



Republic of Zambia

Office of the Auditor General

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE REPUBLIC FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2024



REPUBLIC OF ZAMBIA

REPORT

of the

AUDITOR GENERAL

ON THE ACCOUNTS OF THE REPUBLIC

for the

Financial Year Ended 31st December 2024



OFFICE OF THE AUDITOR GENERAL

VISION: An independent and credible audit institution promoting transparency and accountability in the management of public resources for the well-being of the citizenry

MISSION: To provide timely quality audit services to promote transparency and accountability in the management of public resources

CORE VALUES:

- Integrity
- Objectivity
- Excellence
- Teamwork
- Confidentiality
- Professionalism



PREFACE

It is my honour to submit the Report of the Auditor General on the Accounts of the Republic of Zambia for the financial year ended 31st December 2024, in accordance with Article 212 of the Constitution (Amendment) Act No. 2 of 2016, the Public Audit Act No. 29 of 2016 and the Public Finance Management Act No. 1 of 2018.

The primary mandate of my Office is to audit the accounts of Ministries, Provinces, Agencies (MPAs), and other institutions financed through public funds. Accordingly, this Report covers MPAs that appeared in the Estimates of Revenue and Expenditure for the period from 1st January to 31st December 2024. The audits were undertaken to ascertain whether the funds appropriated by Parliament or raised by Government and disbursed had been properly accounted for.

These audits were conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), which provide the applicable framework for the audit of public sector entities.

The audit findings presented in this Report are those that remained unresolved during the audit process and, as at the time of concluding this Report, had no satisfactory explanations to warrant their closure. The Report also includes matters previously reported where new information has emerged, making it necessary to present them from an updated perspective.

I wish to express my gratitude to the Controlling Officers and staff of the audited entities for the cooperation and support extended to my Office during the audit process.

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

ACTING AUDITOR GENERAL





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Executive Summary

This Report has been produced in compliance with Article 250 of the Constitution (Amendment) Act No. 2 of 2016, the Public Audit Act No. 29 of 2016 and the Public Finance Management Act No. 1 of 2018.

During the audit process, there were various levels at which the Office interacted and communicated with Controlling Officers whose accounts were audited. The purpose of this interaction was to provide an opportunity for the Controlling Officers to clarify and take corrective action on the findings of the audits.

The Report contains thirty three (33) paragraphs on audit findings that could not be resolved during the audit process and whose corrective actions had not been undertaken as at 30th September 2025.

In addition, the Report contains audit recommendations which are aimed at addressing the findings observed during the audit process.

The following are some of the notable observations from this report:

1. REVENUE

a. Ministry of Finance and National Planning – Zambia Revenue Authority

i. Filed Returns without Payments

Tax Returns in amounts totalling K4,398,537,661 in respect of various taxes were filed with ZRA. However, as at 31st August 2025, the liabilities that accrued from the filed returns had not been settled.

ii. Failure to Monitor Transits

Transits destined to the Democratic Republic of Congo, Tanzania and Malawi with a guaranteed tax amount of K10,911,283 with various exit dates ranging from February 2024 to February 2025, had not exited the country as at 31st August 2025. In this regard, there was a potential loss of revenue amounting to K10,911,283.

b. Ministry of Lands and Natural Resources

i. Outstanding Ground Rent

The Ministry had ground rent receivables from 497,011 properties in amounts totalling K1,322,343,850 which remained outstanding for periods ranging from one (1) year to over ten (10) years.



ii. Outstanding Revenue Arrears

Outstanding revenue arrears in amounts totalling K177,888,661 in respect of consideration fees, registration fees, preparation fees and ground rent had not been collected since March 2024.

2. EXPENDITURE

a. Ministry of Finance and National Planning - Loans and Investments

i. Loss of Funds Due to Failure to Adhere to Agreement on Assignment of Rights and Interests

The Ministry did not adhere to the agreement on the assignment of rights and interests under the contract that was entered into with Nyiombo Investments in 2016, despite having been duly notified in a timely manner. This adherence resulted in a loss of funds amounting to US\$3,659,192.39. Matter has since been reported to the Drug Enforcement Commission by the Secretary to the Treasury.

b. Ministry of Community Development and Social Services

i. Undelivered Inputs

Farming inputs for the 2024/2025 farming season costing K25,702,997 as shown in the table below meant to be distributed to farming beneficiaries had not been delivered as at 31st August 2025.

