace

operator and/or that of buyer/seller charged a service fee by the operator.

The application of VAT on service charges by a marketplace operator in Zambia is straight forward as any such service automatically falls within the scope of VAT in Zambia. However, it will be difficult for foreign marketplace operators to identify the tax status of the participant(s) to determine the jurisdiction of tax and to comply with the law in Zambia.

CONCLUSION

In terms of addressing the issues of the global proliferation of e-commerce and the economic opportunity it is presenting, the introduction of specific provisions in the VAT Act on e-commerce is a commendable move by the government, as it will potentially widen the tax base.

However, the current wording of the law will make its application difficult and cause practical challenges in complying with the law. The absence of a concise and comprehensive definition of e-services and their supply creates a risk of not capturing all emerging products in the digital economy. This also creates uncertainty on services that are falling within the scope of VAT on e-commerce.

Therefore, it would help that that e-services and their supply are re-defined in such terms that intangibles and other emerging products are clearly and not unintentionally left outside the scope of VAT. Exclusions can be made for specific items by clearly stating them in the definition, its subsections, or in an exemption or zero-rating schedule.

Further, the legislature has maintained the general rules on the place of supply of services to apply on e-services. The Author is of the view, especially in the case of cross border supplies of e-services, that specific place of supply rules tied to the residence of the recipient, origin of payment and business address, residential address or postal address of the recipient or consumer are considered.

And finally, the absence of a minimum registration threshold for suppliers of e-services does not provide for any compliance relief to suppliers that only do minimum or incidental supply of e-services. This is not in conformity with the recommended best practice on tax efficiency in respect to the cost of tax administration and compliance.

ABOUT THE AUTHOR

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7. Value Added Tax (Amendment) Act, 2019, Statutory Instrument No.14 of 2019



THE GOVERNOR...
CHRISTOPHER MVUNGA
- SIMPLE, STRAIGHTFORWARD

CHRISTOPHER MVUNGA is a Chartered Accountant. He is the first accountant to hold the office of Bank of Zambia Governor. He was appointed by the Republican President Edgar Chagwa Lungu on August 22, 2020 and his appointment was ratified by the National Assembly of Zambia.

His appointment aroused mixed reactions, especially that he was replacing a seasoned economist, Dr Denny Kalyalya. In this profile interview with Moses Chitoshi, the new Central Bank Governor gives a synopsis of himself, his accountancy journey and his focus for the short and long-term in his new role as Governor.

Mr Mvunga came into the limelight following his nomination to the National Assembly and subsequent appointment as Deputy Minister of Finance in 2015. After the abolition of the position of Deputy Minister through a constitutional amendment, Mr Mvunga was appointed as Deputy Secretary to the Cabinet, a position he held until he was appointed Bank of Zambia Governor.

FAMILY BACKGROUND

Mr Mvunga was born in Matero on November 15 1965. He attended Grade One at Matero Primary School for a few months before his father was transferred to Kabwe. In Kabwe, young Christopher attended Lukanga Primary School and thereafter went to Rokana Primary School in Kitwe where he completed his primary school in 1980.

“From 1981 to 1983, I was at Kitwe Boys Secondary School. I completed my secondary school education in 1985 at Chizongwe Technical Secondary School, a boarding school in Chipata. Being at a boarding school pleased my father because he felt I was spending too much time playing soccer in Kitwe,” he says.

Back then, the University of Zambia was the institution of choice for everyone that wanted to pursue higher education. But for young Christopher, an accounting career seemed ideal for him and he applied to pursue a Bachelor of Arts in Accounts at Copperbelt University. However, when he received his results, his elder brother, who was a lecturer at UNZA, persuaded him to pursue natural sciences at the University of Zambia.

This didn't please young Christopher, so he left UNZA and joined Deloitte, Haskins and Sells, the present day Deloitte & Touche. He took the advice that if he wanted to become a professional accountant, he needed to work for an auditing firm.

“So that's how I joined Deloitte in 1988 up to 1993 when I joined DevCorp Business Consultancy,” he explained.

Mr Mvunga relocated to South Africa in 1999 where he worked as a self-employed business consultant before joining Stanbic Africa, a division of Standard Bank of South Africa in 2001.

He worked at Standard Bank until 2011 when Standard Chartered Bank headhunted him.

“Standard Chartered Bank was growing its network across Africa and needed someone who had experience across the continent, which I acquired at Standard Bank. So that's how I joined Standard Chartered Bank as Director and Head of Network Management Africa, which I must mention was quite a huge task,” he recalls. “I looked after a sizeable network, what we called Presence markets where Standard Chartered Bank was physically present; in 14 countries and 15 non-presence markets, so my portfolio was 29 countries. So that's where I was until the President appointed me in 2015 as Deputy Minister of Finance. In September 2016, I was appointed Deputy Secretary to Cabinet finance and economic development. And then from there to here (BoZ).”

WHO IS CHRISTOPHER MVUNGA?

“Christopher Mvunga is Christopher Mvunga; simple, straightforward, easy-going person, focused on my own agenda and targets,” he says about himself.

For him, being focused is the real deal. He says people need to stay focused and believe in themselves to achieve their goals”.

FAMILY

Mr Mvunga is the lastborn child in a family of 12 children. Prof Patrick Mvunga is the firstborn, though many mistake him for his father due to the age gap between them.

Mr Mvunga got married in 1992.

He has 3 children, a daughter and 2 sons.

MEMORABLE MOMENTS

Mr Mvunga has had an interesting career progression. He was quite athletic and so his social life was predominantly sport. The team spirit molded his teamwork disposition.

“I believe that team work can build you. And creating strong networks is critical to one's success,” he emphasises.

Mr Mvunga's drive and self-belief was evident in him playing soccer with individuals that were much older than him. He played most of his football in Kitwe.

“When I joined Deloitte in Lusaka, we started the Lusaka Professional and Management league and the whole idea of having that league was to establish networks for professionals. The league comprised mostly doctors, bankers and accountancy firms. And it worked very well. We mingled professionally but there was no time to network at a social level, hence social soccer was used for networking purposes, we did run that successfully. Bank of Zambia was one of the teams which participated in the league,” he recalls.

PARENTAL INFLUENCE ON HIS CAREER

Mr Mvunga senior, his father, was an academic addict, who ensured that all his children attained higher education qualifications. He did not compromise on school. Moving young Christopher from Kitwe Boys to Chizongwe in Chipata attests to his father's strict disposition with regards education.

Mr Mvunga, as a pupil, enjoyed playing soccer, his position was number 11 and says he would have ended up pursuing a career in soccer if he was not moved from Kitwe.

“So there was a huge influence on education. It still hasn't changed up to now, I think we have all taken that same spirit, where the push to attaining higher education standards is very strong in the family,” he says.

Mr Mvunga has always been inclined to accountancy. At school he did Bookkeeping and Principles of Accounts. He says he got distinctions at all stages of his studies.

“My father was branch manager in Kitwe, the Kaunda Square Branch of Zambia National Building Society. He would sometimes take me along to his office when there was no one to stay with at home over the weekend. He would ask me to add numbers for him. This motivated me to pursue a career in accountancy. In fact, I shouldn't have gone into natural sciences in the first place,” he says. “In those days, elders decided your career; the family view was that we needed a doctor in the family, which I wasn't really keen on. So my accounting background started from secondary school, from Form One. I have also been very strong at mathematics throughout my school era.”

ACHIEVEMENTS

Joining Deloitte is one of his greatest achievements. The entry rules, Mr Mvunga recalls, were very strict. He climbed his career ladder very fast at Deloitte to become senior auditor.

“Completing my ACCA studies in 1994 was a major milestone and life changing moment which gave me access to work for first class organisations such Standard Bank of South Africa and Standard Chartered Bank.

Mr Mvunga also counts the part-time lecturing experience he had at Zambia Centre for Accountancy Studies among his achievements.

ADVICE TO NEW ACCOUNTANTS

Mr Mvunga strongly believes the accounting world is about discipline and expanding one's knowledge.

He says he does not even call himself an accountant. He last did accounting work at Deloitte in 1993.

But he explains that the accountancy profession gives one the ability to diversify their portfolios. He feels that as the world evolves, accounting is becoming a smaller component of the bigger picture of providing leadership.

“I think it's important that accountants do not restrict themselves to accounting, they should expand their knowledge and develop interest into other areas, particularly leadership.

“I have a very strong belief that certificates only demonstrate ability to pass exams and that certificates and degrees do not demonstrate the ability to work. So accountants should not just sit with their certificates, they should demonstrate that they can perform, they can



lead, they can provide motivation and leadership. When we were qualifying as chartered accountants ourselves, people respected you instantly. Why? Because of our ethical conduct, exemplary behaviour, professionalism, integrity and honesty. I think those are the things that enriched the profession. You were trusted by just saying 'I am a chartered accountant'. I think that is what we need to focus on - the need to move away from just celebrating the qualification. We should work towards enhancing the dignity of the qualification through professionalism, be it in public or private sector," Mr Mvunga counsels.

"The only worry I've got in Zambia is that senior accountants seem to have detached themselves from the Institute. The Law Association of Zambia is different, senior members there are actively involved in the association's activities. I am seeing a scenario in Zambia where, for example, the Zambia Institute of Chartered Accountants senior members are on the fringes,

they are not actually participating in the mentoring, and coaching of the young accountants coming on board."

Mr Mvunga feels the Institute needs to proactively start engaging senior members by creating a platform for their participation in terms of providing mentorship programmes.

TECHNOLOGICAL ADVANCEMENT AND COVID-19

Mr Mvunga says technology cannot be avoided because "things have changed, the world has changed".

"My personal belief is that the world after Covid will never be the same. There are so many things that we were scared of doing on the technology side which Covid has forced us to do and I think people have seen the efficiencies and benefits. If I am running late for work, I can stay at home but still chair a meeting, I don't need to be in a fixed location," he says. "So there are huge benefits in embracing

technology. If you look at the performance of corporates, the only companies that are recording double-digit profits are technology companies, so you have no choice as accountants but to be at the forefront of technology, otherwise you'll be left behind. The risk of lagging behind in technology is that you may become irrelevant, because so many processes are now automated to achieve operational efficiency."

From an accounting perspective, Mr Mvunga says, most manual processes are now automated.

THE BANKING SECTOR NOW AND BEYOND

Mr Mvunga says the primary responsibilities of the Central Bank include ensuring price and financial system stability.

This, he says, is the critical time to make sure that the banking sector is stable given the challenges of non-performing loans arising from businesses and the economy contracting, compounded by the COVID-19 pandemic.

"It's a crucial period, so we need to be focused as a central bank to ensure that we sustain the financial sector stability, which may mean we have to do things completely different to ensure that we don't expose the banking sector to any form of instability. So that is my primary focus to ensure that the financial system remains stable. It is easy to crack under these circumstances," Mr Mvunga says.

The Central Bank Governor recognises the adverse effects of high interest rate on the capacity to service one's loans with banks.

"Inflation also plays a part, it erodes the purchasing power. As inflation increases, financial sector performance is affected, that's why you are seeing that some banks have breached prudential ratios. So those are the things that we need to be mindful about," he explains.

Mr Mvunga says the financial system is a key component of any economy.

"We can talk about debt sustainability and debt restructuring but the delivery mechanism is through the financial system. Once you tamper with the financial system, you reverse all the economic gains. So it is critical that we maintain stability in the financial markets," Mr Mvunga emphasises.

"Of course, I would like to see interest rates and inflation declining as well as having a more stable exchange rate."

Mr Mvunga challenges professional bodies to disseminate factual information about what is happening in the economy, especially amidst confusion and misinformation on social media.

"It's incumbent upon professional bodies to engage stakeholders, share evidence based information and focus on collaborative approach to solving our economic challenges, I don't think much of that is happening," he says. ■



Accountants Park - ZICA, Lusaka

NORTH WESTERN CHAPTER TO BRING ZICA CLOSER TO MEMBERS

THE Northwestern ZICA Chapter began late last year after the visit of ZICA Chief Executive Officer Mr. Bonna Kashinga. The CEO encouraged members to get involve in the affairs of the institute. He also suggested that Accountants in the province could come together and form a chapter like what the Accountants on the Copperbelt have done. The Chapter would give the Professional Accountants in the province an opportunity to network and stay up-to-date with ZICA.

This motivated the Accountants who were present at the forum. An interim Committee was ushered. The Interim Committee began work on the operational guidelines throughout the last quarter of 2019. In setting up the operational guidelines for the chapter, the North Western chapter borrowed some ideals from the Copperbelt Chapter.

In 2020, the annual activity plan was ready for the chapter to go live but was hampered by the outbreak of the COVID-19 pandemic. Before COVID-19, the Chapter had planned to launch chapter in March 2020. So, basically the North Western chapter became operational in 2020.

The North Western ZICA chapter is managed by an eight-man committee whose membership represent public sector, financial sector, health

sector, NGO and state-owned enterprise. The current committee members are:

- Mr. Jerome M. Kunda – Interim Chairperson
- Mrs. Ireen Nkanza Kangwa – Vice Interim Chairperson
- Mr. Michael Kaoma - Treasurer
- Mrs. Mercy Kanzungula N'gandu
- Mr. Sydney Mbofwani - Secretary
- Ms Memory Mutale - Member
- Mr. Misheck Maseza - Member
- Mrs. Mamili Nyambe Liswaniso - Member

The chapter's mandate is to:

- provide opportunities for members to maintain and enhance their professional competence and development and to help them meet their Continuous Professional Development (CPD);
- promote the accountancy profession in the province, maintain the honour and dignity of the Accountancy Profession;
- initiate and develop projects to meet the professional needs of members; and,
- facilitate information sharing among the members through exchange of professional information and knowledge.

The chapter functions through two sub committees, namely, the Technical and the Publicity and Brand committees.

HOW WE HAVE PERFORMED SINCE INCEPTION

Since the COVID-19 pandemic, life has tremendously changed. There are changes in the ways we work, greet and hold meetings. Essentially, life has been turned upside down. We are now in the “new normal”. This has not spared the operation plans for the chapter. The things we envisaged to do in 2020 have not been done due to partial lockdown in the second quarter of 2020 following the increased COVID-19 cases in the country during the same period. The numbers of scheduled committee meetings have been affected too.

We are in the process of reviewing our performance and making appropriate adjustments to our plan if need be.

Our vision is to bring ZICA closer to the members in the province. There is a general feeling among the members and students that ZICA is only in Lusaka and Copperbelt.

Our plan is to hold ZICA events in the province such as the Accountants Forum, which will help our members to get the much-needed continuous professional development (CPD). We are proud that last year we had the first Accountants Forum in the province. ■

STRATEGIC MANAGEMENT IN A COMPETITIVE ENVIRONMENT



THE ever-rapid growth in the external environment has drawn more energy on the resources and organisational capabilities as the main source of competitive advantage for many organisations. The desire and will of organisations to be different hinge on how best they integrate their innovation management practices.

The purpose of this article is to demonstrate that a good strategic plan is what makes multinational or small enterprises succeed in fast paced, changing economic environments. To survive stiff competition and position itself, an enterprise can use opportunities identified through smart tools such as SWOT Analysis, Benchmarking, Porters Five Forces, PESTLE Analysis to evaluate the economic opportunities that drive the maximisation of the groups wealth.

Strategy is the direction and scope of an organisation over the long term, which achieves competitive advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations, according to Pearce and Robinson (2009). Strategy is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives.

Strategic planning and analysis is the process of a company examining its own internal or corporate characteristics and capabilities, identifying the most critical features of the external environment within which the company must operate, according to Johnson, Scholes, and Whittington (2011). The process is used to identify, analyse and understand the areas of concern which may be: internal operations,

financial muscle, weakness of the firm, the external environment, threats, opportunities and drawbacks it faces in the competitive environment within which it operates. This is the strategic process where a company constantly learns from the environment it operates in and innovates new ideas of mastering the opportunities and courses of action.

The philosophy of the company, according to (Bart & Baetz, 1998, David, 1989, Ireland & Hitt, 1992), is to uphold integrity, fairness, honesty and professionalism as well as ethical behaviour among employees by constant strategic thinking which visualises what might or could be for the company given the ever changing environment. This behaviour is what will keep the company competitive. Because the global market is evolving in terms of technology, organisational learning from both past

experience, and industry rivals and competitors, benchmarking and anticipation of future outcomes through resource application are core pillars of behavior which management could be centred on.

The organisation's strategy formalisation will be a top-down approach where decisions are made without the involvement of employees. Andersen (2000) believes this is a quick way of strategy development.

According to Modern (2006:15), strategic management is concerned with the purpose of the organisation that provides the framework for decisions about all stakeholders such as the customers, government, suppliers, communities, leadership, risk, finance, products, systems, technologies, location, competition, time and resources.

In today's global market, organisations need to evolve if they are to retain a competitive edge over their rivals and would-be new entrants and as such a tool known as PESTLE is used to constantly analyse the external factors and their implications on organisations. Managers irrespective of the level or the position they hold in the company need to know how to apply this tool as it is essential in the changing world and can help contribute to;

1. New product or service launch
2. New market share in the region
3. Decision making during strategy formulation either on corporate, operational levels in the company etc.

A PESTLE analysis is carried out on economic factors a company would face presented together with the initiatives or tactics a business may employ to remain profitable in a competitive environment.

The technological element of PESTLE, for example in the cement manufacturing which heavily relies power supplied by the Zambia power utility – Zesco Limited – with a high tariff cost; which increases the cost of production. Therefore, a company could invest in new technologies to produce own power (electricity) using thermal generation (coal), which can easily be sourced locally from Maamba Collieries Limited situated in southern Zambia. The resultant cost reduction this new technology will bring about would lower the cost of doing business. This will help the company have competitive urge with potential to penetrate the market with products that are favourably priced. Lower pricing method will stir the company for competitive advantage.

The economic element of PESTLE will for example look at Zambia's inflation, which is currently two digits, and may affect the cost of borrowing from banks and financial institutions. High lending rates affect the cost of production and ultimately pricing, profits, salaries and wages.

The implications of PESTLE analysis for an organisation are:

1. The analysis in some cases will increase the costs of production and reduce

profitability, e.g. Increased Exchange rates, high inflations under economy elements

2. It will help the organisation to reposition itself and readjust operations, seek opportunities where they can take advantage because not all are adverse and areas where they can cut costs.
3. Undertaking such analysis requires highly skilled manpower, which would need resources to maintain.

In short, a PESTLE analysis would help a company rethink and re-strategise on better services and activities through by establishing the external factors that could impact decisions made inside the organisation that would help have a competitive advantage over rivals in a changing environment. An organisation on its own cannot affect these factors – nor can these factors directly affect the profitability of an organisation, then be used to populate the opportunities and threats in a SWOT analysis, make decisions based on the insights and conclusions drawn.

On long term strategies, corporate managers should come up with long term strategies which are put into a theme like statements, the organisations will print brochures/booklets and do presentations to the organisations through functional managers who will in turn break down the objectives into action plans, according to Pearce and Robinson (2007). With strategies such as low cost model of doing business, differentiation in products and other services like customer services and combine them with grand strategies which provide basic direction for strategic actions e.g. market development, product development, mergers and acquisitions of new companies, turnarounds which is outsourcing or offshore sourcing of labor and other services to reduce company costs of business.

Diversification of products to spread the risk is another grand strategy a company can pursue.

On short-term strategies, this is the stage of implementation of long-term strategies into action. Here functional heads of departments and section supervisors will come up with action plans to implement the grand strategies by breaking them into actions or activities usually for six months to one-year period. The idea is to implement by setting targets and goals to achieve them. This helps to raise feedback, correction and evaluation of the actions in line with the mission statement. There will be priority in action plans as some actions deserve priority attention and time frames to implement for their impact on a strategy like (Pearce and Robinson, 2011:269) said.

Short term strategies of outsourcing (the acquiring a service, or product or activity from outside the people or considerations controlled by that acquiring company as defined by Pearce and Robinson, (2011) which is cost reduction method of doing business shall be employed to

cut costs of production

To achieve these, a leadership with relevant qualifications and experience would be employed. Organisational learning will be a constant behavior among employees and managers. This work culture is what will differentiate the organisation from competitors. A learning organisation is an organisation skilled at creating, acquiring and transferring knowledge through modifications of new ideas and innovations. These employ a type of leadership style known as Transformation. Leadership that is charismatic with the characteristics of idealised goal-that proposes a future better than the status quo; and is able to clarify the importance of the vision in terms that are understandable to others. A leader willing to tackle high risk ventures that yield high returns, incur high costs with an engaging attitude with self-sacrifice to achieve set objectives in a long run.

In conclusion, it is clear from authors and strategists who have written about strategy development that no matter how good a strategy is on paper, what sets apart a good business plan is the will, attitude and behaviour of managers who translate the corporate strategies into actions through a robust implementation with a questioning attitude that constantly thinks strategically, learns from both internal and external environments and then finds opportunities using their strengths to position the company for success and re-strategise in order to adapt with changing economic factors that arise during the course of doing business and finally be different from competitors on the market.

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VILLAGE BANKING CONCEPT

A GREAT TOOL FOR FINANCIAL FREEDOM AND DEVELOPMENT IN ZAMBIA

By Nzovwa Banda

“*I belong to a village banking group*”, is one of those phrases that at least each one of us has heard being said in our circles. We may also have heard testimonials of how village banking has helped someone make ends meet either as a savings option or as a source of a low interest rate loan. On the other hand, we may have heard some misgivings from those that have lost money through village banking, mostly owing to mismanagement of the group’s records and finances or theft by one of the group’s members.

In this article, I will look at: what Village Banking is; what models are used in village banking; the benefits and drawbacks of village banking. I will also make recommendations on how you can make village banking work for you and become one of those with exciting testimonials.

WHAT IS VILLAGE BANKING?

The concept of village banking is said to have been developed by John Hatch in 1984 as a means to help poor farmers of Bolivia who could not afford to get individual loans from traditional banks because of the high interest rates or not having collateral to present to banks in order to access loans (FINCA International, (2020)). The initial idea was that the farmers for which this idea was developed could pool their resources together coming up with enough collateral to access a loan as a group as well as guarantee that the loan was repaid. This is what is known as a group model (Srinivas, (2015)), in that the group has the responsibility as a collective to ensure that none of the members defaults on the payments, and if anyone defaults, it is then up to the group to ensure that they somehow find the resources to meet their obligation. Over the years, this idea has evolved into a number of models, one of which is the village banking model that is currently being used in Zambia.

As opposed to coming together and gathering resources to be used as collateral for bank loans, village banking groups operate in such a way that the members of the group come together to pool their money, which they call savings, which are also a way of buying “shares” in a group. For example, if a group agrees that 1 share is worth ZMW100, then a person who saves ZMW500, has 5 shares in the group.