Details	Amount K
Seeds - Beans, Sunflower & Rice	9,785,106
Soya beans	815,256
Seeds - Various	12,183,482
Maize and Groundnut	2,919,153
Total	25,702,997

c. Ministry of Agriculture

i. Sustainable Agriculture Financing Facility (SAFF) - Failure to Recover Loans 2023/2024 Farming Season

Amounts totalling K68,268,150 were disbursed to 1,094 loan beneficiaries in twelve (12) districts, out of which K18,310,678 was expected to be recovered. However, only K5,351,499 was recovered leaving the outstanding balance of K12,959,179 unrecovered.



d. Ministry of Agriculture – Farmer Input Support Programme (FISP)

i. Failure to Compensate Farmers - Poor Germination and Yield

Three (3) insurance companies had not compensated 88,602 farmers amounts totalling K113,098,317 in respect of poor germination and yield.

e. Ministry of Fisheries and Livestock

i. Failure to Utilise Funds

The Ministry was funded amounts totalling K30,704,714 for the implementation of various programmes, primarily under animal health services. However, the funds had not been utilised as at 31st December 2024 and were consequently returned to the Treasury.

f. Ministry of Foreign Affairs and International Cooperation

i. Management of Missions Properties - Failure to Maintain Properties

A physical inspection of properties at ten (10) missions revealed that the properties were not properly maintained. This resulted in the properties being in poor condition characterized by various defects such as leakages, structural cracks, and deteriorated fittings.

g. Ministry of Water Development and Sanitation

i. Failure to Recover Advance Payments from Terminated Contracts

There were four (4) contracts valued at K48,350,852 which were terminated on which amounts totalling K15,416,300, inclusive of recoverable advance payments of K12,087,713 had been paid. However, as at 31st August, 2025 the advance payment had not been recovered.

ii. Failure to Recover Funds on Terminated Contracts

Twelve (12) contracts were terminated by the Ministry due to the contractors' failure to fulfil their contractual obligations and final accounts were concluded on 31st December 2024. However, as at 31st August, funds in amounts totalling K20,575,847 owed by the contractors to the Government had not been collected.



h. Ministry of Education

i. Questionable Facilitation of a Service Provider

The Ministry of Education irregularly facilitated the engagement of Alliance Procurement and Capacity Building Limited (APCBL), a private limited company, for the provision of consulting services to public schools, colleges and universities in financial and records management, e-GP, risk management among others without subjecting the process to any form of procurement procedure. The total expected value of the participation fees was K25,692,700.

In this regard, selected schools contributed amounts totalling K2,808,504 as participation fees. However, the payments to APCBL by the schools lacked appropriate supporting documents such as invoices and proof of performance.

i. Ministry of Health

i. Contract for Customs and Clearing Services - Primetime Freight and Customs Broker

On 19th May 2017, the Ministry engaged Primetime Freight and Customs Brokers for the provision of Customs and Clearing Services for Pharmaceuticals, Medical Equipment and non-medical goods. It was noted that there was questionable extension of the contract that expired in 2020 in that the extension was verbally done, there was failure to compute interest owed as well as questionable instructions to pay a debt without supporting invoices.

ii. Questionable Inclusion of Works Already Done by Previous Contractors

The Ministry awarded three (3) contracts which included works that were completed by previous contractors. Consequently, works in amount totalling K24,000,524 were included in new contracts making the inclusion of such works questionable.

j. Ministry of Transport and Logistics

The Ministry entered into a twenty five (25) year Concessional Agreement over the Walvis Bay Port which was signed between the Government of Zambia, through the Ministry of Communications, Transport, and Logistics and African Union Financial Services (Private) Limited in 2009. Among the major concerns were the failure by concessionaire to implement responsibilities at the time of termination of the concession, unsettled port rental charges accumulated by previous concessionaire,



unremitted concession fees for the period from 2009 to 2011 and 2021 and 2022, unauthorised transfer of lease to third party, unconfirmed existence of African Union Financial Services (Private) Limited, failure to develop and construct port facilities as well as the irregularities in management of unsettled port charges accumulated by previous concessionaire which resulted in loss as a result of liquidating utility bills on behalf of African Union Financial Services (Private) Limited and the failure to claim refund. In December 2024, the Government paid a total amount of US\$ 1,531,965.92 to the Namibia Port Authority in unsettled port rental charges by the Concessionaire. Though the Government has made efforts to recover the money from the Concessionaire, the amount had not been recovered as at 31st August 2025.





PART I

PREAMBLE







Acronyms

ABGTL	Aditya Birla Global Trading Singapore PTE Limited
AF	Additional Financing
ALI	Alternative Livelihood Interventions
APCBL	Alliance Procurement and Capacity Building Limited
ASYCUDA	Automated System for Customs Data
BADEA	Bank for Economic Development in Africa
BOQ	Bill of Quantities
BCDRP	Business Continuity and Disaster Recovery Plan
CDA	Community Development Assistant
CDF	Constituency Development Fund
CGAPs	Central Government Accounting Policies
CIRF	Correctional Industries Revolving Fund
CPP	Compendium of Policies and Procedures
CRBs	Classroom Blocks
CT	Computed Tomography
CWACs	Community Welfare Assistance Committees
DACOs	District Agriculture Coordinating Offices
DARP	Draft Audit Report Paragraph
DEC	Drug Enforcement Commission
DEO	District Education Office
DFLCO	District Fisheries and Livestock Coordinating Office
DHO	District Health Office
DHIS	Digital Health Information Systems Sustainability
DIS	Direct Input Supply
DMMU	Disaster Management and Mitigation Unit
DRP	Disaster Recovery Plan
DWRD	Department of Water Resource Development
DWSS	Department of Water Supply and Sanitation
ECE	Early Childhood Education
ECZ	Examination Council of Zambia
EHR	Electronic Health Record
EMIS	Education Management Information Systems



EMLIP	Essential Medicines Logistics Improvement Program
ER	Establishment Register
FISP	Farmer Input Support Programme
FSP	Food Security Programme
FSPs	Financial Service Providers
FRA	Food Reserve Agency
FTC	Farmer Training Centre
GCC	General Contract Condition
GCE	General Certificate of Education
GDA	General Deposit Account
GPE	Global Partnership for Education
GRN	Good Received Note
GRZ	Government of the Republic of Zambia
HBOM	Hostels Board of Management
HGSM	Home-Grown School Meals
HPCZ	Health Professions Council of Zambia
ICT	Information and Communication Technology
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
IHMSA	Institute for Health Measurement Southern Africa
IMF	International Monetary Fund
INRIS	Integrated National Registration Information System
INTOSAI	International Organisation of Supreme Audit Institutions
IP	Intellectual Property
IPCs	Interim Payment Certificates
ISSAIs	International Standards for Supreme Audit Institutions
ITT	Invitation to Treat
MIHUD	Ministry of Infrastructure, Housing and Urban Development
MIS	Management Information System
MMMD	Mines and Minerals Development
MoFNP	Ministry of Finance and National Planning
MPAs	Ministries, Provinces and Agencies
MoU	Memorandum of Understanding
NAPSA	National Pensions Scheme Authority



NBFI	Non-Bank Financial Institution
NDW	National Data Warehouse
NHIMA	National Health Insurance Management Authority
NIR	National Identity Register
NMCZ	Nursing and Midwifery Council of Zambia
NRFA	National Road Fund Agency
NRC	National Registration Card
OFID	OPEC Fund for International Development
OPD	Outpatient Department
OU	Organizational Units
PACO	Provincial Agriculture Coordinating Office
PACRA	Patents And Companies Registration Agency
PAD	Project Appraisal Document
PAYE	Pay As You Earn
PBTC	Provincial Blood Transfusion Centre
PEO	Provincial Education Office
PFLCO	Provincial Fisheries and Livestock Coordinating Office
PHO	Provincial Health Office
PIT	Project Implementation Team
PMEC	Payroll Management and Establishment Control
PMT	Proxy Means Test
PPMs	Pay Point Managers
PPS	Personalized Passport Issuance System
PSMD	Public Service Management Division
PWAS	Public Welfare Assistance Scheme
RDCs	Recurrent Departmental Charges
RPO	Recovery Point Objective
RSL	Road Service License
RTO	Recovery Time Objective
RTSA	Road Transport and Safety Agency
SCC	Special Conditions of Contract
SCT	Social Cash Transfer
SCTMIS	Social Cash Transfer Management Information System
SCHISS	Strengthening Capacity for Health Information Systems Sustainability