Savings are done differently from group to group depending on what has been agreed upon. Some groups save every week, some

every month but both for a period known as a saving cycle, at the end of which the savings plus interests are shared out based on the number of shares that one bought. Those from among the group’s members that want to borrow money can borrow, in the form of loans, from the savings at a rate that is usually much lower than the interest that banks charge on loans. For most village banking groups, the borrowing is not only restricted to the members, non-members can also borrow albeit at a higher rate than what the members get to pay.

VILLAGE BANKING MODELS

Based on the methods of repayments, village banking groups operate primarily using two models. Let us assume that you borrow ZMW10,000.00 at an interest rate of 10%, and you would like to make repayments of ZMW2, 750.00 over a period of four months, your repayments would look as follows:

MODEL 1															
Month 1				Month 2				Month 3				Month 4			
Loan	Interest (10%)	Total	Loan Repayment	Brought forward	Interest (10%)	Total	Loan Repayment	Brought forward	Interest (10%)	Total	Loan Repayment	Brought forward	Interest (10%)	Total	Loan Repayment
10,000.00	1,000.00	11,000.00	2,750.00	8,250.00	825.00	9,075.00	2,750.00	6,325.00	632.50	6,957.50	2,750.00	4,207.50	420.75	4,628.25	4,628.25

Figure 1: Model 1. Loan repayments Model
Under the first model (see figure 1 above), it is assumed that every money that a borrower has not paid back has been borrowed by the said borrower at a 10% interest. As can be seen from the example in figure 1 above, every amount that is brought forward from the previous month attracts a 10% interest. In month 1 the borrower paid back ZMW2,750.00 but still owed ZMW8,250.00 which attracted a 10% interest, making the total money owed to the group in month 2 ZMW9,075.00. After making another payment of ZMW2,750.00 in month 2, the borrower still owed ZMW6,325.00 which also attracted a 10% in the amount of ZMW632.50 bringing the total owed to ZMW6,957.5. After making a further payment of ZMW2,750.00 the borrower owed ZMW4,207.50, which also attracted a further 10% interest of ZMW420.75 bringing the total owed to ZMW4,628.25. Which was finally paid off in full at the end of month 4.

MODEL 2															
Month 1				Month 2				Month 3				Month 4			
Loan	Interest (10%)	Total	Loan Repayment	Brought forward	Interest	Total	Loan Repayment	Brought forward	Interest	Total	Loan Repayment	Brought forward	Interest	Total	Loan Repayment
10,000.00	1,000.00	11,000.00	2,750.00	8,250.00	-	8,250.00	2,750.00	5,500.00	-	5,500.00	2,750.00	2,750.00	-	2,750.00	2,750.00

Figure 2: Model 2. Loan Repayments Model
Unlike model 1, model 2 (see figure 2 above)

operates in such a way that, the amounts that a borrower borrows will only attract interest when the money is borrowed and the amount to be paid back to the group remains constant. As can be seen in figure 2 above, the amount borrowed was ZMW10,000.00 which attracted a 10% interest of ZMW1, 000.00, bringing the total owed to the group as ZMW11, 000.00. After making the initial loan repayment of ZMW2,750.00 in month 1, the balance brought forward to month two was ZMW8,250.00 which did not attract any further interest. This can be seen throughout the example that at no point did the amount brought forward attract any interest.

Examining the two models side by side, in terms of how much the group earned in the form of interest, it can be concluded that model 1 is more profitable by earning an extra ZMW1,878.25 in interest more than what was earned by model 2 (see figure 3 below).

Model 1		Model 2	
Month	Interest	Month	Interest
1	1,000.00	1	1,000.00
2	825.00	2	-
3	632.50	3	-
4	420.75	4	-
Total	2,878.25	Total	1,000.00
Difference		1,878.25	

Figure 3: Interest earned from Model 1 and Model 2

BENEFITS OF VILLAGE BANKING

In 2018, village banking groups in Zambia’s Solwezi District saved an estimated USD1 million, which was equivalent to ZMW12,726,400.00 (Mining for Zambia, n.d.). This is just one of the success stories of village banking groups. The benefits of village banking include:

1. Saving

Village banking groups are a good place to save your excess money, as there is potential

for it to grow as a result of interest earned by the groups from loans. Instead of keeping your excess money in a piggy bank to be broken later, why not save it with a village banking group where you can watch it multiply and grow?

2. Easy access

Provided that money is available for borrowing, the minimum requirement of getting a loan from the village banking group is; one has to be a member of the group. If not, they have to be recommended by a group member who preferably has saved the equivalent of the money being borrowed as this will be used to recover the loan in case of defaulting. This process is much easier than what one has to go through to get a loan at the bank.

3. Financial independence

The money borrowed or saved and later received with an interest has the potential to make one financially independent provided these moneys are used properly. The money can be used as capital for businesses, which will in turn make a profit from which the business owner can benefit.

DRAWBACKS OF VILLAGE BANKING

Security has to be the number one drawback when it comes to village banking. We have seen or heard stories in the recent past of how members of village banking groups have disappeared without paying what they owe to their village banking group. We have also heard of how a village banking group was attacked by thieves on their meeting day.

Mismanagement of records is also another drawback. Seeing that village banking groups operate on trust, imagine having saved your hard earned money for a good period of six months and waited a further six months before receiving your share out, only to realise that what you receive on the share out day is much lower than what you had expected. This happens because of lack of know-how on managing the savings and loans records for the groups.

Another drawback is running village banking groups in a way that they lose their core purpose which is to help members have easy access to finances as well as to grow their savings. For the groups to be more successful, avoid as much as possible running them as a source of emergency funds for members that never get repaid to the group.

RECOMMENDATIONS

1. Form groups with people that you can trust, as trust in village banking groups is key. See to it that that you are not entrusting someone with your financial records who may have the potential to manipulate the records to benefit themselves with a higher share out.
2. Have a constitution that provides guidance on every process in the village banking group. It is not enough to have a good



constitution, but ensure that every member also has a copy and that they understand the constitution.

3. Have members sign membership forms, and submit copies of their IDs. In case of default of the loan, especially if the borrower disappears, the information collected here will help locate them or notify the authorities and the general public who can also help locate them.
4. Transparency is also very important. Always endeavor to provide updates to the group members on the savings, loans and interests earned on loans. If this is done regularly it will help with the drawback of mismanagement of records, as every member will be given the opportunity to confirm their savings and loans, especially while their memories are still fresh.
5. Open a village banking account with a bank and ensure that the account does not only have one bank signatory. This not only dispels the security drawback that might arise by being attacked by thieves but also makes record management a whole lot easier as all information can be found on the group's bank statement.
6. For security reasons, do not disclose your meeting location. With the help of technology, village banking meetings can be held remotely even over WhatsApp. There is therefore no need to meet physically as a group.
7. If you are going to give your village banking group as a means by which its members are assisted in emergencies, you might want to consider introducing monthly social contributions which go towards funerals, sicknesses and other personal emergencies, to avoid dipping into people's savings.
8. If your cycle is 12 months, for example, you start saving in January and plan on sharing out in December, have a shorter saving period of say 5 to 7 months, then the remainder of the months let the money you would have saved as a group grow through interests from loans.
9. Looking at the models 1 and 2 above, use model 1, which generates more interest, which will be shared out among the members based on the shares that they have bought with their savings.
10. In case of excess funds which no one from the group wants to borrow, lend the money out to non – members at a higher interest rate, as opposed to holding on to money that is not gaining any interest.
11. Have smaller groups for easy management. It is much easier to manage records for 15 members as opposed to managing records for 50 members.
12. Save what you can afford to put aside, unless you have a plan to save and borrow from the group. ■

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THE BEST TIME TO START INVESTING

By Winston Kameya

WHILE I conducted a research from people in both formal and informal sectors, the most common response was that the best time to start investing is when one gets their first job. Some people's responses were that investment should start from your very first encounter with poverty, yet others were of the view that it should start when you experience joblessness then you find employment.

Most of the people have the fear to start their own business because they are skeptical about its success while others are afraid that they might invest in a wrong sector, having little or no experience about how to run a business; they fear losing their hard earned money.

If you are afraid to invest then you are not ready to become your own boss because no one will come out and tell you the best time to begin investing; this is a decision that must make following a careful consideration of the fears, resolve to face life and convincing oneself that no matter the outcome of the investment, you are ready to face it because the journey to success is a rough road to travel, only the strong survive.

Investment should start from the little that we are having and gradually growing big. For example, if you earn K1000 a month and you decide to save K200 every month, after one year, you would have saved up to K2,400; after three years, the savings can grow up to K7,200 which can be invested into selling second hand clothes. One can buy two bales of second hand clothes each costing about K2,800 and a bale of shoes at K1,300. The remaining balance of K200 can be used for renting a small stand in the market. Each bale of second hand clothes makes about K700 profit, which translates to K1,400 for the two bales. Over a year, the profit could soar to K16,800.

POULTRY BUSINESS

If one earns K1,500 per month, you can plan to save K250. After 12 months, the savings will grow up to K3,250 and you can start up a business of rearing chickens. For instance, you can start by keeping 100 chicks costing about K600, seven bags of feed at K265 each costing K1,855, K200 for vaccines, K400 renting a chicken run, K195 for charcoal to heat the chicken run. When the chickens are ready for sale, each would be sold at the current market

price of K50, which could give you K5,000. If you remove the expenses, the profit can be K1,750. Given that a chicken takes between six and eight weeks to mature, it means in two months, you would have K1,750 and K10,500 in a year.

The journey to success all begins by removing fear of the unknown from all our business investments. We should operate like the Chinese do to transform our country for the better.

This mentality of little investments but spending more on consumption has really cost us so much in this country; we tend to put the blame on the country's education system, little do we know that education is just an eye opener into the future. Let us shift our focus on making long speeches to less words but more action.

If there is a path which has made who I am today, it is the path I took the time I made the decision to enroll at the Zambia Institute for Chartered Accountants (ZICA). If were to be given another chance to choose a career, once again, I would still choose ZICA for it has trained me not only to find employment but also to run my own business and be my own boss. ■



SECURITY FIRMS AND STAGFLATION IN ZAMBIA

By Gift Chitankwa

HIGH levels of unemployment have of late caused a lot of people in Zambia to be whitewashed with villainous employment contracts and cumbersome salary packages. Many Zambians are deprived to work under harsh work conditions of services due to unemployment.

While unemployment may lead to socially undesirable behaviour like theft, vandalism, riots, or general discontent, the mental and physical health of the unemployed tends to deteriorate, the unemployed are more prone to commit suicide. This can be considered as social cost.

With the high rates of Small and Medium Entrepreneurs (SMEs) emerging, it is interesting to note that at least every day there is always more than 20 companies being registered to operate and create employment opportunities for the unemployed. Contrary to this effect, most companies and firms are now taking advantage of the scarce employment in Zambia. In a job post, weeks ago, where a security company was recruiting security guards, supervisors, and human resource personnel, I felt so sad when I looked at the salary packages that this security company was offering.

In the job post, the security company was offering a Security Guard K800.00, Security Supervisor K800.00, Driver K900.00, and the HR personnel a K1000.00. If you look at these

figures and place them on a budget scale using the current commodity market prices, you will agree that the salary cannot even meet half of the monthly budget of an individual, talking of the electricity tariffs, water bills, food, school essentials and not to forget the worst burden of a monthly budget called the house rent because not everyone owns houses.

WHAT DOES THE MINIMUM WAGES AND CONDITIONS OF EMPLOYMENT ACT SAY?

The Minimum Wages and Conditions of Employment Act is a substantial document that governs and guides employers on issues to do with the minimum wages and conditions of employment service. Minimum wages and conditions of employment (General) (Amendment) Order, 2018 section 4(b) specified as a category II, were an hour rate of five kwacha forty-eight ngwee K5.48 or One thousand and fifty kwacha (K1,050,00) per month, for a person engaged as a watchman or guard plus 30% housing of the monthly basic pay, which is about three hundred and fifteen kwacha (K315.00), plus one hundred and fifty-three sixty ngwee (153.60) as food allowance and one hundred and eighty kwacha as transport allowance, bringing the total gross pay to one thousand six hundred and ninety-eight kwacha sixty ngwee (K1,698.60). Should we further deduct the statutory deduction

such as National Pensions Scheme Authority (NAPSA) 5% at (K84.93) and National Health Insurance management Authority (NHIMA) 1% at (K10.50); then we shall see that the take home salary will be one thousand six hundred and three kwacha seventeen ngwee (K1603.17).

So we see now that security companies in Zambia of late have been subjecting their employees to harsh minimum wages and employment service conditions. It may be that most people vying for these security guard jobs are desperate for jobs due to scarcity of employment in Zambia and end up getting unreasonable salaries.

No one is above the law; some security companies must be brought to book, security service is among the risky jobs in Zambia, which must even attract risk allowances. For long now, this trend of poor salary packages for security guards has of late been deemed normal and acceptable because no one wants to talk about it or bring to the attention of the Ministry of Labour and Social Security for further scrutiny.

WHY IS THIS A MAJOR CONCERN?

We have seen shifts in unemployment, inflation levels and high commodity prices leading us to STAGFLATION as a country and seeing some firms like security companies undermining their workers' conditions of service with poor salary packages is un-called for. ■



STRATEGIES TO SURVIVE AS A FAMILY BUSINESS

INTRODUCTION

THE family business sector is widely recognised to play an important role in the economy. Large companies of today started as family businesses and have transformed into successful multinationals. In Less Developed Countries they constitute the framework on which social and economic stability depends upon. Family firms are a backbone of the private economy, helping to drive national socio-economic and entrepreneurial development and significantly contribute to Gross Domestic Product (GDP).

In other parts of the world, it is estimated that family businesses account for approximately 90 percent of all companies and around

three - quarters of private economic activity and employment.

EVOLUTION OF FAMILY BUSINESS OWNERSHIP

The Ownership structure in a family business is often fundamental to understanding the forces at work within it and how they have developed over time. Ownership of family businesses tends to progress through a sequence, reflecting ageing and expansion of the owning family from owner-managed business through sibling partnership to cousin consortium.

In this third generation, ownership is generally in the hands of many cousins from different sibling branches of the family, often with no

single branch having a controlling shareholding. Some of these owners will work in the business and many will not. It is easy to imagine the potential for friction and dysfunctional behaviour if the large-scale complexity arising with these family groups is not controlled and managed, and there are many real-life cases that bear out the point.

STRATEGIES OF MANAGING FAMILY BUSINESSES

One senior academic said, “One generation launches a business; the second generation develops it and the third generation destroys it”. However, this statement does not apply to all family businesses but the risks that the

comment highlights are important.

The trend in family business suggests that the majority of inter-generational business transfers fail, particularly in the earlier-stage of family companies. Problems in the succession process often result in the company either being sold or not surviving. Most family businesses have not adopted any procedures to combat these challenges that pose as risks to the existence of the business and the family bond.

1. Governance structure

Family businesses, regardless of their size, unique characteristics coupled with mix of personal family dynamics, and ownership criteria create an emotionally charged environment that makes decision-making and day-to-day management challenging. And as the founding generation ages, succession and power issues across an expanding family creates cascading concerns.

There is safety in properly agreed governance structure. A little structure can be extremely helpful when it comes to discussing sensitive issues such as share ownership, rights and responsibilities, competence of family member managers, and agreeing on a strategy that is best for both the business and the family.

2. It begins and end with a clear vision

A family business must be built on a foundation of clear line of communication of mutual agreement on certain fundamental questions: what is our vision and our mission for this business? What strategy should we follow to reach our goals? What structures and people do we need to succeed? How do we handle shares, inheritance and in-laws?

3. Family advisory Council

The founder of the business may want to transfer ownership of the business to his children and give them more authority, but his concern could be loss of control. He may want his children to be running the business while he devotes his time in strategic thinking. He may also want to ensure that if there were conflicts between his children, he will have the ability to exercise some veto powers.

To resolve such a challenge, it is advisable to create an effective family advisory board where the founder and his children should discuss and agree on business issues at a strategic level. The founder should allow his children to make business decisions. The founder should be given the right to retain 'veto' powers on decisions of very serious situations. The founder should bestow his shares to his children with voting rights on business decisions while the founder retains 'veto' powers on important decisions.

4. Formalising business relationships between family members

If the founder passes on and some of the

family members decide to leave the family business due to conflicts around the business vision, conflicts will escalate to a point where some of the family members may decide to go to court. When there is no agreed exit strategy to manage such situations, the family members will argue on whether to sell the business to an outsider could be an option or not; the valuation method that should be used for valuing the shares of the exiting member, when and how should the exit process take place.

The family should discuss and formulate a united vision for the business and for the family. The family should create protocols, which formalise their business relationship between the family members. These protocols should address the issue of family exit and valuation including the process and timing of exit; the family members who are eligible to purchase shares; selection of the most suitable valuation method; and the business obligation to buy its own shares.

5. Developing a family employment policy

As a business continues to become successful and being currently run by its second and third generation, more family members may wish to join the family business as employees. If the family does not have a system in place for recruiting family members, this could result in all family members being provided employment irrespective of their qualifications.

The family business is required to develop a 'family employment policy' that specifies the criteria and the process of joining the family business. The policy should address the process of applying for family employment, coaching, mentoring, training and evaluation. Some family businesses allow their family members to work elsewhere before joining and not fresh from school or university. This assists family members to develop inter and intrapersonal skills that will help the family member manage family conflicts.

6. Setting up a holding company board

When the founder passes on, the second-generation family members who were each responsible for managing one of the unrelated business units may start to treat these units like their own businesses and not allow other family members who are also shareholders to interfere in the business decisions making. This could bring no accountability for the results of the individual units to the shareholders and those family members who manage these units could also involve their own children in managing the businesses.

In such situations, it is advisable to set up a holding company board, which oversees how the business unit management serves and protects the long-term interests of all

shareholders. A system for electing the board members should be put in place along with selection criteria to structure a professional and efficient board comprising family and non-family professional directors, executive and non-executive directors. A set of rules should be included in the family protocols, which require the children of those family members who run their own business units to work in other business units so that they do not report directly to their own parent.

It is important to teach each new generation, early enough, the difference between ownership and stewardship. Ownership is a right of possession. Stewardship is a fiduciary role. It is holding the business in 'trust for' the next generation. The business is passed on to the next generation for care and not to disintegrate or for personal gain.

CONCLUSION

The openness of management to the future plans and the 'all in it together' mentality, binds the family to the business, resulting in speedy decision-making when the interests of the family and the business are properly aligned. Genuine business associates do appreciate a down-to-earth approach and a long tradition of technical excellence embedded in most family businesses. ■

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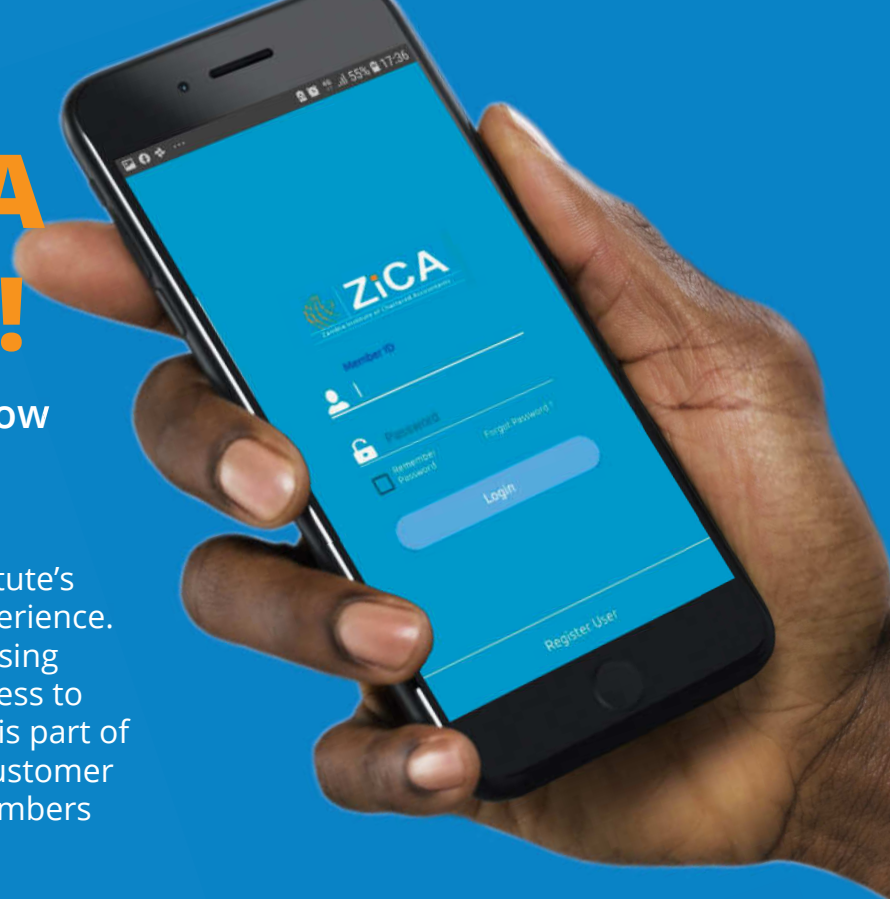


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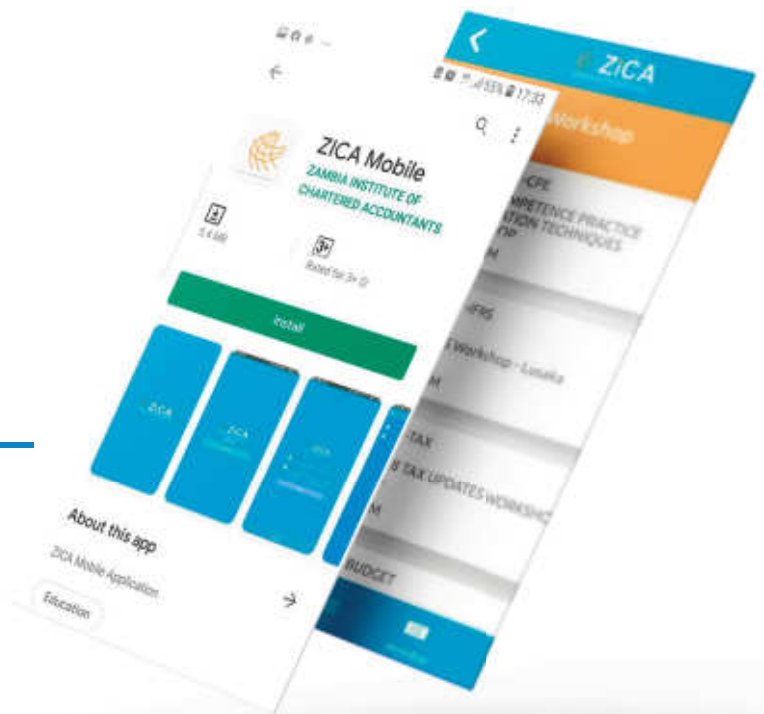
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REMOTE ACCESS TO KEY GOVERNMENT INFORMATION SYSTEMS: KEY TO EFFECTIVE PUBLIC-SECTOR AUDITING

By FM Bobo

INTRODUCTION

A FAMOUS post rugby match phrase used by the authors' teammates was 'you can't tackle what you can't catch'. This is the thought that will be explored in this article from an audit perspective, relating to access to key information systems. Can an auditor audit what he can't access? What does this do to the expectations gap?