SOP	Standard Operating Procedure
SSOEL	Swiss Singapore Overseas Enterprises PTE Limited
UAT	User Acceptance Testing
VAT	Value Added Tax
VSC	Vehicle Service Centres
WARMA	Water Resources Management Authority
WFP	World Food Program
WVAT	Withheld Value Added Tax
XRF	X-Ray Fluorescence Spectrometer
ZAMMSA	Zambia Medicines and Medical Supplies Agency
ZEEL	Zambia Enhancing Early Learning
ZEEP	Zambia Education Enhancement Project
ZCS	Zambia Correctional Services
ZIAH	Zambia Institute of Animal Health
ZIAMIS	Zambia Integrated Agriculture Management Information System
ZIGS	Zambia Integrated Government Services
ZILAS	Zambia Integrated Land Administration System
ZILMIS	Zambia Integrated Land Management Information System
ZIMIS	Zambia Integrated Mining Information System
ZISPIS	Zambia Integrated Social Protection Information System
ZNBTS	Zambia National Blood Transfusion Service
ZNS	Zambia National Service
ZPPA	Zambia Public Procurement Authority
ZRA	Zambia Revenue Authority
ZSCCI	Zambia Seed Control and Certification Institute
ZTA	Zambia Tourism Agency
ZTB	Zambia Tourism Board



1 Introduction

This report has been produced in accordance with Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 and is being submitted to His Excellency, the President of the Republic of Zambia and the Speaker for tabling in the National Assembly in accordance with the provisions of Article 212 of the Constitution.

2 Audit of Public Accounts

According to Article 211 (2) of the Constitution, I am required to examine the Financial Report on the Accounts of the Republic and express an Audit Opinion on the Report.

Article 212 requires me to, not later than nine (9) months after the end of the financial year, submit an audit report to the President and the National Assembly, on the Accounts of the Republic audited in respect of the preceding year.

Article 250 (1) (a) to (d) mandates me to:

- a. audit the accounts of State Organs, State Institutions, Provincial Administration, Local Authorities and institutions financed from public funds;
- b. audit the accounts that relate to the stocks, shares and stores of the Government;
- c. conduct financial and value for money audits, including forensic audits and any other type of audit, in respect of a project that involves the use of public funds;
- d. ascertain that money appropriated by Parliament or raised by the Government and disbursed;
 - i. has been applied for the purpose for which it was appropriated or raised;
 - ii. was expended in conformity with the authority that governs it; and
 - iii. was expended economically, efficiently and effectively;
- e. recommend to the Director of Public Prosecutions or a law enforcement agency any matter within the competence of the Auditor General that may require to be prosecuted.

The Public Finance Management Act No. 1 of 2018 provides for an institutional and regulatory framework for management of public funds: the strengthening of accountability, oversight, management and control of public funds in the public financial management framework; responsibilities and fiduciary duties of controlling officers and controlling bodies;



enhancement of cash management systems to ensure efficient and effective utilisation of cash for the Government; the processes for the efficient production of the Financial Report for the Republic; the management and control of public assets and stores.

3 Scope of Audit

The audit scope covered the accounts and records of Ministries, Provinces and Agencies (MPAs) and other institutions financed from public funds for the financial year ended 31st December 2024.

The report on the audits of the Constituency Development Fund (CDF) will be produced separately in line with Section 20 (3) of the Constituency Development Fund Act No. 1 of 2024.

4 Audit Methodology

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require planning an audit, conducting risk assessment, designing and conducting audit procedures and reporting on the audit findings. The standards require consideration of the following five (5) steps:

i. Planning

During planning, the focus is on obtaining an understanding of the auditee's business, its challenges and risks, organisational structure, key business and financial reporting processes and trends to heighten the effectiveness and efficiency of the audit.

ii. Risk Assessment

This process includes meeting with the audit committee, financial and other key personnel of the auditee. It also involves reviewing the financial reporting implications arising from strategic goals, objectives, business plans and risk areas. During risk assessment consideration on how fraud or error could result in a material misstatement of the auditee's financial statements is made.

iii. Evaluation and Internal Controls

In developing an audit strategy, the standards require that an understanding of the entity and its environment, including its internal controls and work performed by the Internal Audit function is obtained. This process begins with the evaluation of the controls at



the entity level that relate to financial reporting. This assessment includes aspects of control environment, risk assessment, monitoring, information system (including information technology) and financial reporting processes. In understanding of controls over financial reporting activities such as the recording and processing of transactions is also obtained. This assists to:

- identify the types of misstatements that could occur whether due to error or fraud;
- evaluate the internal control deficiencies that may increase the risk of material misstatement; and
- design internal control testing strategies, where such an approach would be appropriate.

iv. Audit Testing

The audit approach focuses efforts on those financial statement assertions that have an increased risk of material misstatement. Based on this understanding and knowledge of the auditee, it is expected to perform a combination of tests of controls, detailed substantive testing and analytical procedures as appropriate.

v. Concluding and Reporting

Reporting is normally done in a Management Letter to the auditee, but the ISSAIs allow for verbal communication as an alternative. The Management Letter should describe the misstatements clearly, and when appropriate include recommendations.