Traditional audit has always meant auditors interacting with auditees, in person, at the client's premises. The International Standards of Supreme Audit Institutions (ISSAIs) list the elements of public-sector auditing as: the three parties (auditor, responsible party and intended users); subject matter, criteria and subject matter information; types of engagement (attestation and direct reporting); confidence and assurance in public-sector auditing¹.

This article explores how the auditor and the responsible party have been affected by 'the 2020 COVID-19 pandemic' which has forced everyone, including public-sector auditors to work remotely. It questions specifically responsible parties and access to key government information systems which maintain subject information. The article looks at the public-sector auditor's access to key information systems producing financial statements or controlling key entity operations. The article takes a sub-Saharan perspective and gives some specific Zambian examples where necessary.

A Supreme Audit Institution (SAI) is a public body of a state or supranational organisation which, however designated, constituted or organised, exercises, by virtue of law, or other formal action of the state or the supranational organisation, the highest public auditing function of that state or supranational organisation in an independent manner, with or without jurisdictional competence². The Office of the Auditor

General is therefore the SAI of Zambia. ISSAIs are the authoritative international standards on public-sector auditing³. The full set of ISSAIs is based on a basic set of concepts and principles that define public-sector auditing and the different types of engagements supported by the ISSAIs.

KEY GOVERNMENT INFORMATION SYSTEM

An information system is a set of interrelated components that collect, process, store, and disseminate data and information and provide feedback mechanism to meet an objective⁴. Critical information systems can be:

- safety-critical - failure results in loss of life, injury or damage to the environment;
- mission-critical - failure results in non-achievement of some goals;
- business-critical - failure results in economic losses.⁵

From the foregoing, it can be submitted that factors that can be used to determine the criticality of an information system include: the budget it controls; business operations supported; number of internal or external users who depend on it; and service provided. The Integrated Financial Management Information Systems (IFMIS) that have been implemented and used by most governments⁶, are one of the key information systems that can be immediately thought of by an auditor/accountant. These integrated systems are referred to differently in other countries, e.g. GIFMIS in Nigeria. Other examples of critical systems are key revenue systems (e.g. used by revenue authorities), process control systems used in other entities (e.g. power, water, refinery control systems), land administration systems. Most SAIs in Africa now have clear criterion of identifying critical government systems⁷.

CHANGING WAY OF AUDIT

One thing that came with the 2020 social distancing, not just in public-sector audit, was

the need to look at ways of accomplishing work without the usual physical interactions. The old adage goes that "there are two things in life that are certain; tax and death". In this 4th industrial revolution, the constant change of technology is also becoming a certain thing. For most of us, this technological change was usually thought to be deliberate and planned until the COVID-19 pandemic struck. The pandemic gave most entities and countries a need to re-engineer their operating models. It has been said that one of the most visible results of the COVID-19 pandemic is the transition from traditional office-based work to remote work-from-home (WFH) arrangements for global enterprises⁸. A study by ACCA pointed out that COVID-19 is a still-unfolding event and digital technology is a very important component of the path ahead⁹.

Remote access, combined with the internet and virtual private networks (VPNs), is viewed by many as the best way to achieve the goal of social distance¹⁰. The COVID-19 pandemic has compelled SAI auditors to work remotely from their offices and from client offices¹¹. Further, as SAIs are starting to work remotely, they should have adequate policies which guide remote working such as Bring Your Own Device (BYOD), security and access to office networks¹¹. Most SAIs will probably continue to look at how they could conduct their audits remotely – a situation which helps the auditor to be better positioned for the future given the technological threats on the profession. It has been argued that auditing techniques will evolve tremendously with artificial intelligence (AI) and some audit roles previously played by humans may become redundant¹².

Additionally, with the increased government automation, the need to access information systems has increased. Technological innovation has changed the ways the auditors need to collect evidence, including the quantity and quality¹³. More interaction is needed with these information systems, especially seeing that there is increased

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governmental automation.

Access to key government systems

In this year when we had the COVID-19 disaster, it brought about the need for public-sector auditors to be able to remotely access their key government systems in order for them to deliver on their constitutional mandates. However, during the disaster period, SAI employees had no remote access to government information systems to allow them to perform any audits on their country public financial management system¹⁴. In disasters and pandemics, the integrity of information and the information systems are a critical part of fighting any pandemic¹¹.

In an online conference of SAIs from African regions held in September 2020 that discussed how to enable a remote audit office, the discussions revealed that the majority of the participating SAIs:

- had no access to key information systems;
- had not been able to carry out a full remote audit;
- thought that remote audit will be more common in future;
- had no documented and tested business continuity plans (BCP);
- information system management only understood the audit team collaboration needs to a small extent;
- had strategic plans and policies which do not support remote working⁷.

MANDATE OF SAIS

SAIs are a creation of country constitutions and have enabling legislations where they derive their mandates from. In Zambia for instance, the Office of the Auditor General is established by Article 249(1) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 which states that “there shall be an Auditor General who shall be appointed by the President on the recommendation of the State Audit Commission, subject to ratification by the National Assembly”¹⁴. The mandate or functions of the Auditor General are stipulated in Article 250(1) of the Constitution of Zambia (Amendment) Act No. 2 of 2016¹⁴. The core mandates of the Auditors General in sub Saharan Africa are broadly the same, requiring the office to ensure country accountability. Key differences in SAI mandates are on how independent the SAI is in the particular country and how adequately the SAI is funded to achieve its mandate.

Having discussed the public-sector auditors’ mandate, a question that may be posed is: what does lack of access to key government systems mean? Is there any jeopardy to the public-sector auditors’ mandates? To use accounting terminology, we should look at the substance and legal form. Is the legal form that the public-sector auditors have mandate them to audit while the substance is that they don’t have access? These are certainly questions that need to be looked at

and further discussions held.

OVERCOMING CHALLENGES OF A REMOTELY OPERATING AUDIT OFFICE

There are numerous strategies that can be adopted to ensure public-sector auditors have remote access to key government information systems. This access should not be a business user access but rather audit access which is “read” or “view” only access. Other alternatives can also be considered. In whatever arrangement made, there should be adequate and agreed terms of this access which takes into consideration information security.

Two key things stand out; mandate and financial resources. With mandate, it needs to be clear to government ministries and agencies that the mandate to audit and access information stretches to everything, including ‘computerised’ information systems. The second aspect of financial resources speaks to the ability of an audit office to be able to implement measures to access key information systems remotely. Public-sector auditors will need adequate finances to have VPNs and connectivity to these networks from anywhere, closed user groups for communications, devices (laptops and mobile phones), just to mention a few.

With the COVID-19 pandemic, there have been various funding and deliberate programmes aimed at enabling SAIs carry out their work remotely and deliver on their mandate. For instance, the International Organization for Supreme Audit Institutions (INTOSAI) has opened up grant facility with the aim of assisting SAI members with continuity of operations, through ICT and staff safety measures support, to respond to needs caused by the COVID-19 Pandemic¹⁵.

Some things that SAIs should consider as they plan to continue remote audit and access key government information systems are:

- Strategy - strategies/policies/guidelines are needed that enable remote working and access to key government information systems. As earlier discussed, policies on remote working should be developed after the SAIs have a clear definition of remote working.
- Needs of the remote auditors - in navigating the access to key government systems, SAIs should not forget to understand the needs of the remote auditor. There is never a one-man audit team and the collaboration needs should be considered. In this 4th industrial revolution, SAIs should empower auditors with the right communication devices (smart phones and laptops with full access to government networks and internet) which enable team collaboration.
- Technology & Infrastructure Needs - potential uses and pitfalls of technology should be understood by SAIs. It is high time SAIs

started seeing technology as a strategic enabler and position it rightly in the organisations. Private sector audit has been using technology as a strategic asset in their audits.

SAIs ought to develop a listing of key infrastructure and tools needed. For instance, with all employees working remotely, strong identity and access management has become increasingly important and virtual private networks (VPNs) have become a critical centre of gravity for enterprises⁴.

- Business continuity planning - SAIs should develop adequate business continuity plans. These will spell out alternative ways that the public-sector auditors can use to continue carrying out their mandates despite any interruptions.
 - Client relations - it is key that SAIs have honest and regular engagements with audit clients to agree how auditors can access the key information systems. It should always be understood that the SAI is a partner in the value chain which ensures that value is preserved. A fundamental standard used by SAIs is INTOSAI-P-12, which highlights the Value and Benefits of Supreme Audit Institutions as being an organisation that assists in making a difference to the lives of citizens¹⁶.
 - Data governance and information sharing with clients - governments should value its information assets and have clear set of rules and policies on financial data, especially how that data will remotely flow from the client to the auditor. This also ensures location of all key data necessary for data integration.
- Public-sector auditors should not: use their private emails to exchange information; use their devices to exchange information (unless they have a bring your own device, BYOD, policy); use cloud services that are not supported by government legislation or policy.
- Cyber Security - government has arguably got some of the most lucrative information that would be valuable to those illegally trading information. It is important that cyber security awareness and measures be ingrained in all audit routines. This will give comfort to clients that give public-sector auditors access to their information systems.

CONCLUSION

In conclusion, there are several challenges, both internal and external, that public-sector auditors are facing. This article has highlighted only some of those relating to access to key information systems. These challenges hinder the extent to which public-sector audit institutions can deliver on their mandates. As a way forward, citizens and governments need to adequately empower the public-sector auditors to address some of these core issues. ■

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ZICA graduands posing for a photo prior to the 14th ZICA Graduation Ceremony



ZICA graduands posing for a photo prior to the 14th ZICA graduation Ceremony



Left to right: ZICA Secretary and Chief Executive Mr Bonna Kashinga, Higher Education Authority Director General Prof. Steven Simukanga, HEA and ZICA staff during the stakeholder engagement meeting on the repackaged qualifications



Immediate past ZICA President Mr Jason Kazilimani Jr (left) posing for a photo with the new ZICA President Mrs. Cecilia Zimba



Panel of Discussants during the 2021 Budget Night presentation held at Mulungushi International Conference Centre on 25th September 2020



Prof. Oliver Saasa giving his presentation during the 2021 budget night dinner held at Mulungushi International Conference Centre



Electoral Committee members and ZICA staff during the ZICA 35th AGM held at Falls Park Mall in Livingstone



Outgoing PAFA President Mr. Vickson Ncube giving his presentation during the ZICA Pre-AGM workshop held at Falls Park Mall in Livingstone. Mr Ncube was the headline speaker



Secretary and Chief Executive Mr. Bonna Kashinga (second from the right) presenting the approved employer Certification to PKF Chartered Accountants led by Mr. Anthony Ranjan



ZICA Members voting electronically during the 35th ZICA AGM



Guests at the 2021 Budget Night presentation held at Mulungushi International Conference Centre



ZICA CEO Mr Bonna Kashinga with ZCAS Vice Chancellor Prof. Mutale Musonda during the MoU signing Ceremony between ZICA and ZCAS



ZICA Members of staff led by the Director Membership and Corporate Services Ms Patricia M Hantumba posing for a photo during the stakeholder engagement meeting with the office of the Auditor General Ndola

ACCESS TO DEBT FINANCE FOR SMES IN ZAMBIA - THE ACCOUNTANT'S ROLE

OPERATIONAL stability and expansion in business requires external financing by way of working capital to attend to intermittent cash flow deficits and investment capital to purchase fixed production assets to facilitate expansion.

Albeit the number of beneficiary MSMEs being small, such financial assistance was more readily available as 7.2 percent of the micro enterprises surveyed accessed loans at one point while the figure was 25 percent for small scale enterprises. Medium sized enterprises had a much higher access at 86 percent. Stagnation in qualitative growth among micro enterprises against significant growth trends in population among the SMEs was as much a result of non-availability of such loans to this category (MCT June 2007 report).

This forces micro enterprises to grow using organic growth as opposed to debt finance. This has however affected the stability of most SMEs leading to their collapse. The reason for the collapse is due to lack of accountability, transparency and effective controls to manage the business and also lack of access to debt finance.

SMEs access to debt finance

The main challenge is lack of traceable business history. Lenders are looking to help a well organised business, a business that satisfies the CAMPARI model.

An Overview of the CAMPARI model

One of the oldest models used by banks to evaluate lending propositions is the CAMPARI. This model looks at a range of aspects associated with lending which covers not just the finance that is being sought but the people who are seeking it. The model provides the banker with a tried and trusted model for credit analysis (Philip, 2003). It assesses the borrower on the basis of character, ability to pay, margin of profit, purpose of the loan, amount being requested, the terms of repayment and the insurance in case of default (JCII case study on selected banks in Ghana).

It seeks to establish the following;

Character: ensures that a business has a good track record in borrowing. Lenders will be looking to establish whether the business and its managers or those charged with governance are of integrity required to handle debt.

Amount (Capital): take into account the size of a business in determining how much to borrow from the lender. Lenders will be seeking to lend enough finance to grow the business and meet liabilities efficiently.

Margin (profitability): ensures smart and profitable decisions for a business because lenders will often consider the profitability levels of the business in deciding whether to lend to a business and how much to lend.

Purpose: have a clear purpose for the borrowed funds that will assure the lender that it

will be profitable enough to meet your liabilities.

Ability (Business Management experience): it is important to know what you are doing. This gives confidence to lenders that management is capable of making sound investment decisions for the business. The management team should have some expertise in the field of business.

Repayment Capacity: keep records that support the performance of the business such as invoices, bank records and new contracts or orders. This helps the lender have confidence in business capacity to service the loan without any difficulties.

Insurance (Collateral): Lenders need to protect the funds they lend out to borrowers because they cannot afford to make losses that is why you must provide the lender with some form of collateral to assure them that you are committed to growing your business ensuring you are servicing the loan. This insurance can be in form of collateral (landed property, motor vehicle), Institutional guarantee or personal guarantee. It is advisable for a business to invest in assets such as landed property and motor vehicles for easy access to financing.

The Role of an Accountant (By Kelsey Miller)
Although the daily duties of an accountant will vary by position and organisation, some of the most common tasks and responsibilities of accountants include:

- Ensuring the accuracy of financial documents, as well as their compliance with relevant laws and regulations,
- Preparing and maintaining important financial reports,
- Preparing tax returns and ensuring that taxes are paid properly and on time,
- Evaluating financial operations to recommend best-practices, identify issues and strategise solutions, and help organisations run efficiently,
- Offering guidance on cost reduction, revenue enhancement, and profit maximisation, and
- Conducting forecasting and risk analysis assessments.

Additionally, accountants have a legal obligation to act honestly and avoid negligence in their practices. As such, they are also responsible for ensuring that their clients' financial records are compliant with the relevant laws and regulations.

Important Skills

There are several skills that all accountants need in order to be successful in their roles. Some of the most important skills for accountants are:

Attention to detail: Accounting professionals must pay strong attention to detail in order to be able to keep information accurate and organised. With the amount of financial data that must be analysed, it is easy to make mistakes. However, simple errors can translate into much larger

problems if they are not noticed.

Business acumen: To be effective in this role, an accountant must understand the basic functions of a business in order to accurately analyse and interpret financial data. Having a solid foundation in business provides context to the financial information that accountants work with on a daily basis.

Computer literacy: Professionals in this field need to be able to use advanced accounting software and other computer-based tools to work effectively.

Analytical skills: Collecting and analysing financial data is a large part of accounting and is an important aspect of identifying patterns and potential issues. In fact, applying data analytics to the accounting field is an emerging trend in the industry that is expected to have a growing impact in the future.

Communication skills: Accountants must be able to listen carefully in order to accurately gather facts and figures from clients, managers, or other stakeholders. They must also be able to clearly articulate the results of their work and present their findings in written reports.

Mathematical skills: A common misconception is that you have to be good at mathematics to be an accountant. It is true that arithmetic skills are important in order to analyse, compare, and interpret data and figures; however, complex mathematical skills are not typically necessary to become an accountant.

From the requirements of Lenders as indicated in the CAMPARI model, it is observed that the roles and responsibilities of a professional accountant are critical in helping companies they work for access and manage debt finance.

In Zambia, the Zambia Institute of Chartered Accountants (ZICA) is actively involved in ensuring that professional accountants help SMEs access and manage debt by providing guidance on the performance of the accounting duties. ZICA also promotes accountant's ethical values of integrity, professional behaviour, professional competence and due care, objectivity and confidentiality. These fundamental principles are key to accountability and transparency in enterprise and public finance and improves the economic performance of the nation. ■

Author Profile

Kalobwe Soko Jr

Credit Risk Management Specialist

The Author has over Eight years' experience in the Financial Services industry. He is currently Head of Credit of Altus Financial Services Limited. He served as Senior Credit Risk Analyst of Entrepreneurs Financial Centre (EFC) and Human Resource and Operations Officer of Chreso Ministries Art Centre. He also served as a Director on EFC Client Share Ownership Cooperative Board.

ONE ZICA, ONE ACCOUNTANT

UP CLOSE WITH ZICA PRESIDENT, CECILIA ZIMBA



MS. CECILIA Zimba is well known in the accountancy circles, and particularly in ZICA. She served as the first female Vice-President in the last Council until she was duly elected as the first female President of the Institute during the 35th Annual General Meeting of the Zambia Institute of Chartered Accountants held on 17th October

2020 at Falls Park Mall in Livingstone.

Those that might have missed her profile that we published in the January to March 2018 Accountants Journal, Mrs. Zimba was born over a century ago in Lusaka to Mr John William Banda and Anna Matilda Dingiwe Banda. The second born in a family of 15 – eight boys and seven girls, that’s same father, same mother

– Mrs. Zimba is a staunch Catholic. She was baptized at nine days and has kept her faith ever since.

CAREER CHOICE

Mrs. Zimba’s career choice was made when she was 12 years old. She was in Grade 7 when she first learnt of Book Keeping as a subject,

through her sister, Aggie, who was a grade ahead of her.

Her family had a very good reading culture. She read many books in her time.

“So for me when she came and said we will be doing bookkeeping what came to my mind were library books; we will now be having a lot of library books to read. We used to do a lot of competitions, we wanted to see who is going to finish reading first. You know our reading culture was not the same as it is now. When she came back later with a course outline, I got the information that it had nothing to do with library books; it’s about keeping books of accounts,” she explains.

Mrs. Zimba, to date still remembers the definition her sister gave her as defined by her teacher, a Mr Zimba, that it is “the systematic recording of business transactions in terms of money.” “And I was just taken by that. So every time she came back from school, I wanted to know what she had learnt in Bookkeeping. I started learning debit and credit when I was still in Grade 7.”

The interest in the subject grew and she was determined to take the subject once she was in secondary school.

Inspiration to pursue the subject was further emboldened by a profile she read through a newspaper, of a Mrs. Silangwa, one of the first few female chartered accountants.

“And when I read that article, I said I am going to be the second female chartered accountant that’s how far back my interest in the accountancy profession started. So when I completed secondary school at Kabulonga Girls Secondary School, it wasn’t a wonder that I applied to Evelyn Hone. Evelyn Hone used to provide a course - Zambia Diploma in Accountancy, that was the first accountancy qualification that I did at Evelyn Hone and I did very well,” she explains.

Upon completion of her secondary school, Mrs. Zimba was taken on by the Lusaka City Council as a trainee accountant. The Lusaka local authority also sponsored her studies at Evelyn Hone.

“And people were laughing at me at the office, I was very young and ZDA was very tough. A lot of people older than me that were there were failing to finish, so they were saying this young girl doesn’t know what ZDA is, she thinks she can make it! I never failed a single exam. I did it in exactly three years and I graduated,” she explains.

Soon after completing her studies, the Zambia National Insurance Brokers (ZNIB) offered Mrs. Zimba employment and she left the Council.

“It wasn’t a nice departure because I was being told...they omitted something, they didn’t bond me. But then I was still working for a parastatal, I wasn’t going to a private company, so I went to explain myself to the Head of HR that I had been offered a job in a parastatal. Much as the Council was Government, this was also

a quasi-Government. So they said since you are still working in government, it’s okay,” she recalls.

In ZNIB Mrs. Zimba was employed as a Management Accountant.

At the Council, where she served under finance, payables, rates and the commercial departments, Mrs. Zimba received grounding into how transactions are recorded and reported.

“So when I joined ZNIB as a Management Accountant I got again the drill of fully understanding how to prepare books of accounts from trial balance to balance sheets, doing all those reconciliations and I was very passionate about my work,” she explains.

At ZNIB, she rose to become the first Zambian woman to hold the position of Head of Finance and eventually Finance and Admin manager.

ZNIB was part of the Zimco Group of Companies.

Mrs. Zimba served in ZNIB for 10 years.

“By then I was starting a new life, I got married, started a family and I registered to do ACCA, which was the professional course I did. It took me a bit of time because you don’t do ACCA on part-time basis and you are a first time mother and you have to juggle between job and children and all,” she says.

In the final level of her ACCA studies, she decided to enroll for a part time classes that had been introduced at Zambia Centre for Accountancy Studies (ZCAS) at Evelyn Hone College. Upon completion of her studies, she left ZNIB and joined Zamnet in the same capacity of Head of Finance.

“I served Zamnet for six years and I was head-hunted by a multinational company, Ericson, they were setting up a branch and looking for a Finance and Administration head. So I set up that office, and recruited all the local staff as previously, they were just bringing in consultants from outside the country. I was involved in the recruitment of all the local staff including the current MD of Zamtel,” Mrs. Zimba explains. In 2009 she left Ericsson and joined the financial sector. I joined a Micro Finance company that was coming out of South Africa - Izwe Loans Zambia Ltd as CFO a position I held till 2017”

Mrs. Zimba now runs her own consultancy, HBS Consulting, and focuses on organization development and turnaround strategies that help companies move from one level to another. Not only this, Mrs. Zimba wears other hats; that of an entrepreneur. She is into livestock farming and horticulture. She does food production and runs a Restaurant.

After she completed her ACCA studies, Mrs. Zimba went on to pursue a Master’s in Business Administration with the Edinburgh Business School of the Heriot Watt University. She has also done some executive education or leadership courses with Massachusetts Institute of Technology (MIT).

“I have also had the privilege of being

sponsored by the Swedish Institute. I became one of the first Zambians who were enrolled in a programme referred to as the Swedish Institute Management Program (SIMP) introduced for Africa. There were five countries involved and I am an alumni of the Swedish Institute,” she says.

Mrs. Zimba has had the privilege to serve on parastatal and private company Boards which include ZESCO where she was Chairperson of the Audit Committee and also served on its Investment Committee. She was also part of the first Board of the Financial Intelligence Centre, which was commissioned by the late President Michael Sata.

“I was actually Chairperson of the Finance and Administration Committee. It was my Committee that set up all the Finance and Administration Policies of the FIC and recruited all the staff, including the current executive Director and her Management team. I currently serve on the Board of the Zambia Revenue Authority, where I serve as vice chairman. I also Chair its Innovation and Project Management Committee. I have served on private Boards like that of Professional Life Assurance which is now Prudential. I have served on committees of Financial Sector Development Programme, I chaired the working group that was responsible for national payment systems that made it criminal for somebody to issue a rubber cheque,” she explains her illustrious journey.

“It was my committee which recommended the various payment systems that we now have in use through various platforms and the innovation.

ZICA MEMBERSHIP

Mrs. Zimba joined the Institute as a student member in 1987 and was admitted as an Associate upon completion of her ACCA in 1999. She was admitted as an associate both for ACCA and of ZICA. So her involvement in the Institute dates back that early. At the time, she explains, ZICA used to send newsletters and whenever there were meetings, she would go there and try as much as possible to find out what was going on.

“I remember one of my friends was serving on the Council and I was busy talking about how ZICA was not communicating effectively. You know in those days we used snail mail, and often times was delivered late resulting in delays or missing important events. I would complain and demand that the Institute begin to use emails. The first time I served on the ZICA Council was by invitation,” she explains. “A member had resigned and I think there was a provision where the President would invite somebody to finish off a term before the Annual General Meeting. So I served on Council for about six, months finishing off a term of a member that had resigned. Thereafter I went for an election and was voted Council Member. That time the tenure was two years, so after I served the first term I was reelected for a further



Mr. Jason Kazilimani Jr presenting the handover notes to the ZICA President Elect Mrs. Cecilia Zimba during the 35th ZICA Annual General Meeting

two-year term. When I completed this term, I stayed away for six years. In 2017, I became the first female Vice-President and then here I am today as the first female President.”

ZICA GROWTH

Mrs. Zimba attests to the significant growth of the Institute.

“It’s actually visible, you can actually see the growth, it’s not just growth in the membership numbers but you can see the achievements and the contributions that ZICA is making to the national development agenda. The visibility of the ZICA brand, I think is very pronounced in the market, not only here in Zambia but in Africa, the Southern Africa Region, the Pan African Region; and internationally, we are members of the International Federation of Accountants (IFAC), the Chartered Accountant Worldwide (CAW) and I think we command a lot of respect,” she says.

Mrs. Zimba has seen baby ZICA grow from a time it rented accommodation at Findeco House in town to a house on Joseph Mwilwa Road in Rhodespark and finally to its own Accountant Park on Thabo Mbeki Road.

“I do recall in the very early days of my membership as an Associate, there could be times when an AGM would be cancelled because we failed to form a quorum. We had to amend the constitution so that the quorum for AGM proceedings could be met otherwise it would never be met...So seeing ZICA move from Joseph Mwilwa Road house to come to this Accountant Park has been a great achievement. I served on the Buildings Committee that was responsible for the Construction of

the Accountants Park. I think we became the first professional body to have such kind of investment.

We have land in Livingstone which measures over hundred hectares, we have land on the Copperbelt too. When all these properties are developed, I think ZICA will not only grow in terms of membership but also the asset base will significantly increase. The fact that there is a requirement that ZICA is represented on most Public Interest Organizations confirms that as a profession we are recognized and are relevant to the stakeholders we serve. As a profession we give advice and also submit our input in the various matters affecting our nation. Our growth has been phenomenal.”

ACHIEVEMENTS

Mrs. Zimba firmly believes that her success is the sum total efforts of other professionals. She believes in collective action.

“So we have carried together the Institute, we have continued to meet for instance our obligations. There are professional bodies that are struggling, ZICA has raised the bar. We have got reserves and despite the harsh economic time, we have continued to see that our balance sheet is growing, and we still have scope to do more” Mrs. Zimba, who last year represented the Institute at the National Dialogue Forum, says.

“The fact that I was part of the Council that launched the ZICA qualifications that are now globally respected, those are some of the achievements that I say we have put ZICA on that map...it’s never going to be the same landscape anymore.”

Mrs. Zimba has a background of Information

and Communication Technologies.

“It’s not a wonder that during my time, we now have an app we call the ZICA APP. I don’t want to take credit for it but I can assure you that I was a mover of ‘why don’t we have a ZICA application that enables us to do quite a lot of things, making it interactive for members?’ When you look at our website, I think it’s meeting those global standards. The digital transformation that we are seeing ZICA go through are some of the things that I am so proud of,” she says.

Mrs. Zimba was also part of the Council that launched the ZICA Property Fund. It’s not the ultimate goal but a good starting point nevertheless.

“One of the things I am proud of is stakeholder engagement with a view of trying to introduce a new category of membership because the membership of ZICA is defined in its constitution. So we have been making calls that can we have a Junior Practicing Certificate and the reason is that those young men and women that graduate and can’t get a job can set up their own little practice and offer limited services,” she says.

At the just ended AGM in Livingstone, where she was elected President, members failed to pass the motion because it needed a two-thirds majority.

“But may be it was a question of not fully sensitising members why that has to be done. The fear that the membership had was that we will lower the standards and we would not like to give the public substandard service,” Mrs. Zimba explains.

“But there are mechanisms in there to make

sure there is very good quality control, there is a well-documented proposal that was prepared by our Standards Board which was going to enable the seniors or the companies or the firms that are established, with full practicing certificates would mentor these juniors. There were a lot who voted yes but we didn't form two-thirds, we were more than 50 per cent but not two-thirds. It failed to be carried."

LOW MOMENTS

It has not been all rosy for Mrs. Zimba. She has had some low moments as well. She mentions the failure to get a Statutory Instrument regulating the fees that accountants charge as one of the low moments for her. She noted that all past Presidents of the Institute dealt with the issue but never successful in the absence of a law to back it up.

"So during the time of Honourable Mwanakatwe, we had that Bill passed and that was a moment of celebration for us. But then because it took so long to get it finalised, it didn't receive the same support from the public, so that Bill had to be withdrawn," she explains. "That's one of the low moments I could say really hit us that after waiting for so long, we get it done and then it was reversed. It was felt that the fees for accountants were going to be too high."

"The other low moment I would talk about is that in the last 12 months, we have lost quite a number of our members. I am not sure why but we seem to have a lot of demises of members which was quite saddening to note. Of course, we are a growing profession with a lot of members and you expect that to happen but I think last year seems to have been a unique year," she worries.

The above notwithstanding, Mrs. Zimba has a great feeling being honoured to lead accountants as President of the Institute.

"It's a heartwarming feeling, especially that you feel your candidature has been endorsed by the male members of the Institute, meaning that they trust and they have belief in you and have confidence that you can actually do it," Mrs. Zimba heartily says. "When you look at our profession, it is male dominated, so it means that I could only have had the victory that I recorded through support from both the male and female members, which was there. It's a great feeling, I didn't realise how far the celebration of being first female President would go."

Propelled by her desire for service, Mrs. Zimba decided to go for the Presidency at the AGM.

Armed with the experience of serving on ZICA Council, as Vice-President, she determined she was ready to unleash what she had to lead the Institute.

"I have stood on shoulders of members that had been there before and I felt that it was time for me to be that anchor that will also propel others especially the young Accountants and young women out there to take up the leadership roles like I have done," she says. "I hope that the

light that I have lit right now will keep on. I am the torch-bearer today and I should be able to pass it on to somebody who will take it on. It may not be the accountants but other professions as well who may also start to embrace progressive thinking. I think the men of our profession are quite very progressive. I always say it's not about your gender, but what are you able to do, male or female, doesn't really matter, but am I able to do the job?"

CHALLENGES AHEAD

Mrs. Zimba is not oblivious to possible challenges that lie ahead. She noted that people are living in a time when the future is not predictable.

"Look at what is happening now; nobody knew we would be where we are at today so it's all about having that ability to adjust and to be able to sail through these times that we are not able to predict. There is so much disruption that is happening, so how we respond and how we as accountants keep the fold is what matters," she says. "Our profession is a noble profession, everybody will trust and believe that when the accountant says this, it's definitely the way to go. So we are faced with that challenge of being looked up to offer solutions, bring hope and inspire people to believe that things are not as bad as they seem to be."

NEXT GENERATION ACCOUNTANTS

Mrs. Zimba noted that often times young accountants get to points where they feel they have arrived but advises them to be ready to learn from their seniors.

She points to the CA Zambia, which had a component that requires one to do mandatory practical training. "The reason is simply that during that time, you are now being prepared for real life situation out there so you can't be so quick: you finish writing your examination and you feel you are ready to unleash...so be ready to embrace that aspect of mentoring, there is a lot of wisdom and there is a reason why that process is there," she emphasizes. "There are so many things that you may take for granted but having a person to mentor you and show you what they have gone through and help you avoid some of the pitfalls that they fell into will definitely give you a better space to start from."

She also advises young accountants to continue being innovative and use their skills to offer a service that would give them an income as opposed to waiting for someone to employ them.

She also advises on accountants upholding the exemplary conduct. She says accountants are known for certain values they uphold.

"We are known to be people of integrity, we are known to be people who are professional, who are transparent and accountable. The moment we lose these core values, it means we have lost it," she cautions. "Once we carry on upholding those, despite the evils that go with technology, we will still be able to do the

right thing; it's about choosing to do the right thing. The dilemma that we find ourselves in is because we throw away our value system because we are one profession that is always faced with dilemmas."

VISION

Mrs. Zimba emphasizes on having a relevant profession, which was her message at the AGM. She wants to contribute to an accountancy profession in Zambia that is relevant, influential and respected by all stakeholders in the country and beyond.

"Our influence is going to come from the validity of our qualifications, and our continuous professional development. I think I will place a lot of emphasis on ensuring that we build the CA Zambia brand through effective advocacy and stakeholder engagement," Mrs. Zimba says.

"We have the land that I talked about, we need to develop those properties. I think they must have come on board during the time of Mr Hamweele and looking back, there are about five presidents, so I would like to be part of the council that has dug that foundation there. I would like to see brick and mortar start in this plot we have adjacent here. That is what I would look at probably in the long term but in the short term, I think we need to promote our brand."

As President of the Institute, Mrs. Zimba promises not to abandon her campaign message - ONE ZICA, ONE ACCOUNTANT.

I am seeing that in the recent past during these campaign there are these insinuations that people want to identify themselves with the qualifications, so me I am a CIMA Holder, I am ACCA, I am a CA Zambia. I am saying that doesn't matter. Once ZICA recognises you as an accountant, you become a ZICA member and that is all that matters. Who qualified you is irrelevant, ZICA after admitting you as a member does not refer to you by your qualifications, and you are recognized as a ZICA member provided you met the requirements of the Act. So CIMA ACCA, CA Zambia it does not matter, If you do meet the requirements we accept you as our member, finish," she emphasises. "So One ZICA, One Accountant, full-stop; is the message of unity that I am putting across."

"Yes I am the first female to take up this position as President but one thing I will tell the members of ZICA and the public out there is that this is one President who is action oriented. I come with action, I come with the confidence and I come with the commitment to serve and I am counting on the support of all our members to make it. I don't think that there is any one member who can make the change we are looking for; we all have to work as a team. But I am a president who has hit the ground running. There is no orientation, I just need to get the handover notes from my predecessor." ■

HOLDING MANUFACTURERS ACCOUNTABLE FOR THE ENVIRONMENTAL IMPACT OF THEIR PRODUCTS

By Ezekiel Sekele

IN the field of waste management, Extended Producer Responsibility (EPR) has continued to be a driving force behind manufacturers adopting product designs that reduce negative environmental impact, as well as making it easier to reuse or recycle their products.

The recent new legislation in Zambia on EPR has continued to help organisations to demonstrate their deeper commitment to reducing the environmental impact of their products. And with the most governments around the world prioritising policies that are aimed at safeguarding the environment, many manufacturers across various sectors of the economy are still struggling to find ways they can minimise the negative impact of their products on the environment.

However, we first need to understand what EPR means. The Organisation for Economic Co-operation and Development (OECD) explains it well. According to the organisation, Extended Producer Responsibility (EPR) is a concept where manufacturers and importers of products should bear a significant responsibility for the environmental impacts of their products throughout the product life-cycle, including upstream impacts inherent in the selection of materials for the products and downstream impacts from the use and disposal of the products.

And the World Wide Fund for Nature (WWF) has identified the Extended Producer Responsibility (EPR) scheme as a critical policy tool with a track record in holding manufacturers accountable for the end-of-life impacts of their plastic products and packaging, and encouraging holistic eco-design in the business sector.

For this reason Zambia Breweries launched the Manja Pamodzi project, a community-based recycling initiative helping to clean up packaging waste in Lusaka, improving sanitation and hygiene.

The project is a community-driven environmental health education and clean-up project

with an entrepreneurial twist. The project is achieving this by supporting a network of collectors and aggregators. Manja Pamodzi is driven by Zambia Breweries and in partnership with the Lusaka City Council and others.

Manja Pamodzi has recruited more than 800 collectors, 11 aggregators, 12 processing plants and with just under 10,000 direct and indirect beneficiaries. To date, the initiative has managed to collect over 12,000 tonnes of recyclable waste material from various communities in Lusaka.

Recently, Zambia Breweries also partnered with the Zambia Environmental Management Agency (ZEMA) to step up the promotion of the Extended Producer Responsibility Regulations Statutory Instrument No. 65 of 2018 by launching a media awareness campaign to highlight existing waste minimisation and recycling practices.

The partnership is also highlighting economic opportunities associated with sustainable waste management practices.

Zambia Breweries has realised that there are numerous opportunities in waste management and recycling and manufacturers, distributors, importers, traders and retailers have a key role to play in promoting waste management.

Sustainable waste management has also become even more important in the light of COVID-19 which is significantly contributing to increased waste generation at the household level. The outbreak of the virus globally and locally has seen stringent health measures being taken to curb its spread.

In line with the Ministry of Health's guidelines on personal health hygiene, social distancing and handling of cash in the communities; Manja Pamodzi has distributed additional Personal Protective Equipment (PPE) for its collectors, aggregators and team, put-up posters with COVID-19 information on health prevention across all its aggregator sites in Lusaka, and established its digital automated payment system (BanQu) as the main method of payment to collectors and aggregators.

The time has come for other industry stakeholders to take responsibility for the environmental impacts of their products and promote EPR awareness programmes and create jobs and support sustainable environmental management through recycling.

So, under the EPR a producer's responsibility covers the entire lifecycle of their product from production, sale and right through to the point that the consumer has stopped using the product. It is, therefore, the responsibility of the producer to ensure that the end product of what they produce does not pose any threat to the environment. ■

ABOUT THE AUTHOR

Ezekiel Sekele is the corporate affairs director at Zambia Breweries

ROLE

- Director of Corporate Affairs at Zambia Breweries Plc. A subsidiary of ABInBev

VOLUNTEER

- President of the Zambia Association of Manufacturers – ZAM
- Chairperson of the Mulungushi University – Council of Members
- Chairperson of the Lusaka Water Security Initiative - LuWSI
- Board Member of the Zambia Chamber of Commerce and Industry – ZACCI
- Committee Member – Research and Policy at Institute of Directors - IoDZ

QUALIFICATION

- Fellow of ACCA and ZICA (FCCA, FZICA)
- Master's in Business Administration – Oxford Brookes University - MBA
- Masters of Commerce in Development Finance – University of Cape Town - MCoM
- Chartered Governance Professional – ICSA – UK
- Post qualifying Diploma in Corporate Governance – ACCA-UK
- Diploma in IFRS – ACCA

TAX RELIEF TO ORGANISATIONS AS A RESULT OF COVID-19 AND RELIEF FROM DOUBLE TAXATION

(A presentation made at the ZiCA Pre-AGM Workshop, 2020)

1. BACKGROUND

Global situation on COVID-19

The World Health Organization (WHO) declared the novel coronavirus (COVID-19) outbreak a global pandemic on March 11, 2020.

As at 12th October 2020, WHO reported:
 37,423,660 - Global Confirmed cases
 1,074,817 – Deaths Globally

COVID-19 in Zambia

On March 18th, 2020 Zambia recorded the first two case of Corona virus. On 2 April 2020, Zambia recorded its first death and since then, Zambia has recorded: 15,549 Confirmed Cases; 346 Deaths; and 14,682 Recoveries.

2. ECONOMIC IMPACT OF COVID-19

In the Covid-19 period, the Global economy has:

Contracted growth by 4.9%;

Crude Oil prices: down to \$40.4 per barrel in 2020 from \$61.8 in 2019; and

Volatile Copper prices averaging US\$5824 in 2020 relative to US\$5971 in 2019

Domestically, COVID-19 has resulted in a downward revision to real GDP growth to negative 4.2 percent in 2020, the first recession since 1998.

Imports have declined by about 30% while exports declined by 15% in 2020 relative to 2019.

The kwacha has depreciated by about 42% between December 2019 and September 2020.

Copper export earnings dropped by 14% while non-traditional exports have declined by 17.9%.

All this has culminated in a reduction in revenue collections with the revenue deficit currently standing at K3.5 billion or 8.6% of revenue targets.

3. GOVERNMENT’S RESPONSE TO THE COVID-19 PANDEMIC

In responding to the Challenge of the COVID-19 Pandemic, the following measures have been put in place:



By Kingsley Chanda
 Commissioner General,
 Zambia Revenue Authority

TAX TYPE	TYPE OF MEASURE	OBJECTIVE OF THE MEASURE
Excise Duty	Suspension of excise duty on ethanol for use in alcohol-based sanitisers and other medical related commodities	To enhance local production of sanitizers and medicine
VAT	Suspension of provisions of SI 90 relating to claim of VAT on imported spare parts, lubricants and stationery	To ease pressure on companies
Export Duty	Suspension of export duties on the export of concentrates in the mining sector	To ease pressure on sector
Export Duty	Suspension of export duty on precious metals and crocodile skin	To ease pressure on companies
All Tax types	Waiver of Tax Penalties and Interest	To support company cash flows affected by COVID-19, inter alia
VAT and Customs Duty	Suspension of customs duties and VAT on additional medical supplies used in the fight against Covid-19	Measure to support health system

4. INNOVATIONS/ MEASURE TO MAINTAIN REVENUE PERFORMANCE

In order to safeguard Government revenue as well as protect staff and tax payers from the COVID-19 pandemic, the Authority has responded decisively as follows:

Limit interaction between taxpayers and Staff by through use of electronic services:

- TaxOnline (e-registration, e-filing, e-payments, e-inquiry, e-track, etc)
- TaxOnphone (e-registration, e-filing, e-payments)
- Asycuda (pre-registration,

Limit interaction among taxpayers and staff through virtual meetings on platforms such as office 360, Microsoft teams, Webex and Zoom etc

ZRA measures

- Enhancement of desk audits;
- Implementation continuity plan to minimise disruption to service provision

5. RELIEF FROM DOUBLE TAXATION

There is consensus at international level that every taxation system should strive to attain the following minimum principles of taxation:

Neutrality; Efficiency; Certainty and Simplicity; Effectiveness and Fairness; and Stability and Flexibility.

Effectiveness and fairness entails that a taxation system should produce the right amount of tax at the right time, while avoiding both double taxation and unintentional non-taxation.

What is Double Taxation?

Double taxation occurs when a taxpayer pays tax on the same corporate income earned from the same economic activity twice, in different countries.

How does double taxation arise?

Economical - refers to taxation of the same income in the hands of different persons. e.g. income tax on profits and WHT on dividends arising from the same profits.

Juridical - the taxation of income received by a person in two different jurisdictions largely on account of residence - source rule conflict.

Double taxation can represent a barrier to foreign investment, and distort the efficient allocation of scarce financial resources across countries of the world.

As a solution countries often go into a treaty to divide up taxing rights on cross-border income. This increases FDI inflows, tax bases, and job creation.

DTAs signal to investors that investments will be legally protected under international law in case of political turmoil, and to provide certainty that double taxation of foreign investors will be relieved

Tax treaties remove tax barriers to cross border trade and investments through:

- Elimination of double taxation
- Certainty of tax treatment
- Reduce tax rates
- Lower compliance costs
- Prevention of fiscal evasion and tax avoidance (e.g. exchange of information provisions)
- Assistance in Collection of Taxes
- Resolution of tax disputes

The double taxation agreements ensure that taxpayers benefit as follows:

Reduced tax rates - The source country will normally tax income at a reduced rate or entirely exempt the income from tax; whilst the resident country will tax at its normal domestic rate with credit given for a tax paid in the source country hence avoiding double taxation.

Zambia's Current DTAs

- Currently the Zambian government has in effect 21 Double Taxation agreements. The countries that Zambia has signed Double Taxation Agreements (DTA) with are Botswana, Canada, China, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Kenya, Netherlands, Norway, Romania, Seychelles, South Africa, Sweden, Tanzania, Uganda and the United Kingdom.

Government recently cancelled its DTA agreement with Mauritius and opted to renegotiate this agreement with much more favorable terms

6. OBTAINING RELIEF FROM DOUBLE TAXATION IN ZAMBIA

In order to obtain relief under DTAs in respect of some types of payments, a claimant has to apply for a Limited Deduction Direction (LDD) certificate.

A LDD is a document that gives authority or mandate to the payer to deduct Withholding Tax (WHT) at a lower rate than the rate prescribed in the Income Tax Act. It further provides for avoidance of double taxation. The lower rates applicable on the LDD are according to what is stated in the relevant DTA at the time.

To obtain a LDD, the claimant is required to file a written application with the following supporting documents:

Duly completed by providing details of actual payments made and tax deducted.

Copy of Contract/Agreement between the Payer and the Payee, or purchase orders or board resolution depending on the type of payment.

Copy of certificate of residence issued by the taxation authorities of the country of residence of the payee.

Alternatively, the form WHT 3 can be sent to the taxation authorities of the country of residence for certification, especially on first time

application.

Note: Type of payments may include management and consultancy fees, interest, royalties, dividends, haulage and other income specified in the DTAs.

Once this is done, the application should be brought to the Zambia Revenue Authority, the documents are validated, verified and analysed before the LDD is issued for the particular charge year applied for.

Note: Zambia is a member of the OECD Inclusive framework as well as a signatory to ATAF DTA model and hence subscribes to the minimum standards contained in these provisions including anti treaty abuse.

7. CONCLUSION

It is the desire of Government that businesses in Zambia rebound from the adverse effects of

the pandemic.