In the course of preparing the Report, each Controlling Officer was sent Interim Management Letters. A verification was done upon providing explanations and documents supporting the explanations to the issues raised in the Management Letter after which a Status Report was issued to the Controlling Officers indicating the resolved and unresolved issues.

A Draft Audit Report Paragraph (DARP) was then issued to the Controlling Officer for comments and confirmation of the correctness of the facts presented. Where the comments varied with the facts presented, and were proved to be valid, the affected DARP was amended accordingly.



In order to ensure optimal utilisation of resources at my disposal, a risk-based audit approach was used to prioritise clients so that resources were targeted towards the riskiest areas of Government operations.

5 Statement of Revenue, Financing and Expenditure for the Financial Year ended 31st December 2024

According to Article 211 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Minister responsible for finance should, within three months after the end of each financial year, prepare and submit to the Auditor General the financial report of the Republic in respect of the preceding financial year. The Auditor General should, within two months of receipt of the financial report, examine the financial report and express an audit opinion on the report.

The Minister responsible for finance should, within one month after the receipt of the Auditor General's opinion, lay the financial report, with the Auditor General's opinion, before the National Assembly.

The Financial Statements for the financial year ended 31st December 2024 were prepared in accordance with the provisions of the Public Finance Management Act No.1 of 2018 in which the Secretary to the Treasury has prescribed the Reporting Framework in the Central Government Accounting Policies (CGAPs) No.2.

The Government has adopted and is implementing the provisions of Part 1 and selected provisions of Part 2 of the International Public Sector Accounting Standards (IPSAS) cash basis of accounting. The Financial Statements included in the Financial Report are as follows:

- Statement A – Statement of Cash Receipts and Payments;
- Statement B – Statement of Comparison of Budget and Actual Amounts (Statement of Budget Execution);
- Statement C – Statement of Comparison of Budget and Actual Amounts (by Programme and Sub – Programme);
- Statement D – Statement of Comparison of Budget and Actual Amounts (Functional Classification);
- Statement E – Statement of Public Debt;
- Statement F – Cash flow Statement; and
- Notes to the Financial Statements.



The Outturn Reflected in Statement B – Statement of Comparison of Budget and Actual amounts (Budget Execution) for the Year ended 31st December 2024 is as shown below.

Description	Original Budget Kwacha	Adjustments Kwacha	Final Budget Kwacha	Actual Amounts Kwacha	Variance Kwacha
RECEIPTS					
Income Tax	71,326,197,483	-	71,326,197,483	70,977,469,231	- 348,728,252
Customs and Excise Duty	15,486,621,901	-	15,486,621,901	16,301,418,157	814,796,256
Value Added Tax	36,361,861,216	-	36,361,861,216	41,116,022,478	4,754,161,262
Levies	2,011,701,946	-	2,011,701,946	2,552,091,045	540,389,099
Fines	104,535,698	-	104,535,698	119,158,395	14,622,697
Licenses	2,572,167,436	-	2,572,167,436	2,554,460,189	- 17,707,247
Commissions	72,701,060	-	72,701,060	178,103,983	105,402,923
Fees	2,287,907,324	-	2,287,907,324	2,830,265,613	542,358,289
Interest	535,007,400	-	535,007,400	18,528,698	- 516,478,702
Other Revenues	10,354,991,919	-	10,354,991,919	19,579,592,477	9,224,600,558
Bilateral Grants	46,800,000	-	46,800,000	561,815,556	515,015,556
Multilateral Grants	3,388,331,142	-	3,388,331,142	11,420,610,112	8,032,278,970
Domestic Financing	16,328,756,580	-	16,328,756,580	6,635,841,230	- 9,692,915,350
Foreign Financing - Programme Loans	7,671,674,398	-	7,671,674,398	15,097,872,267	7,426,197,869
Foreign Financing - Project Loans	9,342,613,391	-	9,342,613,391	2,075,428,555	- 7,267,184,836
TOTAL RECEIPTS	177,891,868,894		177,891,868,894	192,018,677,986	14,126,809,092
PAYMENTS					
Personal Emoluments	52,782,967,958	3,117,326,237	55,900,294,195	53,962,771,507	1,937,522,688
Use of goods and Services	28,783,398,246	21,733,516,849	50,516,915,095	31,153,493,270	19,363,421,825
Financial Charges & Principal Payments	38,917,265,681	20,922,114,636	59,839,380,317	59,447,406,438	391,973,879
Grants	30,320,760,201	1,201,198,131	31,521,958,332	23,853,654,330	7,668,304,002
Social Benefits	5,328,593,005	7,270,906,664	12,599,499,669	10,402,155,578	2,197,344,091
Non-Financial Assets Acquisition	6,467,355,571	708,433,616	5,758,921,955	2,282,200,254	3,476,721,702
Assets Under Construction	13,964,928,590	19,767,568	13,984,696,159	7,021,618,277	6,963,077,882
Financial Assets	1,326,599,626	125,530,148	1,452,129,774	1,221,874,148	230,255,626
TOTAL PAYMENTS	177,891,868,878	53,681,926,617	231,573,795,495	189,345,173,801	42,228,621,695
SURPLUS / (DEFICIT)				2,673,504,185	