The 2020 budget has outlined key measures that will ensure the economy remains resilient and recovers in the quickest time possible

The authority will continue to innovate and ensure we effectively execute government policy while easing the compliance burden on taxpayers.

Together, through innovation and adaptation, we can manage the disruption of the COVID-19 pandemic. ■

THANK YOU

Contact ZRA:

ZRA website: www.zra.org.zm

Email: advice@zra.org.zm

National Call Centre: 5972

EMERGENCY FUND ACCOUNT WHY EVERYONE NEEDS IT

By Paston Katongo

WE GREW up in a culture where our parents never taught us the importance of saving. Emergency fund to meet unexpected expenses was equally not in their vocabulary.

Sadly, today, even when we are more enlightened than our parents were, in terms of knowledge about banking and the importance of saving, we still have continued to entertain the same poor saving culture and are unfortunately passing it over to our children. Most of us find it a challenge to manage our financial resources. For instance, a number of us who survive on employment income normally have a tendency to withdraw all our salaries immediately we are paid by our employers. Such habits leave us with nothing to deposit in the emergency fund. However, when we are faced with unexpected expenses, we end up contracting expensive credit either from the banks, friends or our relatives. Such situations expose us to financial stress and the risk of vicious circle of debt. It is not unusual to hear of colleagues who have ended up losing their jobs.

An emergency fund is money which one sets aside from other savings. The fund serves as a fall back and assists in dealing with unexpected events such as funerals, loss of employment, repair of a broken car, or illnesses in the family. One of my neighbours lost his job when the company he worked for suddenly shut down due to loss of business following the outbreak of COVID -19. In his current situation, my neighbour has still continued to meet the needs of his family surviving on the emergency fund while looking for another job.

How much funds one should keep in an emergency fund account on a monthly, quarterly or yearly basis is dictated by his or her

financial situation. Different schools of thought suggest that an emergency fund which can cover three to six months or even one year' worth of living expenses is recommended. In order to be consistent in growing the emergency fund account, it is prudent to enter into a standing order arrangement with the bank. On a monthly or quarterly basis, the Bank will automatically transfer the funds from one's traditional savings account to the emergency fund account.

Emergency funds should be placed in interest earning accounts such as saving accounts or flexible fixed deposits accounts as it is easier to have access to the funds in case an unexpected event strikes. It is also important to ensure that an emergency fund operates independent from the normal traditional savings account. Further, no attempts should be made to disturb the savings account as this should only be used to cover regular normal expenses.

Are you thinking of opening an emergency fund account? Banks like Indo Zambia Bank offer a spectrum of attractive products such as IZB Privilege savings account, IZB-Save plus account, Bumi fixed deposit account as well as other traditional savings accounts which can serve this purpose.

Setting aside funds in an emergency fund account is critical as it can be a good fall-back in an event of huge unexpected expenses. If you currently do not have an emergency fund account; it is time to think about having one. ■



Paston Katongo is a Senior Manager Finance at Indo Zambia Bank and a part time lecturer of Mulungushi University.

PUBLIC SECTOR MANAGEMENT-PLANNING

MANAGEMENT refers to the activities that managers do as they carry out their duties in an organisation, from the time a plan is made to the time performance is appraised to check whether objectives have been achieved or not, usually at the end of the period to which the plan relates. These activities include; planning, decision making, controlling, coordinating, communication and performance appraisal. According to Ebert and Griffin (2013:113), management itself is the process of planning, organising, leading, and controlling an organisation's financial, physical, human, and information resources to achieve its goals.

Public sector management therefore, refers to the process of setting objectives, planning activities and controlling them in order to ensure the set objectives are achieved in government and government related institutions. These include government ministries, departments, public bodies and state-owned enterprises. The management functions alluded to above are very important, but how best are these put to use in public sector organisations? This article focuses on planning as a function of management in public sector organisation.

Terry Lucey (2003:116) defines planning as the establishment of objectives, and the formulation, evaluation, and selection of the policies, strategies, tactics and actions required to achieve those objectives. According to Lucey, an organisation which commences a year without setting objectives and without formulating policies and actions to achieve those objectives has not planned at all. This is exactly what happens in some public sector organisations, they begin their year without setting objectives and action plans. They continue operating year after year without stating what is to be achieved from the activities they perform. They just continue following the routine even when some activities are irrelevant. A lot of resources are spent on these non-value adding activities resulting in gross inefficiencies, they do not conduct techniques such as cost benefit analysis to justify the allocation of resources to activities. They use incremental budgeting by flexing previous year's figures instead of using zero based budgeting which requires justifying the allocation of resources to activities.

In some cases, the objectives to be achieved in that particular year may be set by the boss and known to him/her without communicating them to subordinates. Any strategies and tactics for achieving objectives will only come to subordinates through instructions, which they obey even without understanding the framework within which the instructions are to be carried out. Because they lack an

understanding of a complete picture of the framework in which instructions are to be performed, they look to be inefficient as there is no opportunity for them to suggest better ways of carrying out the instructions. The situation can be different if the subordinates know what should be achieved through the activities they are doing. They are able to suggest better ways of carrying out an activity effectively and efficiently. Because of lack of formal planning, which may help subordinates understand their work, public sector organisations miss an opportunity for continuous improvement through worker suggestions, a philosophy known as kaizen in modern production systems.

FORMAL PLANNING

Where a formal plan is developed and documented, such is done to fulfill a directive from a higher authority and this activity may be outsourced. This leaves the management and staff without an understanding of the document and its contents. Usually in such circumstances, a copy of the plan is submitted to the higher authority that demanded for it and the copy which management should use to conduct the operations of the organisation will be packed in the drawer in the office of the boss. Operations will be running completely parallel to the contents of the plan as subordinates do their job following routine activities. The plan is only made to fulfill the directive of the higher authority.

MEETINGS

Meetings where planning should take place are mostly dominated by announcements, and the agenda in most cases will be made available to participants in the meeting. In such cases, subordinates contribute insignificantly, making the boss think they (subordinates) are not interested in the meeting yet in the actual sense, they are. Usually, the resolutions end up in the file without implementation and the organisation keeps running year after year with the same failures. At the end of the year, performance appraisal is not done because no objective was set in the first place. This makes it impossible to measure performance and results in higher inefficiencies as there are no comparisons between the inputs and the outputs.

Due to lack of formal planning, institutions do not use budgetary control technique as an aid to management of their operations. They begin the year without knowing the estimate of their expected revenue, expenditure and at what point they expect to have too much cash inflow and at what point they expected to have poor liquidity. This results into a situation

where they go on a spending spree; when they have too much money, they spend it on less important and non-priority activities which do not add value to the services they provide to their clients or to the growth of the organisation as a whole. They also miss out an opportunity to invest idle cash in short-term investment portfolios such as treasury bills money market instruments.

And during a period of insufficient cash inflows, activities which are scheduled at that time are poorly funded or not funded at all. This results in losing the benefits which should come out of those activities and where the activity is not an option, these public sector organisations end up borrowing at exorbitant interest rates due to desperation for cash. Sometimes the controlling officer will borrow without following laid down procedures. This unnecessary interest expense results into higher operational cost in future.

REASONS FOR POOR PLANNING

- Some controlling officers do not see the need for planning because the routine activities which they control will take place with or without planning.
- Where there is no higher authority requesting for formal planning, the controlling officer prefers carrying out activities which are obligatory to planning.
- The nature of some public sector organisations.

Organisations such as those in security, education, health et cetera require that an officer is trained in the discipline related to the service of the organisation; mostly such training will focus more on giving someone skills to do his or her job. The programme will not have management causes and if they are there, the content is too shallow. This requires the recruitment of specialised management staff to support the technical officers. However, this is only done at some levels e.g. district, provincial et cetera, hence leaving a crisis at lower levels. ■

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The author is a CA Zambia Advisory level student

ZICA COPPERBELT CHAPTER MAKES IWD DONATION OF DESKS TO KITWE'S MARK GUCKIAN MEMORIAL COMMUNITY SCHOOL



2020 is indeed a challenging year, opening on a very unpredictable note with the Coronavirus disease (COVID-19) threatening livelihoods and businesses. The pandemic initially was reported on 31 December 2019 in Wuhan, People's Republic of China (www.WHO: timeline of response to Covid-19). The disease eventually spread to the Western World with USA reporting its first confirmed case on 21 January 2020 (www.WHO: timeline of WHO's response to COVID-19). By the beginning of 2020, COVID-19 in Zambia was an echo and most people did not actually envision going through the effects of the disease. True to warnings by the World Health Organisation of a worldwide spread, the disease came to Zambia by the start of the year and eventually settled with some hospitalisation cases and deaths. In March 2020, the Minister of Education announced the closure of all institutions of learning by 20th March 2020 in order to abate the spread of the disease.

Despite the threat of the pandemic, life and work had to go on. This was the case for the Zambia Institute of Chartered Accountants, which takes part in celebrating International Women's Day by making donations to various vulnerable sectors of our communities. These donations are alternated between headquarters (Lusaka) and the regional office (Kitwe). The Regional Office was scheduled to make the significant donation, though small, in monetary terms before end of March 2020 but the donation was hampered due to some restrictions on activities.

At the closure of schools, the Kitwe office had made preliminary works towards the donation by first identifying the most-neediest area of the community. The office went further to place an order of items to be donated and the supplier

obtained specifications from an identified community school. But before further progress could be made, some of the materials required to complete the works went out of stock as most suppliers closed down businesses. This affected our donation and the officers could not abandon the project halfway.

The supplier of school desks completed his work towards the end of May 2020 when some restrictions regarding COVID-19 as per the Ministry of Health guidelines began to ease out. At this stage, the desks could not be donated to the identified school as the institutions remained closed. In June 2020, the Minister of Health allowed examination classes to open in all schools with strict guidelines. The opening of schools made our donation come to life. On 29th July 2020, the Regional Manager, Violet Lichaha, led the Kitwe staff to Kamitondo township of Kitwe to deliver 20 steel and wood desks to Mark Guckian Memorial Community School. During the feasibility study, it was ascertained that most pupils came from vulnerable homes such as child managed homes as well as aged managed homes with very little or no income. As a result, it was the view of the team to include pens and pencils that would be handed out to the grade 9 pupils who were scheduled to write their junior secondary school leaving examinations at the end of 2020.

Mr Mwansa, who was standing in for the head teacher, received the donation. The grade 9 pupils were at hand to receive the much-needed desks. Most of the classrooms for the school are made from left over timber cuttings. They were dilapidated and could not be locked. The classrooms do not have concrete floors as well as desks resulting in learners sitting on the sandy floors during lessons. These structures

have seen better days, especially with the material they are made from. We hope some of the pupils were motivated to do better and that one day they will remember the gesture and give back when they will be in advantageous positions.

The Regional Manager encouraged the pupils to work harder and smarter, after all, said the regional manager, no situation was permanent. She further reminded the pupils that they may come from disadvantaged homes financially but that each one of them had the power to determine their future.

The ZICA Kitwe team could not be more proud by choosing the school to receive this once in two years donation.

After making the donation, we got in touch with the manager and she said: "I was moved by the environment in which the pupils were having lessons; the desks were literally finished and anytime they could give way and were actually dangerous for learners. It was so fulfilling to see the smiles on the pupils' faces as they received the desks and promised to work hard as now they had comfortable desks to support the learning."

I would like to appeal to the Cooperate world through members of ZICA who have the privilege of making decisions to reach out more to such places.

"I could not believe that in the heart of Kitwe, the mining town, lay a school with such deplorable conditions. We need to take it upon each one of us to touch a soul whenever we are put in privileged positions."

The search continues for 2022 IWD donation, but if there are giving hands before then, the Kitwe team would be honoured and more than ready to deliver. ■

IMPACT OF NON-PERFORMING LOANS ON COMMERCIAL BANKS

By Paton Katongo, FZICA FCCA

THE Banking sector plays a very critical role in the economic development of any country.

Although bank facilities and loans are mutually beneficial, banks suffer the risk of loss that some loans may become non-performing.

In the banking sector, assets which generate income are called performing assets while those that no longer or have completely ceased to generate any income are considered to be non-performing assets. Sometimes loans become bad when customers fail to honour agreed upon interest and principal repayments over an extended period of time. The Banking and Financial Services Act regulations 1995 statutory instrument No.142 of 1996 define a Non-Performing Loan as a loan in respect of which any payment of principal or interest is in arrears in excess of ninety (90) days. In running accounts like overdrafts, the account should be inactive for 90 days or the deposits are insufficient to cover the interest charge during the period.

Experience has shown that increase in non-performing loans has a key role in the emergence of bank crisis, which ultimately impacts the entire financial system of a country.

The Zambian banking sector has been facing serious problems of raising Non-performing Assets. Rise in Non-Performing Loans leads to the deterioration in the quality of loan books and this is the main cause of financial instability in the banking industry. The impact of Non Performing Loans on the profitability of banks is enormously high and possesses high risk to the very survival of banks.

Macroeconomic factors such as inflation, exchange rates, rate of growth of GDP, interest rates, cost of funds, high electricity tariffs unemployment are some of the major known determinates of Non-Performing Loans in the banking industry.

The banking sector in Zambia has not been spared from challenges of rising Non-Performing Loans. This could be seen from a number of advertisements banks are placing in local newspapers auctioning repossessed mortgaged properties almost on a daily basis besides the huge provisions seen on bank financial statements of all commercial banks. The Bank of Zambia monetary policy statement (2018) mentioned the elevated Non-Performing Loans as one of the challenges that had continued to pose downside risks to the broader and robust economic growth. The

Zambian Banking and non-banking industry survey conducted by PWC (2019), lists among other factors, credit risk as one of the top five pressing issues for commercial banks and non-banking financial institutions in Zambia. The survey reported that 41% of the banks in Zambia recorded increases in non-performing loans.

CAUSES OF NON-PERFORMING LOANS

The question one may ask is what really contributes to the rise in non-performing loans in the banking industry? The causes of non-performing loans can be external or internal factors. According to the International Monetary Fund country report NO.17/349 of 2017, non-performing loans in Zambia rose sharply on the lingering impact of slower economic activity, sharp kwacha depreciation in 2015, and high lending rates since mid-2015 as well as rising government arrears. As of mid-2017, NPL ratios had risen to over 12 percent. The hospitality industry recorded the highest in non-performing loans (73 percent).

Internal bank specific factors include poor or lax underwriting skills by credit officers, inadequate cash flows from which to service the loan obligations or finance costs, inadequate borrower's stake in the project or business, history of default with other financial institutions or actual financing institution, lack of stringent monitoring for early alert signals and timely recovery of the due loan instalments, inadequate security, partial compliance to sanction terms and the lack of synchronisation of the loan repayment schedules with the cash flow cycle of the borrower's income.

INFLATION RATE

Inflation has been on the rise in Zambia and its rise has had adverse effect on non-performing loans. For instance, The Bank of Zambia monetary policy committee statement of the third quarter of 2019 indicated that inflationary pressures heightened in the third quarter, reflecting persistent rise in food prices and pass through from the depreciation of the kwacha. Increase in inflation rates increases the cost of borrowing without corresponding level of increase in income for individuals and corporate borrowers, which results in increased default rates. Inflation also erodes the income of borrowers hence are left with inadequate net disposable income which cannot meet the monthly loan obligations.

LENDING RATES

Rate volatility in Zambia is very high. Of late, Zambia has witnessed rise in the Bank policy rates which have a negative bearing on lending rates. In November 2019, Bank of Zambia increased the monetary policy rate from 10.25% to 11.50% in an effort to curb rise in inflation. A rise in lending rates reflects a rise in the cost of funds and also yields on government securities. Acquisition of high cost deposits in the banking industry has had a negative effect on lending rates. Frequent increases in interest rates which have been witnessed in Zambia cause a mismatch between the amount due for payment as loan obligations and the actual level of income available to service such loan obligations.

ADVERSE ECONOMIC CONDITIONS

The Zambian economy has in the recent years performed badly. Factors such as drought, rise in inflation, government borrowings as well as constrained electricity generation have contributed to the poor performance of the economy. Lack of liquidity by the Government due to debt servicing has also resulted in delayed remittance of salaries and loan instalments to respective financial institutions in case of salary backed loans. This situation has also contributed to the large number of defaulted loans mostly under the retail category.

POOR CREDIT SKILLS TO UNDERWRITE PROPOSALS

Non-performing loans sometimes result from 'Creative' but poor underwriting practices such as lack of documentation and verification of the information in the customer loan application. For instance, cash-out payment options lead to loan delinquencies. Additionally, short of required set of expertise to adequately underwrite and administer credit by credit processing officers results in on-boarding of poor credit portfolio with high chances of default by borrowers since they fail to take a careful study of the applicants to establish whether they have a sound financial base such that the risk is mitigated in case of default.

CONCENTRATION RISK

Concentration risk describes the level of risk in a bank's portfolio arising from concentration to a single counterparty, sector or country which restricts diversification of the portfolio. Lending to a certain industry which

restricts diversification of the portfolio can significantly affect a portion of the bank's portfolio if economic factors negatively affect the geographic or industry concentrated credit portfolio. For instance, in Zambia, the impact of drought, armyworms coupled with exorbitant cost of inputs has adversely affected the agriculture sector making it difficult for farmers to meet loan obligations due to constrained income.

INADEQUACY OF BORROWER'S STAKE IN THE BUSINESS OR PROJECT

Margin contribution from the borrower is required by some banks. Margin contribution represents the customer's interest in their business which in turn enables the borrower to strive to succeed in the business or project or giving a return on the investment made. The borrower would not want to lose their stake in the business if they have also invested their own funds in the business. However, in cases where the customer projects are fully funded out of bank finance, the borrower is most likely not [going] to take utmost care to ensure that the project or business succeeds. In cases where the business or project fails, the borrower falls behind schedule in meeting their obligations to the bank and the loan may result into non-performing.

UNDER-FINANCING BUSINESS

Experience has revealed that underfinancing a business requirement is a danger as it affects the borrower's income generation capacity since short term funds end up being utilised to finance long term assets whose return is realised in the long term and not short term period. Funds initially intended to be utilised to build current assets which will be turned over in the business to generate cash flows end up being invested in long term assets. Under-financing has serious implications in that businesses may end up failing to complete the planned projects and in the end fail to service the loan obligation.

LENDING TO BORROWERS WHO ARE NOT CREDIT WORTHY

Borrowers with questionable character in terms of poor credit history have a high probability of defaulting on fresh contracted loans. Banks will inadvertently lend to borrowers who are not credit worthy when they fail to do the following checks:

Failure to obtain credit rating scores for borrowers.

Failure to establish the customer credit history by not visiting the Credit Reference Bureau or conducting a status inquiry.

Deficient analysis of project viability.

Failure by banks to monitor end use of funds by the customer.

Failure to physically inspect properties pledged as collateral in order to establish its value depending on its location and physical

condition as well as its marketability in case of default.

Failure by the bank to inspect the business unit of the customer to find out if it really exists and is operational.

Lack of stringent monitoring for early alert signals and timely recovery of the due loan instalments

Failure to closely monitor loan accounts and lack of adequate monitoring tools which include tailor made reports (such as age-wise analysis tools) for loans where instalments have not been paid on due dates result in increased default rates. Failure to make timely follow up with borrowers to settle the instalments often leads to increased overdue amounts and number of days such amounts are overdue. All loan accounts with overdues 90 days and above end up being classified non-performing.

INADEQUACY COLLATERAL

Banks expect collateral which the customer has pledged as security to be of high valued compared to the loan exposure. Banks normally discount the market value of the collateral say by 20 to 25%. Then the fixed asset coverage ratio is computed on the discounted forced market value. In most instances, some banks will prefer fixed asset coverage ratio of 1:5:1 which is considered adequate to cover the credit exposure in case of any negative eventualities. Chances of having loans not well collateralised slipping into non-performing category are high since the customer may not be compelled to meet their due loan obligations, knowing too well that in an event of default, the onus will be on the bank to ensure that all monies are recovered from the borrower.

FAILURE TO SYNCHRONISE LOAN REPAYMENT SCHEDULES WITH THE CASH FLOW CYCLE OF THE BORROWER'S INCOME

Sometimes banks fail to synchronise loan repayment schedules with cycles for receipt of income which omission may be a recipe for non-performing loans. A good example is the agriculture sector and real estate industry whose income is periodical in nature. Mismatch in the cycle of receipt of income with the loan schedules normally result in the customer falling back on their payment which situation ultimately leads to the accounts being classified as a non performing loan.

IMPACT OF NON-PERFORMING LOANS ON COMMERCIAL BANKS

Non-performing loans have a negative and adverse impact on the performance of the banks. Non-performing loans affect the profitability of the bank due to write-offs and huge provisions which are expensed to the profit and loss account to cover these bad loans. Further, the amounts written-off erode the capital of the bank and this may call for more capitalisations

since non-performing loans constitute risky assets which attract greater risk weights.

The provided for amounts for non-performing loans also reduce the funds available for onward lending to various sectors of the economy which also in turn affects the liquidity position of the banks.

Additionally, classification of loans as non performing results in loss in income, increase in risk weighted assets and ultimately affecting the capital adequacy ratio. Bank failures have mostly been associated to non-performing loans which are a by-product of good loans and advances.

It should also be noted that banks which are faced with higher levels of non performing loans have low credit growth since they have a lower ability to lend to the real economy. Reduced lending capacity has a negative impact on the bank's income and ultimately affects its operating income.

CONCLUSION

There are a number of determinates of non-performing loans which may be classified as external and internal. Some of the external factors include inflation rates, GDP, exchange rates, interest rates, unemployment etc. Internal factors which have a negative impact on the performance of the loans include lack of synchronisation of loan repayment, lack of skills in credit officers, lending to risky customers, lack of credit documentation and many others. Non-performing assets impact negatively on the performance of the bank. For instance, NPAs affect the profitability of the bank since loans classified as bad are written off through the profit and loss hence reducing the shareholders' value. Further, banks are starved of surplus funds to lend as these are held up in non-performing loans. ■

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DIVERSITY AND INCLUSION FOR BUSINESS AND ACCOUNTANCY PROFESSION



By KEVIN KOH AND LAU CHEW KING
A STRATEGIC PRIORITY DURING THE COVID-19 PANDEMIC

Diversity and inclusion at the workplace have always been important issues with critical implications for businesses, but there is a very real risk that diversity and inclusion practices may now be relegated to the back seat as a strategic priority as businesses confront unprecedented disruptions as a result of Covid-19. This may be due to the unintentional consequences of companies figuring out how to respond to the pandemic crisis as they address

their most basic needs to survive, such as managing the finances, adapting to new business models, consolidating workforce capacity, and ensuring the safety of their employees and stakeholders. However, we caution that companies which deprioritise the diversity and inclusion practices may place themselves at a disadvantageous position for future growth and subsequent renewal after the pandemic. The benefits of team diversity in processing relevant information and reconciling conflicting viewpoints in a complex environment is even more critical as companies navigate through unprecedented disruption and uncertainty in

this ongoing crisis.

WORKPLACE DIVERSITY AND INCLUSION PRACTICES IN SINGAPORE

Even before the Covid-19 pandemic, Singapore has not performed well in the world in terms of workplace diversity and inclusion practices. In September 2019, consulting firm Kantar released its inaugural Kantar Inclusion Index that polled employees in 14 countries; Singapore emerged the second-worst performing country in terms of workplace diversity and inclusion practices. Around the same time, Singtel was listed as the only Singaporean

company to make the top 100 most diverse and inclusive organisations in the world in a different poll by Refinitiv, a financial data market company. The Refinitiv D&I Index looked at 400 environmental, social and governance (ESG) data points to determine the relative performance of over 7,000 publicly listed companies across the globe, scoring organisations on the four main pillars of diversity, inclusion, people development and controversies. Singtel ranked 79th, and was among 23 Asia-Pacific companies that made the top 100 list. Earlier in March this year, Singapore's Council for Board Diversity announced that the largest 100 primary-listed companies on the Singapore Exchange (SGX) achieved 16.2% women's participation on boards as at end-2019. While progress has been made, albeit an improvement of one percentage point from the previous year, it raises concerns whether the council's intermediate target of hitting 20% women's participation on boards can be achieved by the end of 2020.

WORKPLACE DIVERSITY AND INCLUSION PRACTICES IN THE ACCOUNTANCY PROFESSION

Worldwide, the diversity and inclusion practices in the audit and accountancy profession also require further positive action. In its 2019 report on the trends in the accountancy profession in the United Kingdom (UK), the Financial Reporting Council (FRC) highlighted that the audit and accountancy profession is lagging behind other businesses for the diversity of senior management. The statistics revealed that while women make up 46% of manager-level roles at audit and accountancy firms, only 17% of women achieve partner-level positions in the UK. This contrasts significantly with diversity levels in the FTSE 350 companies in which women filled 30% of the executive board positions. The FRC noted the irony that many of these audit and accountancy firms advise their clients on diversity and inclusion practices, and yet performed worse than their clients in general. Even more concerning is the fact that one third of the UK audit and accountancy firms do not even collect diversity data for their workforce. In particular, the FRC called for the UK firms to do more to improve the pipeline of future talent and promote women, ethnic minority groups and disabled people to the top levels of management.

BUSINESS CASE FOR DIVERSITY IN THE ACCOUNTANCY PROFESSION

The relationship between work group diversity and performance has been extensively studied in the field of organisation behaviour. There are two viewpoints of how group diversity affects performance, namely, the information perspective and the social categorisation perspective.

The information perspective suggests that diverse groups possess a broader range of task-relevant knowledge, skills and abilities that are distinct and non-redundant, which enable these groups to outperform homogeneous groups that may suffer from group think. The social categorisation perspective, however, proposes that team diversity may induce within-team conflicts and negatively affect team performance. This is because individuals use similarities and differences as a basis to categorise themselves and others into their own in-group or out-group. However, research studies have yielded mixed results, suggesting that the relationship between team diversity and performance is also dependent on the task setting.

Academic research on how team composition and diversity affect performance in audit firms are scant due to the limited availability of detailed data on team composition in audit engagements. A study finds that in Belgium, client firms pay higher audit fees to female audit partners¹. The authors conclude that the audit fee premium commanded by female engagement partners may be due to client firms perceiving female partners as delivering higher audit quality compared to their male counterparts. Another study which examines Italian Big Four firms also find that an audit team with a greater diversity of educational background among team members and a higher proportion of women in senior positions of the engagement team improve audit quality².

Diversity within the engagement team is important, but diversity between the leading partners in an audit engagement is also crucial to audit quality. Using available data from CPA firms in China, a recent study conducted by one of the authors finds that the diversity between the signing partner and review partner enhances audit quality³. In particular, diversity in audit partner teams' educational background, gender and generational cohort all positively affect audit quality. In addition, the positive effects of audit partner diversity on audit quality are even more pronounced if the audit partners are more experienced and have been working together as a team for a longer period of time. These findings suggest

that in a complex task setting such as auditing, the diversity between the signing partner and review partner will enable them to possess different opinions and perspectives on audit engagement. This helps reduce the judgement biases that each partner has when interpreting, implementing and enforcing the accounting and auditing standards for their client firms. Furthermore, the need to reconcile conflicting viewpoints may require the leading partners to process relevant information more thoroughly during the audit engagement, thus resulting in higher audit quality.

In the same study, CPA firms in China were surveyed and the findings revealed that although CPA firms consider the diversity of audit partners in client assignments, most firms only consider diversity in work-related experience (for example, types of industry specialisation) for each client assignment. Thus, audit firms are less likely to be aware of the positive impact from audit partner team diversity embedded in educational background, gender and generational cohort on audit quality. The study highlights the importance yet possibly overlooked team characteristics that should be considered in practice during team assembling for client assignment.

CONCLUSION

The Covid-19 pandemic has caused unprecedented disruption to the business environment and caused disproportionate social impact on minority groups. Companies, in their focus to survive, are likely to deprioritise diversity and inclusion practices. To ride through this crisis and prepare for future growth after the pandemic, we caution that the companies, including accounting firms, should not lose focus on diversity and inclusion practices as a strategic priority. Companies should not only focus on middle management but also continue to improve the pipeline of future talent and promote employees in the minority groups to top management. The benefits of team diversity in processing relevant information and reconciling conflicting viewpoints in a complex environment is even more critical during these challenging times for companies to survive and prosper in the new normal.

Kevin Koh is Associate Professor, and Lau Chew King is Lecturer, Accounting, Nanyang Business School, Nanyang Technological University. ■

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ZICA COUNCIL MEMBERS



MRS. CECILIA ZIMBA
PRESIDENT

Ms. Zimba is a Fellow of ZICA. She holds a Master's Degree in Business Administration, ACCA and has a post graduate Diploma in Sustainable Business Leadership. She is the immediate past Vice President of ZICA. She has over 20 years' work experience, a corporate leader with extensive professional experience and significant leadership accomplishment in Business. She is also the immediate past Chairperson of the Finance & Administration Committee of ZICA. She has served on various Boards and Committees including ZRA, ZESCO, Financial Intelligence Centre, BOZ Financial Sector Development Program, Zambia Industrial Commercial Bank and ZEMA.

MR. BBenkele HAACHITWE
VICE PRESIDENT

Mr. Haachitwe is a Fellow of ZICA. He holds an MBA-Finance, BSc (Hons) Applied Accounting and a Diploma in Project Management. He has over 20 years' experience and currently Head of Assurance and Internal Audit at Copperbelt Energy Corporation (CEC). He is the immediate past Chairperson for the Audit and Risk Management Committee of ZICA. He has worked for Zambia National Broadcasting Corporation as Chief Internal Auditor and Zambia Revenue Authority in the Internal Audit division.



MR. KENNEDY MUSONDA
ACCOUNTANT GENERAL
COUNCIL MEMBER

Mr. Musonda is the Accountant General for the Republic of Zambia. He is a Fellow of ZICA and ACCA and he has worked in the financial management function of the public sector for more than 26 years. He has worked through different Government Ministries as Head of Accounting Units, and as Accountant General and Ex-Officio of the ZICA Council from 2008 to 2012.



MS. CHILALA BANDA
COUNCIL MEMBER

Ms. Chilala Milimo Banda is a Fellow of ZICA. She holds ACCA qualification and Bachelor of Accountancy degree. She has over 20 years' experience in Auditing and is currently a Partner at Grant Thornton. She is the immediate past Chairperson of the Technical Committee, immediate past Vice Chairperson of the Education and Training Committee respectively and immediate past member of the Standards and Regulatory Board.



MR. JULIUS ZGAMBO
COUNCIL MEMBER

Mr. Zgambo is a Fellow of ZICA and ACCA with over 13 years of experience in the profession. He holds ACCA professional qualification from Zambia Centre for Accountancy Studies. Board Member - Standards and Regulations Board at the Zambia Institute of Chartered Accountants. He represents members in Industry.



MS. THULILE KAVIMBA
COUNCIL MEMBER

Ms. Thulile Lwizya Kavimba is a Fellow of ZICA and ACCA. She has 12 years of experience in public practice and 4 years in commerce and industry. She is currently Audit Partner at PKF Zambia Chartered Accountants. She is in charge of the firm's training program and a member of the firm's technical committee. Her experience spans a wide range of industries including manufacturing, service, Education, and non-governmental organizations. She has worked for DAPP as Country Finance Manager, Grant Thornton as Audit Senior and PWC as Assistant Tax Consultant.



MS. MUYAKA ETHEL NGULUBE
COUNCIL MEMBER

Ms. Muyaka Ethel Ngulube is a Fellow of ZICA and a Chartered Global Management Accountant. She has over 21 years' experience in public, private and development aid sectors. She is a Certified Compliance Professional (CCP) with the American Institute of Business and Financial Management and also a Certified People and Teams Developer. She has an Honors Bachelor's Degree in Accounting, a Master of Business Administration and a MSc in Strategic Planning. She represents members in Business



MR. MOONGA HAMUKALE
COUNCIL MEMBER

Mr. Hamukale is a Fellow of ZICA. He holds ACCA. He has over 10 years' experience in Advisory, Consultancy and Auditing. He is currently Senior Manager at PricewaterhouseCoopers. He is the immediate past Chairperson for the Membership Committee of ZICA and immediate past Vice Chairperson for the Technical Committee.



MS. CHANGWE MULIMBIKA
COUNCIL MEMBER

Ms. Mulimbika is a Fellow of ZICA and ACCA. She holds an MBA (Strategic Planning) from Herriot-Watt University and a Bachelor of Science in Applied Accounting from Oxford Brookes University. She has 15 years of experience and is currently working for Atlas Mara as Finance Manager. She's held positions of Head of Card Operations and Card Operations Manager. She has worked for Barclays Bank Plc and also served in various roles. She is also currently serving as Zonal Coordinator for Zambia Forum for Women Accountants focusing on Lusaka, Central and Eastern Provinces.



MR. MALAMA MILAMBO
COUNCIL MEMBER

Mr. Malama is a Chartered Accountant with full ACCA Qualification and member of ZICA with exceptional skills in accounting, financial management, business management and risk management with over 9 years of progressive accounting and auditing experience in public, Non-Governmental Organizations (NGOs), private Programmes, financial institutions and small businesses. Currently Manager in audit and assurance at Deloitte & Touché.



MS. PEGGY BANDA
COUNCIL MEMBER

Ms. Banda is a Fellow of ZICA. She holds a Master's in Business Administration with specialization in strategic planning she is currently pursuing a Doctorate in Business Administration with ZCAS University. She has 21 years' experience and is currently Finance Manager at Tazama Petroleum Products. She worked for St Andrews Schools Board and Ndola Trust School Board as Bursar.

ZICA DISCIPLINARY COMMITTEE MEMBERS



DR. ELIJAH BANDA, S.C.
DISCIPLINARY COMMITTEE
CHAIRPERSON

Dr. Elijah Banda is currently Partner in the law firm of ECB Legal Practitioners, Kitwe. The firm was established following the demerger of MNB Legal Practitioners. He is a member of the Law Association of Zambia, International Bar Association (IBA) and the Southern African Development Community (SADCLA) Lawyers Association among others. He

is the Chairperson of the Zambia Institute of Certified Accountants Disciplinary Committee and the Mulungushi Village Complex Limited respectively. He holds a Bachelor of Law Degree (LLB) with merit from the University of Zambia. He was admitted to the practice as an Advocate of the High Court for Zambia in 1986 and admitted to practice as an advocate to the Supreme Court for Zambia in 1989. He was conferred with the honour dignity and rank of State Counsel for the Republic of Zambia in 2008.

DR. LEONARD KALINDE DISCIPLINARY COMMITTEE VICE CHAIRPERSON

Dr Leonard Nkole Kalinde is a Fellow of the Zambia Institute of Banking and Financial Services. He holds a PhD in International Economic Law, University of Kent, LL.M Degree in International Business Law, American University and LL.B (Merit), University of Zambia.

He is a Certified Anti Money Laundering Specialist, CAMS, and holds a Certificate to Practice as an Advocate of the High Court of Zambia, Zambia Institute of Advanced Legal

Education, and is a Notary Public. Dr Kalinde is an Arbitrator with the Chartered Institute of Arbitrators in Zambia and holds a Certificate in Public Prosecution, ZIALE and Certificate in Legislative Drafting, African Institute of Legal Studies.

He is currently Director-Legal Services Department and General Counsel for Bank of Zambia. He is also Chairperson of the SADC Committee of Central Bank Governors' Legal Committee.



MR. MASIYE BANDA
DISCIPLINARY COMMITTEE MEMBER

Mr. Banda is an Associate member of the Institute; an experienced Chartered Accountant, Forensic Auditor and Economist with extensive experience in law enforcement, Government accounting and auditing which spurns over 24 years having held various positions in the public service with the latest being Director in charge of Specialized Audits. Mr. Banda holds a Master's Degree in Economic Policy Management from the University of Zambia, a Bachelor of Science in Accounting from UK and ACCA. He is currently studying for his PHD in Corporate Governance. He is currently the Permanent Secretary at the Ministry of Home Affairs.



MS. PRISCILLA SEKETI
DISCIPLINARY COMMITTEE MEMBER

Ms. Seketi is a Fellow of ZICA. She holds a Bachelor's degree in accountancy and ACCA. She has over 17 years' experience. She is currently Disciplinary Committee member and Senior Audit Manager at Grant Thornton.

MR. WILLIAM SIMFUKWE
DISCIPLINARY COMMITTEE MEMBER

William Simfukwe is Chief Financial Officer of Professional Insurance Corporation Zambia PLC. He has 15 years' experience in senior management roles working in various industries. He has expertise in financial management, strategy formulation and execution and is currently in charge of all financial operations of the company. He is a Fellow of both ACCA (UK) and ZICA and holds a Master of Business Administration from Edinburgh Business School of Herriot Watt University. He also serves on the Finance and Administration Committee of ZEMA.



IMPORTANCE OF RISK MANAGEMENT IN SMALL, MEDIUM AND MICRO SIZED ENTERPRISES

THE Small, Medium and Micro sized enterprises (SMMEs) sector is estimated to account for 97 percent of all businesses in Zambia. SMMEs play an important role in Zambia's economic development by contributing to the Gross Domestic Product (GDP), employment generation, creating opportunities for future growth, contribution to products and exports as well as facilitating equitable distribution of income.

However, a significant number of SMMEs incur huge losses or ultimately fail due to lack of adequate risk management processes in place. SMMEs with inadequate risk management processes fail to identify risks with significant impact in a timely manner and fail to adequately address the risks identified with sufficient and appropriate remedies. Therefore, this makes managing risks to reduce and minimise the loss exposure essential and imperative for every small, medium and micro sized enterprise.

DEFINING RISK MANAGEMENT

Risk management is a process that seeks to eliminate, reduce or control risks, enhance benefits, and avoid negative outcomes from speculative exposures (Anderson and Terp, 2006). The management of risk is one of the most important issues facing SMMEs in Zambia today and can be the difference between success and failure of the business. Having a process to identify major business risks in place is one of the crucial procedures of running an effective control system in companies. Identification of key risks in a timely manner, considering their likelihood, measuring significance of their financial impact on the business outcomes, establishing of priorities for allocating necessary resources and communicating results are among the most important criteria for assessing effectiveness on identification and evaluation of risks and control objectives.

WHAT SHOULD SMES LOOK OUT FOR IN MANAGING RISK?

SMMEs by their very nature and definition may not have vast capital or resources compared to multinational corporations. This does not make them any less susceptible to the negative impacts of risks. SMMEs should therefore allocate appropriate amounts of resources to managing and mitigating risks. The risk management framework SMMEs adopt may differ in terms of size and complexity from company to company but must always have the four main pillars highlighted below:



Figure 1: Risk management process. Source: Adapted from Smit (2012)

- Risk Identification – This is the process of listing potential risks and their characteristics.
- Risk Evaluation – is the process of determining significance of the risk and likelihood of occurrence of the risk.
- Risk Mitigation – This is the strategy of placing appropriate actions in place to eliminate or significantly reduce the impact of the risk.
- Risk Monitoring – This is an ongoing process that tracks the levels of risks and their impact in the organisation.

An effective risk management process is continuous and does not end at the risk monitoring stage but feeds back into risk identification as highlighted in Figure 1. It is also important that for SMMEs to have a completely effective risk process a culture of risk management must be encouraged at all levels throughout the organisation.

THE BENEFITS OF AN EFFECTIVE RISK MANAGEMENT PROCESS

Some of the benefits for SMMEs having a robust risk management process include:

1. Significant risks are well identified in time before they occur and appropriate actions are devised to mitigate their impact.
2. An effective risk management process helps SMMEs identify opportunities for growth and avoid actions that can cause setbacks.
3. With an effective risk management process the SMMEs are able to keep track of exactly how much risk they have taken on board and whether these risks are within acceptable levels.
4. Mitigation or reduction of potential loss after an event has occurred.
5. An effective risk management process highlights operational inefficiencies and

can significantly improve financial performance of SMMEs.

CONCLUSION

For Small, Medium and Micro Sized Enterprises, having a robust risk management process in place is imperative for their success. It can mean the difference between their success in achieving their organisational goals and their failure. Small, Medium and Micro Sized Enterprises' management or those in charge of governance must therefore ensure a robust and effective risk management process is in place and is embedded throughout the organisation. ■

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Nkabwela Gerald Banda

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Certified Accountants (FCCA). He holds a Masters degree in Financial Management and a Bachelors degree in Applied Accounting. The views expressed in this article are his own and not necessarily those of KPMG.

AUDITING AND ASSURANCE



HOW TO REPORT AN EMPHASIS OF MATTER UNDER COVID-19: A GUIDE FOR AUDITORS

An auditor may conclude that a matter disclosed in the financial statements is so important that it is fundamental to users' understanding of those financial statements. In this case an emphasis of matter paragraph will be included in the auditor's report, which draws the reader's attention to the entity's disclosures.

Coronavirus may lead to situations where an auditor considers including an emphasis of matter paragraph in the auditor's report. However, even in the unprecedented circumstances brought about by COVID-19, inclusion in auditors' reports is not expected to be widespread, and will occur only when the matter is considered to be 'fundamental'. Widespread use of emphasis of matter paragraphs may diminish the effectiveness of the auditor's communication about important matters.

This Audit and Assurance Faculty Know-How guide covers where an emphasis of matter paragraph may be included, COVID-19 situations that might drive their use, and how to

construct the wording.

It is important to note that emphasis of matter paragraphs are no longer used to draw attention to material uncertainties relating to going concern; these are disclosed in a separate section of the audit report.

EMPHASIS OF MATTER PARAGRAPHS

An emphasis of matter paragraph is included in the auditor's report and refers to a matter presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements.

Auditors should remember that the 'fundamental' (to users' understanding) test is a high hurdle. The auditor will therefore need to document clearly in each case the justification for the inclusion of the matter they wish to highlight to users of the financial statements as fundamental. A policy of including an emphasis of matter paragraph in audit reports for most entities affected by COVID-19, or for all entities in a particular sector or industry, may be challenged by audit regulators, and so firms will need to be prepared to justify that decision

with reference to the particular circumstances of each entity.

ISA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report requires that emphasis of matter paragraphs refer to a matter 'appropriately' presented or disclosed in the financial statements. If a matter is not appropriately presented or disclosed, then other changes to the audit report will need to be considered instead, for example the audit opinion may need to be qualified.

An emphasis of matter paragraph does not modify the audit opinion. Such a paragraph is also not a substitute for expressing a qualified or adverse opinion, or for disclaiming an opinion, where they are appropriate.

HOW MIGHT AN EMPHASIS OF MATTER ARISE DUE TO COVID-19?

One of the possible reasons ISA 706 gives for inclusion of an emphasis of matter paragraph is 'a major catastrophe that has had a significant effect on the entity's financial position'.

Whether the COVID-19 pandemic amounts to a major catastrophe that has had a significant

effect on the entity’s financial position is a matter of judgment for the auditor. Accordingly, it is not expected that an emphasis of matter will be used in every case, only where, in the auditor’s judgment, the matter is fundamental to the user’s understanding of the financial statements.

BASIS OTHER THAN GOING CONCERN

Where the use of the going concern basis is inappropriate and the entity is required to prepare its financial statements on a basis other than that of going concern, the auditor may consider it appropriate or necessary to include an emphasis of matter paragraph in the audit report to draw the user’s attention to the basis on which the financial statements have been prepared and the reasons for its use.

The Audit and Assurance Faculty’s help-sheet Going concern – basis other than going concern provides further guidance in this area.

SUBSEQUENT EVENTS

The notes to the financial statements include disclosures around subsequent events / post balance sheet events because, for many entities, the impact of COVID-19 started to emerge after the end of their financial periods. The auditor will need to assess whether the disclosures made by the entity regarding subsequent events, and whether they are adjusting or non-adjusting events, are appropriate. The auditor may conclude that it is necessary to include a related emphasis of matter paragraph in the auditor’s report to highlight management’s subsequent events disclosure, given its significance.

Further information is available in the Financial Reporting Faculty’s Know-How articles on How to distinguish adjusting from non-adjusting post balance sheet events, under UK GAAP and under IAS 10.

LITIGATION OUTCOME UNCERTAINTY

The entity is subject to litigation as a result of breaching the terms of a contract during the COVID-19 crisis. There is uncertainty relating to the outcome of the litigation, and a high level of judgment involved in deciding whether there is a liability, contingent liability or no liability to be recognised.

OTHER CONSIDERATIONS FOR THE AUDITOR

The auditor may also consider whether:

- Inclusion of an emphasis of matter paragraph leads to the entity breaching a loan covenant, and whether the lender would waive that covenant breach or not. In this context, it is important to understand that an audit report with an emphasis of matter is not a modification of the auditor’s opinion.
- The explanation is specific to the entity’s circumstances. Boilerplate text should be avoided.

HOW IS AN EMPHASIS OF MATTER DISCLOSED?

An emphasis of matter paragraph is included within a separate section of the auditor’s report with an appropriate heading that includes the term “Emphasis of Matter”. The heading may be expanded to include further context of the matter being referred to, eg, ‘Emphasis of Matter – subsequent event COVID-19 pandemic’.

The paragraph should:

- include a clear reference to the matter being emphasised and to where relevant disclosures that fully describe the matter are found in the financial statements; and
- indicate that the auditor’s opinion is not modified in respect of the matter.

HOW DOES AN EMPHASIS OF MATTER PARAGRAPH INTERACT WITH KAMS?

For entities required to report on key audit matters (KAMs) in accordance with ISA 701 *Communicating Key Audit Matters in the Independent Auditor’s Report*, the use of emphasis of matter paragraphs is not a substitute for a description of individual KAMs.

Matters that are determined to be KAMs may also be, in the auditor’s judgment, fundamental to users’ understanding of the financial statements. Therefore, a KAM can also be used to satisfy the requirements of ISA 706 where the auditor might consider an emphasis of matter paragraph.

In such cases, in communicating the matter as a KAM, the auditor may wish to highlight or draw further attention to its relative importance. The auditor may do so by presenting the matter more prominently than other matters in the KAMs section, for example as the first matter, or by including additional information in the description of the KAM to indicate how fundamental the matter is to users’ understanding of the financial statements.

There may be a matter that is not determined to be a KAM in accordance with ISA (UK) 701, because it did not require significant auditor effort, but which, in the auditor’s judgment, is fundamental to users’ understanding of the financial statements. Disclosure of COVID-19 as a subsequent event might be one example of this. If the auditor considers it necessary to draw users’ attention to such a matter, the matter is included in an emphasis of matter paragraph before or after, but outside of the KAMs section.

2021 BUDGET TECHNICAL UPDATES

LEGAL AND REGULATORY CHANGES

On 25th September 2020, the Minister of Finance Honourable Dr. Bwalya Ng’andu presented the 2021 National Budget under the theme “Stimulating Economic Recovery and Build Resilience to Safeguard Livelihoods and Protect the Vulnerable”. The proposed

tax measures will become effective on 1st January 2021. In this edition, we highlight the Tax Measures that were proposed in the 2021 Budget.

DIRECT TAXES

Under direct taxes the following measures have been proposed:

PAY AS YOU EARN

Monthly Current PAYE Bands-2020	Proposed PAYE Bands-2021	Tax Rates
0 -3,300	0- 4,000	0%
3,301-4,100	4,001-4,800	25%
4,101-6,200	4,801-6,900	30%
Above 6,200	Above 6,900	37.5%

The Government has proposed to increase the exempt threshold from K3 300 in 2020 to K4 000 per month in 2021. The annual exemption threshold will be at K48 000 in 2021 up from K39 600 in 2020. The marginal PAYE rate in 2021 will remain the same at 37.5%.

TAX CREDIT FOR DIFFERENTLY ABLED PERSONS

The Government has proposed to increase the monthly tax credit for differently abled persons from ZMW250 in 2020 to ZMW500 in 2021.

REFERENCE INTEREST RATE APPLICABLE ON EMPLOYEE LOAN INTEREST BENEFIT

The Hon. Minister proposes to adjust the reference interest rate to be used in the determination of tax applicable on employee loan interest benefits to be the Bank of Zambia policy rate plus a margin of 2.0%.

CORPORATE INCOME TAX

PRESUMPTIVE TAX FOR THE GAMING AND BETTING INDUSTRY

The Minister proposes to increase the tax rate on betting from 10.0% to 25.0 % on gross takings

DEVELOPMENT ALLOWANCE FOR HORTICULTURE AND FLORICULTURE SUBSECTORS

The Hon. Minister proposes to increase the amount of unutilised development allowance that can be carried forward. Currently the taxpayer can carry forward up to 3 years worth of unutilised development allowance up to the first year of production. Going forward the taxpayer will be allowed to carry forward up to 5 years worth of unutilised development allowance up to the first year of production. The 10% development allowance is granted for rose flowers, tea, coffee, banana plant or citrus fruit trees or other similar plants or trees that are planted.

CLARIFICATION ON INTEREST DEDUCTIBILITY

The Hon. Minister proposes to amend Section 29 of the ITA to clarify that the limitation rule applies to all interest deductions on borrowings of both revenue and capital nature.

TOURISM SECTOR RELIEF

The Hon. Minister proposes to reduce the corporate income tax rate from 35% to 15.0% on income earned by hotels and lodges on accommodation and food services.

LOCAL VALUE ADDITION

The Hon. Minister proposes to introduce a local content allowance at the rate of 2.0% to encourage value addition to products such as mangoes, pineapples and cassava.

PROPERTY TRANSFER TAX

Determination of realised value on indirect transfer of shares

The Hon. Minister proposes to amend the criteria for determining the realised value on indirect transfer of shares.

PTT ON INDIRECT SHARE TRANSFERS

The Hon. Minister proposes to amend the PTT Act to exempt from PTT the indirect transfer of shares here the value of shares transferred is less than 10% of the value of the Zambian company.

WITHHOLDING TAX

The Minister has proposed an amendment to the Income Tax Act to provide for the charging of Withholding Tax (WHT) on payments made by a Zambian resident to a non-resident in respect of royalty financing arrangements.

INDIRECT TAXES

VALUE ADDED TAX

ZERO RATING OF TRACTORS

As part of the continuing efforts to encourage economic diversity, particularly by scaling up agricultural productivity, the government has proposed to zero-rate all tractors. Currently, only tractors of up to 90 Horsepower are zero-rated and this was targeted at smaller scale farmers as larger farmers tend to use more powerful equipment.

ZERO RATING OF FULL BODY SANITIZATION EQUIPMENT

The proposed zero-rating of equipment used for full body sanitization for one year reflects a furtherance in government's response to the COVID-19 pandemic. As part of its initial response to the pandemic, the government had increased the number of zero-rated medical-related items in 2020. This includes alcohol solution and hand sanitizers. The proposed measure extends the VAT zero-rating to full

body sanitization equipment. Given the urgency in combatting the pandemic, the measure was set to be effective on 26th September 2020.

AMENDMENT OF SECTION 11(1) OF THE VALUE ADDED TAX ACT

As part of its housekeeping measures, the government has proposed to amend Section 11(1) of the VAT Act to provide clarity on the definition of place of supply.

AMENDMENT OF SECTION 19(1A) OF THE VALUE ADDED TAX ACT

The requirement for suppliers to have an electronic payment machine as a point of sale was introduced in the Vat Amendment Act of 2019. This was part of wider measures to reduce cash transactions and enhance tax compliance.

AMENDMENT OF SECTION 21(6) OF THE VALUE ADDED TAX ACT

Section 21(6) establishes the period beyond which the Commissioner-general can assess a return for incorrectness or inadequacy. The Act provides that the Commissioner-General may not raise an assessment more than two years after he or she has had reason to believe that a return was incorrect or inadequate.

CUSTOMS AND EXCISE TAX

REMOVAL OF IMPORT DUTY ON COPPER ORES AND CONCENTRATES

The Hon. Minister proposes to remove import duty on copper ores and concentrates in order to encourage local processing. In 2018 a 5% customs duty on imported copper and cobalt concentrates was introduced. This mainly affected concentrates imported from Congo. The import duty has had an adverse impact on local refining capacity as refineries in Zambia were operating below capacity and required concentrate from Congo to maintain capacity.

HORTICULTURE AND FLORICULTURE

To boost activity in the horticulture and floriculture subsectors, and to promote non-traditional exports, The Hon. Minister proposes the following measures:

- Suspension of import duty on biological control agents.
- Removal of import duty on greenhouse plastics.
- Reduction of import duty from 25.0% to 15.0% on selected bulb plants and seedlings.
- Reduction of import duty on secateurs from 15.0% to 5.0%.
- Reduction of import duty on pruners from 25.0% to 5.0%;
- Removal of import duty on selected agricultural clippers.
- Reduction of import duty on exfoliated vermiculite from 5.0% to 0.0% and from

25.0% to 0.0% on amaryllis bulb plants.

REMOVAL OF EXPORT DUTY ON CROCODILE SKINS

The Hon. Minister proposes to remove the 10% export duty on crocodile skins.

SUSPENSION OF IMPORT DUTY ON REFRIGERATED TRUCKS

The Hon. Minister proposes to suspend import duty on importation of refrigerated trucks.

The suspension of import duty on refrigerated trucks is a measure to support the local cold chain industry.

INCREASE IMPORT DUTY ON AGRO PRODUCTS

The Hon. Minister proposes to increase customs duty from 25.0% to 40.0% on specified beef and beef processed products, pork and pork processed products, chicken and chicken processed products and fish imported from outside the SADC and COMESA regions.

TOURISM - SUSPENSION OF IMPORT DUTY ON SAFARI MOTOR VEHICLES

The Hon. Minister proposes to suspend import duty on safari and game viewing motor vehicles, tourist buses and coaches.

INCREASE OF EXCISE DUTY ON CIGARETTES

In line with the WHO Framework Convention on Tobacco Control to reduce consumption thereof, The Hon. Minister proposes to increase the excise duty rate on cigarettes from K265 to K302 per mille.

INTRODUCTION OF SURTAX ON UNDENATURED ETHYL ALCOHOL

The Hon. Minister proposes to introduce a surtax of 20.0% on importation of undenatured ethyl alcohol that has alcoholic volume strength of 80.0% or higher.

AD VALOREM IMPORT DUTY ON HIGH VALUE MOTOR VEHICLES

The Hon. Minister proposes to remove high value motor vehicles from the definition of used motor vehicles and instead apply an ad valorem import duty.

INTRODUCE EXCISE DUTY ON FLAT PLASTIC BAGS

The Hon. Minister proposes to introduce excise duty of 30.0% on flat plastic bags. ■

APPOINTMENTS



MRS. MILDRED NYAMIZYU MUTESA
ZNBS MANAGING DIRECTOR

The Zambia Institute of Chartered Accountants (ZICA) would like to congratulate Mrs. Mildred Nyamizyu Mutesa on her appointment as ZNBS Managing Director. Mrs Mutesa is a Fellow of ZICA and the Association of Chartered Certified Accountants (ACCA). She is currently a member of the Board of Trustees for the Zambia National Building Society and previously a member of the Board of Trustees for the Afrox Zambia limited Pension scheme. She has over 15 years work experience, working across a number of sectors including manufacturing, financial services and audit assurance services.

We have no doubt that Mrs Mutesa will be able to contribute effectively in her new role and wish her success in her new position. We call upon the accountancy fraternity and the public at large to support her as she executes her duties. Mrs Mutesa is also a member of the Finance and Administration Committee of the Board of National Prosecution Authority.



MR. CHRISTOPHER MVUNGA
BANK OF ZAMBIA GOVERNOR

The Zambia Institute of Chartered Accountants (ZICA) would like to congratulate Mr. Christopher Mvunga on his appointment as Bank of Zambia Governor. The Institute commends the Republican President, Mr. Edgar Chagwa Lungu for his decision to appoint Mr Mvunga, a Fellow and a senior member of the Institute with vast experience in the Financial Sector and Economic Management.

Prior to this appointment, he served as Deputy Secretary to the Cabinet - Finance and Economic Development from 2016 to 2020, and as Deputy Minister of Finance and National Planning from 2015 to 2016. Mr. Mvunga also served as Director and Head - Network Management Africa at Standard Chartered Bank Africa Regional Office and Head - Personal Transaction Products at Standard Bank of South Africa, among several other portfolios in Zambia and South Africa. In addition to his duties as Governor, Mr. Mvunga serves as Chairperson of the Bank of Zambia Board of Directors.

The Institute is confident that Mr. Mvunga will be able to carry out the mandate of the Bank of Zambia by ensuring appropriate monetary policy formulation and implementation. We are confident that Mr. Mvunga will enhance the Bank of Zambia mandate to providing banking services to Government, commercial banks, act as settlement agent, licensing, regulating and supervising banks and other Financial Service Institutions, to ensure a safe and sound financial system.

As a long standing member of the Institute we have confidence in his abilities and call upon the accounting fraternity and the public at large to support him as he executes his duties. We wish the Governor success in his new role.

MEMBERSHIP ADMISSIONS AS AT 30TH SEPTEMBER 2020

FELLOW MEMBERSHIP ADMISSIONS

SN.	NAME	MEM NO.
1	Nsansa Kamwansa Mkonda	F005598
2	Eric Mayeba Mambwe	F003267
3	Gilbert Kanyanda	F003331
4	Joshua Mutukwa	F006523
5	Mwanang`ombe Mkatazo	F002858
6	Lillian Kambafwile	F000682
7	Teza Francis Kowa	F000767
8	Mercy Mwiinga	F004362
9	Chali Mumbi Edward	F001778
10	Evaristo Mbale	F006436
11	Joshua Kandolondo	F007446
12	Bobby Kalonga Chaambwa	F007801
13	Eugene Michelo	F006373
14	Vernon Inaka Mukuwa	F006534
15	Chilala Nyirenda	F006452
16	Mukonde Mwewa	F006931
17	Tembo Sweedy	F005428
18	Emil Joseph Paul	F005051
19	Delilah Kolala	F005396
20	Victor Sitabule	F008772
21	Tinashe Jerahuni	F008775
22	Mulwanda Sichula	F005467
23	Kelvin Manda	F002894
24	John Sinyangwe	F004417
25	Mtonga Phinias	F000597
26	Zimba Isaac	F000562
27	Mambwe Kawanga Litana-Mhango	F008807
28	Lupupa Chapewa	F008808
29	Sitali Nawa	F008809
30	Pitney Chipenge	F008481
31	Kafuti Florence Maliti	F007778
32	Imbuwa Lifuna	F007141
33	Chilufya Kangwa	F006677
34	Bote Emmanuel	F007090
35	Masela Chisola	F006542
36	Kamana N Kapelembi	F006303
37	Mukuna Bajika	F006319
38	Alice Gabaza	F002711
39	Wallace Banda	F001063
40	Brenda Mwaba	F001110
41	Robert Phiri	F002890
42	Brian Njabulo Lisati	F003925
43	Mubuyaeta Milimo	F003446
44	Harrison Sinkala	F003156
45	Victor Sinkamba	F003064
46	Linda Kondowe	F003082
47	Mutale Christine Musonda	F008882
48	Chilekwa Chongo	F008881
49	Lombe Mbewe	F008880

50	Tasha Kakole	F008879
51	Gershom Sinkala	F008878
52	Romeo Yohane	F008877
53	Lweendo Hamikondo	F008876
54	Nalumino Bruce Chyapeni	F008875
55	Joseph Mutambo	F008874
56	Albert Ngulube	F008616
57	Carol Milimo	F006301
58	Angela Mukwaila Connick	F008548
59	Progress Nawa Saiwana	F008555
60	Museto Aubrey Nyampandu	F005915
61	Moonga Chinika	F005187
62	Musukuma Henry	F005678
63	Musakanya Richard	F005465
64	Rabeca Nkhoma	F006079
65	Edward Banda	F008985
66	Mbumwae Mbumwae Jerry	F006799
67	George Chewe	F006843
68	Kafuma Munalula	F006676
69	Twiggy Kaoma Mulenga	F003238
70	Milner Lubasi Lubasi	F005332
71	Kamanga Gerald Chiyeso	F006551
72	Michelo Maunga T	F007130
73	Chosani Mbewe	F007137
74	Peter Ngulube	F007867
75	Humphrey Chitundu	F009041
76	Banda Timothy	F009040
77	Anne Shula	F002505
78	Kabuswe Gertrude	F002510
79	Banda Osman S.	F005733
80	Mweemba Hecarol Ng`andu	F006798
81	Chrispine Mukwela	F006858
82	Justine Kanyanta	F006924
83	Given Phiri	F008168
84	Ngandalo Joseph	F008566
85	Bwalya Mwenya	F008722
86	Ophelia Kawanda Nyambe	F009069
87	Yobo Mumba	F009070
88	Sitwala Boyd	F001585
89	Mwewa Vincent Chongo	F001631
90	Diwell Siwakwi	F003197
91	Deodata Bweupe	F005289
92	Brian Jere	F005472
93	Timothy Kunda	F006069
94	Kapembwa Sikazwe	F006251
95	Lubona Yeta Mukumbuta	F007027
96	Kelly Chanda	F009123

97	Rabeca Chapewa Bwalya	F003662
98	Erick Kabwe	F004148
99	Chipambaniso Chongo	F005684
100	Ilukena Lubasi	F006311
101	Belinda Kasembe	F006537
102	Naomi Lwanga Kalumba	F006621
103	Mataa Namakando	F006684
104	Chikumo Albertina	F007177
105	Samboko Lackson Nchimunya	F008166
106	Roberts Violet N C	F008364
107	Gerald Chizinga	F008533
108	Chembe Chakalashi	F009164
109	Mavis Tembo	F009165
110	Mulenga Banda	F009166
111	Hector Sampa	F000997
112	Arnold Machila	F002564
113	Chileshe Obert Kangwa	F003165
114	Stephen Mbozi	F004805
115	Morgan Mwanza	F005686
116	Tejas Naik	F006535
117	Temwani Kapila	F006540
118	Simawe Siame Kaulule	F007810
119	Muziyamba Mudukula	F009228
120	Adeline Dimuna Namoonde	F009229
121	Joseph Mulaisho	F009230
122	Manesi Sakala	F009231

ASSOCIATE MEMBERSHIP ADMISSIONS

1	Chimankata Lister	A012112
2	Kelvin Chitalu Bwalya	A012111
3	David Sichone	A012041
4	Victor Junior Mweene	A012051
5	Daisy Chinyama Malambo	A012054
6	Conwell Fungai Musana	A012072
7	Victor Mukumbi Zulu	A012103
8	Leukanji Mkandakanda	A012146
9	Christopher B Kaonga	A012147
10	Chiluka Mwango	A012271
11	Sally Nachizya	A012287
12	Maggie Mwamba Moono	A012248
13	Yuki Hamikondo	A012247
14	Mundia Mwanambuyu	A012263
15	Reagan Jaah Mbaulu	A012231
16	Shakeel Ahmed Ebrahim Patel	A012225
17	Petros Namakando	A012224
18	Venasio Phiri	A012279
19	Florence Machalo	A012345
20	Nyirenda Simon	A012330
21	Kennedy Muntanga	A012351
22	N`cube Christabel	A010096

23	Ashraf Adam	A012368
24	Anjileghe Twininge	A012380
25	Enock Musaiwale Phiri	A012356
26	Chalemba Norris Thandiwe	A012362
27	Nachibinga Mutinta	A012386
28	Mungo Gwebente	A012404
29	Blair Phiri	A012415
30	Bulaya Ethel L	A010055
31	Zezi Ngwira	A012421
32	Martha Ndhlovu	A012422
33	Seke Kabuka	A012443
34	Shahid Saiyed Ali	A012444
35	Chitundu Kolala	A012493
36	Sunkutu Nathan	A012509
37	Ausden Moono Mulonga	A012516
38	Kaluba Chaikatisha	A008564
39	Milner Kafutubiji	A008589
40	Diana Banda Mulenga	A002362
41	Satya Sri Vamsi Appikonda	A009627
42	Bandashi Rayson	A008728
43	Mwewa Abraham	A008159
44	Nyirenda Tobias	A010753
45	Eveness Lungu	A004106
46	Chibesa Nkatya	A010309
47	Frank Lwando	A004914
48	Kondwani Mbale	A011224
49	Phiri Linda	A005610
50	Mutepuka Sampi	A007169
51	Samuel Musukuma	A006014
52	Kalulu Kapalu	A010083
53	Samuel Lloyd	A005373
54	Robert Himatuba Himaambo	A005409
55	Kafula Chimfwembe	A010849
56	Obbious Chikombola	A008186
57	Msiska Moses	A006805
58	Alinani Mayembe Simbule	A009526
59	Annie Kabwe	A010754
60	Muuka Madubeko	A003936
61	Situmbeko Zileni	A011047
62	Nkula Lesa	A009008
63	Namakando Munganzi	A008180
64	Shombo Kennedy	A008910
65	Bwalya Kennedy	A010562
66	Tadeo Teddy Taruvinga	A010158
67	Benhail Kasonde Mukuka	A001931
68	Diniwe Catherine Manda	A002087
69	Namakau Muchana	A005747
70	Lillian K Nyirenda	A005188
71	Douglas Hakayobe	A004804
72	Chiwana Fitzpatrick	A008290
73	Chishala Moonga Haambote	A010697
74	Theresa Ngalandi	A007444
75	Ethel Zulu	A009613
76	Jones Kombe Chisoko	A004429
77	Jimmy Zulu	A009892

78	Omesh Stephen Sinebbanga	A003178
79	Nawezhi Pythias	A005802
80	Anastasia Musonda	A009126
81	Kumwenda Eunice	A005933
82	Mudenda Beenzu	A010972
83	Mulenga Vincent	A009132
84	Martha Lungu	A004884
85	Brighton Nyanga	A003953
86	Choko Christabel	A007178
87	Harrison Sinkonde	A003940
88	Chuluk Michael G	A008160
89	Grant Mwansa	A009514
90	George Mpundu	A008387
91	Bwalya Mercy	A010311
92	Annie Mudai	A009638
93	Chabi Brian	A009098
94	Peter Thewo	A011384
95	Jonathan Chiti Chanda	A010486
96	Manjusha Menon	A011936
97	Chama Mwewa	A006596
98	Mpimpa Mwanza	A005246
99	Clara Ashley Jikanza	A006302
100	Mponda Mtowa	A007911
101	Joseph Mutimushi	A001905
102	Sydney Chipundu	A006110
103	Daniel Mukumbi	A004889
104	Sanjeev Unni	A001072
105	Friday Silomba	A005659
106	Mwansa Emmanuel	A007664
107	Moscane Hampongo	A004820
108	Kanene Kendell	A005801
109	Sichande Chisenga	A009611
110	Naggai Simukoko	A011042
111	Chishimba Emelda Chimungu	A011477
112	Foster Mwanza	A002264
113	Chana Banda	A010286
114	David Chembe Mwanza	A011759
115	Chipyoka Francis Chongo	A007162
116	Caesar Longwa Masikini	A009043
117	Edwin Paul Mulenga	A001805
118	Samboko Choolwe	A005102
119	Oadiah Chongo	A007806
120	Chama Nkandu	A008823
121	James Mwale	A008676
122	Fridah Hanene	A009759
123	Lancy Sinkala	A011544
124	Nkaka Kasonde	A011395
125	Siwali Nande Sharon	A011978
126	Tembo Noah	A012250
127	Cecilia Kalenga Mwansa	A002078
128	Anna Zulu	A003417
129	Given Mazimba	A004652
130	Wabei Catherine Mutafu	A004738
131	Mweemba Virginia	A006938
132	Velenasi Zulu	A008824
133	Kaoma Siloka	A009574
134	Erica Musiya	A008893
135	Enock Kanyerere	A011199

136	Derrick Kamana	A010149
137	Kakupa Kakupa	A011706
138	Joseph Kampamba Kenya	A006985
139	Phiri Samuel	A008469
140	Kabaso Marie Sinkala	A009832
141	Susan Mulindwa	A010130
142	Shadreck Chiti	A010443
143	Lombe Kwendeni	A010448
144	Keegan Simbaya	A011019
145	Mwiza Hara	A011239
146	Mulenga Leo	A012114
GRADUATE MEMBERSHIP ADMISSIONS		
SN.	NAME	MEM NO.
1	Mulenga Leo	G012114
2	Moono Wilmah Muchimba	G012116
3	Banda Waza	G012115
4	Latifah Mwiche Mpempulwa	G012113
5	Leontina Chisheta Mwenya	G012059
6	Kashumba Lusanga	G012058
7	Gondwe Tamara	G012057
8	Mwenya Zulu Sulamoyo	G012060
9	Hanyama Mungaila	G012056
10	Mwiinga Peter	G012090
11	Jessie Lungu	G012104
12	Maweke Kainga Alice Mwila	G012096
13	Sapphira Mwandila	G012151
14	Arafat Musonda	G012150
15	Mudenda Nomsa	G012149
16	Matanda Bornface Ngosa	G012148
17	Muhammed Patel	G012292
18	Rehana Manjra	G012280
19	Lyatitima Mary	G012270
20	Faides Tembo	G012282
21	Mulaya Elizabeth Chimpinde	G012265
22	Mabingo Charles	G012275
23	Maria Hantumba	G012283
24	Kapalu Sakataka	G012285
25	Tembo Noah	G012250
26	Manenga Chintamo	G012251
27	Chipasha Misale	G012234
28	Sikopo Ndiyoyi	G012258
29	Namaya Annie Musanya	G012257
30	Thandiwe Sakala	G012211
31	Chikombola Eden Chongo	G012244
32	Ndabala Innoncent	G012218
33	Chandalala Mafuta Nkonde	G012272
34	Mwema Kabemba Mike	G012306
35	Mando Mable	G012304
36	Mwema Ndaya Vanessa	G012307
37	Bwalya Derrick	G012300
38	Daniel Mulela	G012288
39	Wata Mercy	G012291
40	Bellanca Katongo Kankonki	G012318

41	Musukwa William	G012322
42	Nsanganya Siampondo	G012319
43	Mutale Constance Chola	G012328
44	Mtonga Nchachi	G012331
45	Chambwe Joshua	G012341
46	Maluma Paula	G012347
47	Inambao Rodrick Mwibawa	G012367
48	Sakala Grace Chumah	G012384
49	Shamambo Chipego Chintu	G012369
50	Kabaenda Gracious Liwena	G012371
51	Zalimba Phiri	G012385
52	Hamainza Likwita Chizyuka	G012355
53	Ahmed Ziyauddin Mahomed	G012358
54	Kambikambi Sandra	G012352
55	Mwape Martha	G012357
56	Mwambwa Mulopo	G012387
57	Salimu Chansa Rudy	G012388
58	Louden Hampinda	G012394
59	Thembi Sibanda	G012403
60	Chewe Kelvin	G012406
61	Musonda Hildah	G012407
62	Mweemba Chanda	G012413
63	Patrick Mwanza	G012418
64	Mailosi Kamuna	G012451
65	Situmbi Jeans Munene	G012460
66	Astridah Nkandu	G012461
67	Lubinda Muyoba	G012481
68	Mbewe Elizabeth	G012487
69	Ngwenya Warren Mpunda	G012488
70	Chisabi Isaac Mwanto	G012489
71	Kasemuka Patricia	G012500
72	Mudenda Eberso	G012513
73	Chifuka Wamaana Peter	G012517
74	Kapela Adam Mainza	G008860
75	Mufika Indira	G008764
76	Kasempa Andrew Chimbini	G008439
77	Chama Kabwe	G011721
78	Pritchard Kunda	G011205
79	Mshanga Micah Mutale	G008228
80	Mwaka Mwiinde	G004411
81	Mwansa Kelvin	G007874
82	Chilundika Janet Chileshe	G010882
83	Ngosa Kalumba	G011560
84	Muzunya Sikambale	G005635
85	Masaka Vincent	G010273
86	Raphael Lupiya	G008117
87	Mukelabai Mbundi	G010565
88	Namutenda Salifya	G008729
89	Kambole Sichivula	G005020
90	Keegan Simbaya	G011019
91	Sichizya Haggai	G004469
92	Masika Henry	G010493
93	Singoyi Anthony	G006019
94	Tapiwa Hope Mulenga	G010580
95	Nonde Lydia Bwalya	G005301

96	Royd Mwansa	G005748
97	Mulala Mubita	G003298
98	Shula Chimfwembe	G011692
99	Banda Rhoda	G008094
100	Chipoya Ackson	G007512
101	Chabu Chimansa Kelvin	G011430
102	Mwanza Euriah	G007855
103	Chileshe Christine Mawasoh	G011379
104	Phiri Samuel Kachigo	G008291
105	Tawonga Ivy Banda	G011027
106	Cheembela Moffat	G006380
107	Chubili Chibale Harrison	G005762
108	Chungu Fillington	G006776
109	Sakala Ezara Patrick	G003320
110	Goma Andrew	G010141
111	George Chimwemwe Tembo	G008310
112	Sipalo Kayama	G009629
113	Ngao Sinkala	G003812
114	Luhanga Sikawala	G009735
115	Nkhoma Madaliso Geoffrey	G009294
116	Munyika Abraham	G007160
117	Kunda Collins	G003401
118	Nyirenda Redson M.	G004468
119	Siyanga Simasiku	G006821
120	Chikubi Chitunga	G007494
121	Katongo Constance Malama	G007928
122	Simenda George Simenda	G011022
123	Mbewe Jacob	G011743
124	Makukula Dinga Joseph	G012084
125	Wilfred Moya Mainza	G004368
126	Davies Mulenga Sampa	G006856
127	Sindano Justin	G007697
128	Lwando John	G008668
129	Mukelabai Naomi	G0008708
130	Mwiya Mukamba	G004212
131	Mary Maseka	G004326
132	Simbuwa Mukela	G004916
133	Joseph Sunday Sinyinza	G006819
134	Sinyinza Timothy	G007998
135	Mutuna W Allan	G009290
136	Lungu Eliya	G011468
137	Cheembo Dunganani	G001763
138	Musonda Davies	G002271
139	Sheke Frederick Mwenda	G005760
140	Mpange Enock Jeye	G007539
141	Chipampa Ng'ona	G007929
142	Namwanza Milimo Eddie	G009792
143	Mwape Makungu	G011838
144	Richard Kabwe	G012079

LICENTIATE MEMBERSHIP ADMISSIONS

SN.	NAME	MEM NO.
1	Malubila Janet	L012143
2	Mutale Twininge	L012142
3	Mukonka Audifence	L012144

4	Eric Kafula Kangwa	L012141
5	Laston Milanzi	L012133
6	Sinyinza Alinani	L012132
7	Sichali Dallas Alick	L012129
8	Munachikwete Constance	L012124
9	Esther Tembo	L012077
10	Sikasote John Luther	L012125
11	Bwale Kasawa	L012126
12	Chama Kabwe	L012128
13	Kambita Kukena	L012130
14	Malembeka Henry Kapembwa	L012131
15	Ncube Lindiwe Xhosa	L012127
16	Timothy Zimba	L012139
17	Kasaro Dainess	L012140
18	Simpungwe Gisto L	L012080
19	Richard Kabwe	L012079
20	Libuwe Rex	L012100
21	Makukula Dinga Joseph	L012084
22	David Ndhlovu	L012088
23	Mulenga Dennis	L012085
24	Florist Chilala	L012107
25	Mubanga Judith Mwanza	L012102
26	Chambeshi George	L012097
27	Christabel Ndhlovu	L012098
28	Cecilia Lungu	L012101
29	Phiri Moses	L012091
30	Chipulu Makumba	L012083
31	Derrick Kazetu	L012109
32	James Mbasela Ngulube	L012108
33	Mwango Namakau	L012042
34	Yobe Maunda	L012045
35	Kapila Lewis	L012044
36	Choolwe Mayawa	L012040
37	Phiri Robert	L012049
38	Phiri Wangi	L012046
39	Sonile Mwanza	L012052
40	Simunji Kalumyana	L012067
41	Mwila Elizabeth	L012068
42	Mcroy Kanenga Moonga	L012066
43	Michael Musonda Chama	L012064
44	Niven Mulungushi	L012065
45	Victoria Chimasa Mumba	L012063
46	Mwewa Mbulo	L012061
47	Mwape Humphrey	L012062
48	Christabel Songwe	L012073
49	Phidelis Mutumba	L012074
50	David Bwenje	L012076
51	Ngenda Mukelabai Promise	L012170
52	Kasempa Kabeene	L012167
53	Mwango Sikombe	L012169
54	Chipeta Musa	L012168
55	Mumba Katanshi	L012163
56	Kabunda Brian	L012164
57	Jere Kennedy Thomas	L012165
58	Solomon Mujana Mwila	L012166

59	Munalula Imbawana	L012161	118	Mambwe Nollias	L012326	173	Jacob Banda	L012491
60	Chitamba U Theodora	L012162	119	Henry Kabinga	L012335	174	Modern Chabalenge	L012492
61	Emmanuel Musonda	L012160	120	Nzyela Mudolo	L012349	175	Manga Situmbeko	L012495
62	Simwaka Malisawa A	L012159	121	Malama Ethel Chota	L012383	176	Catherine Nyangu Daka	L012497
63	Andrew Nsalamuteswa Mwenya	L012158	122	Winfred Kaoma Chifunda	L012382	177	Robert Mwandila	L012498
64	Joyce Nkandu Shabani	L012156	123	Lonely Gumbo Lubasi	L012370	178	Kutemba Luzeji	L012499
65	Mumba Jim	L012155	124	Himbotwe Mizinga Lavett	L012372	179	Joseph Kapema Ngonga	L012501
66	Chibbonta Mubanga	L012157	125	Maambo Chihana	L012373	180	Mwaka Simpuki	L012503
67	Dingase Mbewe	L012154	126	Chisulo Steven Lungu	L012374	181	Lombe Musonda	L012502
68	Catherine Kashimoto	L012152	127	Mbawo Moffat Foster	L012353	182	Kalwila Shadreck	L012514
69	Wamunyima Mwiya	L012153	128	Philip Nyanga Muleya	L012366	183	Amon Kambiambia	L012515
70	Alice Chirwa	L012188	129	Kalobwe Chama Mulemba	L012363	184	Sampule Mwamba	L012518
71	Shaheen Khalid Saleh	L012290	130	Cesthwayo Mapala	L012360	185	Emmanuel Kalota	L012519
72	Chilufya Matthew Yamfwa	L012289	131	Clifford Hakoola	L012359	186	Innocent Chibambo	L012520
73	Mazhyase Mumba Kayesa	L012264	132	Davy Lungu	L012389	187	Aaron Siame	L012521
74	Chilufya Mfula	L012259	133	Zulu Peter	L012390	188	Katandula Ruth	L012522
75	Young Nawa Kwalombota	L012276	134	Siame Chama	L012397	189	Chankanta Victoria Chipoya	L012523
76	Phaidess Daka	L012278	135	Moonga Clayford	L012398	190	Nambye Cynthia	L011438
77	Enock Chingina	L012277	136	Suzyo Banda	L012399	191	Phiri Keyson Chalekela	L007567
78	Mutapa Angel Gabriel	L012267	137	Loloma Miniver	L012400	192	Stella Nsonge	L010664
79	Ibiara Emadu	L012269	138	Phiri Ernest	L012401	193	Marvis Kapwa	L006646
80	Wellington Chalwe	L012273	139	John Sakala	L012402	194	Kayimana Patrick Chipangu	L003540
81	Magaba Fridah	L012281	140	Hope Syankwilimba	L012405	195	Mwela Nick	L007950
82	Praksha Naik	L012274	141	Katende Chibale	L012408	196	Dali Phiri	L004982
83	Nchalisoni Wilson	L012249	142	Amos Mutinta Kauseni	L012409	197	Chokwe Mary	L009029
84	Fushike Patrick	L012252	143	Masiye Kelvin	L012414	198	Kasweka Kafungwa	L008420
85	Elina Mulenga	L012262	144	Kabwe Chibwe	L012416	199	Kasempa Salome	L009273
86	Idah Mumba	L012245	145	Yvonne Mwila Mbewe	L012417	200	Lupiya Lennox	L004944
87	Eric Kunda	L012242	146	Evelyn Mainza	L012419	201	Saboi Rebecca	L007832
88	Mbale Tapewa	L012215	147	Nasilele James Lingomba	L012423	202	Muleya Henry	L006201
89	Trevor Sakala	L012216	148	Nalukuyi Wamunyima	L012424	203	Muwowo Kennedy	L008852
90	Vincent Chiba Suze	L012227	149	Martin Mubanga	L012425	204	Sakala Henry Masauso	L007905
91	Clement Chileshe	L012255	150	Mercy Mulopu	L012426	205	Besh Moonde Chinene	L004728
92	Mupeta Debora	L012256	151	Titus Mwansa Paraskevas	L012427	206	Mwela Ricky Mpundu	L011668
93	Chishala Mpweto	L012243	152	Tuuku Chazulwa	L012428	207	Katanekwa Mainza Liswaniso	L010520
94	Isaac Kamndalira Phiri	L012238	153	Mubila Jack Teddy	L012429	208	Febbiey Kabwe Fupi	L005310
95	Kasonde Chama	L012213	154	Miyanda Sulwe	L012431	209	Jilapi Enock	L005945
96	Sichome Reuben	L012232	155	Chitundu Refresh Kaunda	L012437	210	Godfrey Mwansa	L010556
97	Sakala Gideon	L012233	156	Mainza Bbule Habwanda	L012438	211	Phiri Hilda	L010179
98	Nyirenda Zinix	L012217	157	Ruth Washi	L012439	212	Chola Mbulo	L009184
99	Allan Mumba	L012220	158	Stanley Kabaso	L012442	213	Mandabe Dorcas Munyama	L006269
100	Phiri Philimon Kizito	L012219	159	Mweetwa Obrine	L012445	214	Mwela Pathias	L002092
101	Nyirenda Tembani	L012223	160	Chulu Dauti	L012446	215	Kapumpa Kunda Newton	L011583
102	Mwango Mukuka	L012229	161	Alick Sakala	L012447	216	Luwaile Rodney	L006906
103	Nonde Benayah	L012228	162	Martin Mpondela	L012448	217	Jezani Phiri	L004169
104	Lucy Martin Mbewe	L012297	163	Christopher Matumba	L012449	218	Kamenda Masheke	L006969
105	Aldridge Mumba	L012301	164	Misheck Musongole	L012452	219	Muyoba Aggrey Chinyama	L010613
106	Chisanga Michael	L012309	165	Douglas Mwila	L012453	220	Malama Lameck	L009822
107	Phiri Phillip	L012310	166	Musonda Chomba	L012457	221	Mulenga Lee Mwila	L005766
108	Mucha Banda	L012312	167	Rowesai Evelyn Tigere	L012458	222	Mfungo Mkanda	L010168
109	Ngulube David	L012296	168	Chibuye Musonda	L012459	223	Kabaso Knight Mwaba	L006511
110	Chanda Romano	L012303	169	Handema Mukanchembe Moono	L012476	224	Kenneth Sicalwe	L009900
111	Herbert Tembo	L012344	170	Joydah Chilawa Mwape	L012478	225	Eugene Mwalishinka	L003337
112	Simukoko Patrick	L012346	171	Bupe Rose Nalungwe	L012482	226	Wedson Nkweemwa	L004777
113	Jean Mudenda Lungu	L012325	172	Chibulo Foster Mwachikoka	L012490	227	Robert Mwansa	L004402
114	Chama Nancy	L012324				228	Sahandu Sydney	L008607
115	Tina Banda	L012323				229	Constance Ntilima	L003535
116	Katwishi Derrick	L012321						
117	Mubanga Harold	L012332						

230	Manda Harry	L005096	33	Zulu Gabriel	T012185	89	Chanda Patrick	T012336
231	Zgambo Brian	L008948	34	Mbewe Memory	T012184	90	Mwanza Hendry	T012338
232	Silungwe Peter	L010178	35	Mwape Richard	T012183	91	Muleya Evans	T012337
233	Austin Chisambi	L010283	36	Wampata Makai John	T012182	92	Mukuma M Richard	T012339
234	Mwanangombe Inyambo George	L010913	37	Mbewe Joseph	T012179	93	Liomba Liomba	T012333
235	Mary Mwaba Nshikokola	L012207	38	Moyo Samuel	T012181	94	Charles Kabaso	T012327
236	Philip Banda	L008126	39	Lucy Mubanga Chisha	T012180	95	Phiri Isaac C J	T012340
237	Sandu Joseph	L001532	40	Christine Mwenya Kabanda	T012178	96	Sichaaza Nchimunya	T012329
238	Tommy Siamuntu	L001772	41	Lupiya Sombo Brenda	T012176	97	Chisulo Gift	T012342
239	Pasomba John	L002100	42	Asari Dingani	T012177	98	Muchimba Mutinta	T012350
240	Nyika Charles	L004554	43	Musanda Chota Nimbo	T012175	99	Konkonka Prisca	T012381
241	Chabala Brian Chisenga	L006480	44	Waka Muduli Zilombo	T012173	100	Banda Wilson	T012379
242	Msimuko Wiza	L007839	45	Waiyatsa Petra	T012174	101	Mwanza Oliver	T012378
243	Mwambazi Stephen	L008318	46	Tunga Florence	T012172	102	Chushi Brian	T012377
244	Hamoonga Jeff	L008474	47	Silweya Lamech	T012171	103	Muluti Nsangu Carthege M	T012376
245	Wapa Regina Chisala	L008946	48	Zimba Philemon	T012198	104	Sampa Chimba	T012375
246	Tenson Mwila	L001280	49	Chitumbo Abigail	T012189	105	Francis Daka	T012361
247	Enoch Tembo	L004036	50	Zuba Clifftone	T012191	106	Mushaukwa Damien	T012364
248	Kaingu Nancy	L005651	51	Chungu Romanus	T012202	107	Chishala Daniel Benson	T012365
249	Chisanga Mulenga	L006043	52	Mooto Maimbolwa	T012266	108	Banda Altin	T012354
250	Chungu Margaret	L006818	53	Nchendu Job	T012284	109	Oshika Peter	T012391
TECHNICIAN MEMBERSHIP ADMISSIONS			54	Hamfuti Museli	T012286	110	Miyanda Winard	T012392
SN.	NAME	MEM NO.	55	Malumani Briven	T012268	111	Mafutanyama Christopher	T012393
1	Mwewa David Chali	T012122	56	Mwansa Christian	T012240	112	Masaiti Sharon	T012396
2	Musonda Chansa	T012123	57	Mvula Scotch	T012246	113	Mulenga Phyllis	T012410
3	Mubanga Justina	T012120	58	Kabwe Royd	T012235	114	Msoni Gilbert	T012411
4	Simakungwe Daaram	T012119	59	Mwanza Simeon	T012236	115	Mwitha Mbuyoti	T012420
5	Mweemba Miyoba Emmanuel	T012117	60	Njovu Victor	T012212	116	Mandandi Milton Wamufu	T012430
6	Chitanika Derrick	T012118	61	Lumamba Blessings	T012260	117	Kwibisa Likukela	T012432
7	Mwaweza Obadiah	T012121	62	Masiliso S Sitali	T012261	118	Mwaaba Christine	T012433
8	Kapambwe Bright Chishimba	T012138	63	Kaunda Orleans	T012241	119	Mark Mbangweta Munalula	T012434
9	Benzu Hudson Sylva	T012043	64	Suya Lubasi	T012239	120	Ncube Larry	T012435
10	Salasini Carol	T012048	65	Simuchimba John	T012254	121	Mwanjala Edward Chibanga	T012436
11	Chimuka Mazuba Mulala	T012047	66	Kaminda Rosaria	T012253	122	Mutakila Betshebah	T012440
12	Kwalela Mwakoi	T012050	67	Mwale Adamson	T012214	123	Njobvu Mercy	T012441
13	Sakala Mathews	T012055	68	Chimpombwe Maness	T012221	124	Ngulube Brian	T012450
14	Kayombo Tebogo	T012053	69	Chewe Godfrey	T012222	125	Chikubula Janet Muleba	T012455
15	Munsanje Miyanda	T012069	70	Kumwenda Mwape Natasha	T012230	126	Bulawayo Gift	T012454
16	Simwawa Nkumbu Lenganji	T012070	71	Kasenge Justine	T012226	127	Banda Chibeza Bob	T012456
17	Chiwilila Nachula	T012071	72	Miyoba Tebson M.	T012305	128	Samba Gladys	T012479
18	Gunny Kamwendo	T012078	73	Mulaya Travis	T012308	129	Chipili Musonda	T012480
19	Mundengele Patricia	T012082	74	Nkonde Simwinga Samuel	T012313	130	Tembo Felix	T012483
20	Mutelo Alistair	T012099	75	Maamba Sydney	T012298	131	Silavwe Robert Kapembwa	T012485
21	Kabwe Mike	T012089	76	Nakawala Suwilanji Simwanza	T012302	132	Musonda Moses Makungo	T012486
22	Zulu Robert	T012086	77	Chileshe Anxious	T012299	133	Mulenga Kaluba	T012496
23	Mbewe Gershom	T012087	78	M'zumara Leopald Makundika	T012314	134	Musonda Kasonde	T012504
24	Chipempele Jacob Mpande	T012105	79	Mbinji Malilo	T012316	135	Sakala Brian Joseph	T012505
25	Chiwenda Mukazika	T012093	80	Lwanika Richard	T012293	136	Chabala Mwape Linda	T012506
26	Nyirenda Sharon	T012092	81	Ikwenda Mildred	T012294	137	Kalenda Macnell	T012507
27	Lungu Alfred	T012094	82	Chishimba Elias Kabwe	T012295	138	Kashenda Miniver Mulela	T012508
28	Mwanza Peter	T012095	83	Libakeni Sitwala	T012311	139	Mpange Hope	T012510
29	Akalemwa Mutukwa	T012106	84	Sichula Chrispin Chafutika	T012315	140	Nkandu Chabu Mbuluki	T012511
30	Ngonga Beauty Nsange	T012136	85	Kanyimbi Dumase	T012348	141	Simwanza Andrew	T012512
31	Simaanda Given	T012134	86	Chiti Paul	T012317	142	Sylvia Simbao	T012524
32	Maseka Godwin	T012137	87	Chintima Kabwita Safeli	T012320			
			88	Mubemba Brian	T012334			

► Comply with the law

Hire Registered Accountants

Take note that any accountant who has not renewed their membership subscription for 2020 is not eligible to do any accountancy work



It is law that all individuals or firms engaged to carry any accountancy work on your behalf in Zambia must be registered under the Accounts Act of 2008 and regulated by ZiCA

For any clarifications, contact:

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