The total originally budgeted expenditure for the year under review was K177,891,868,878. In addition, there was a supplementary provision of K53,681,926,617 bringing the total final budgeted expenditure amount to K231,573,795,495. The actual expenditure for the year was K189,345,173,801 resulting in a net under expenditure of K42,228,621,695.

During the period under review, the actual revenue collections amounted to K192,018,677,986 while the actual expenditure was K189,345,173,801 resulting in a net surplus of K2,673,504,185.

5.1 Surplus in Revenue

As reflected in the statement B of the Financial Report for the year, the actual revenue collected was more than the estimated revenue by K14,126,809,092 as detailed below.



Description	Approved Estimate K	Actual Revenue K	Over/under the Estimate K	Shortfall/ Surplus K
Income Tax	71,326,197,483	70,977,469,231	(348,728,252)	(348,728,252)
Customs and Excise Duty	15,486,621,901	16,301,418,157	814,796,256	814,796,256
Value Added Tax	36,361,861,216	41,116,022,478	4,754,161,262	4,754,161,262
Levies	2,011,701,946	2,552,091,045	540,389,099	540,389,099
Fines	104,535,698	119,158,395	14,622,697	14,622,697
Licenses	2,572,167,436	2,554,460,189	(17,707,247)	(17,707,247)
Commissions	72,701,060	178,103,983	105,402,923	105,402,923
Fees	2,287,907,324	2,830,265,613	542,358,289	542,358,289
Interest	535,007,400	18,528,698	(516,478,702)	(516,478,702)
Other Revenues	10,354,991,919	19,579,592,477	9,224,600,558	9,224,600,558
Bilateral Grants	46,800,000	561,815,556	515,015,556	515,015,556
Multilateral Grants	3,388,331,142	11,420,610,112	8,032,278,970	8,032,278,970
Domestic Financing	16,328,756,580	6,635,841,230	(9,692,915,350)	(9,692,915,350)
Foreign Financing - Programme Loans	7,671,674,398	15,097,872,267	7,426,197,869	7,426,197,869
Foreign Financing - Project Loans	9,342,613,391	2,075,428,555	(7,267,184,836)	(7,267,184,836)
Total	177,891,868,894	192,018,677,986		14,126,809,092

The Surplus of K14,126,809,092 was attributed to over collection in Value Added Tax, Levies, Fines, Commissions, Fees, other Revenues, Multilateral and Bilateral grants.

6 Audit Opinion on the Accounts

I have audited the financial statements of the Republic of Zambia for the financial year ended 31st December 2024, which comprise Statement A - Statement of Cash Receipts and Payments, Statement B - Statement of Comparison of Budget and Actual Amounts (Budget Execution), Statement C - Statement of Comparison of Budget and Actual Amounts (by Programme and Sub Programme), Statement D – Statement of Comparison of Budget and Actual Amounts (Functional Classification), Statement E – Statement of Public Debt, Statement F – Cashflow Statement and a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements for the year ended 31st December 2024 were presented fairly in all material respects, in accordance with the International Public Sector Accounting Standard (IPSAS) Cash Basis of Accounting and the Central Government Accounting Policies (CGAPs) No. 2.

6.1 Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Ministry of Finance and National Planning in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI) Code of Ethics together



with the ethical requirements that are relevant to my audit of the financial statements in Zambia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

6.2 Key Audit Matters

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standard Cash Basis, the Public Finance Management Act No. 1 of 2018 and Central Government Accounting Policies (CGAPs) No. 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Ministry of Finance and National Planning's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Government either intends to dissolve the Ministry of Finance and National Planning or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Ministry of Finance and National Planning's financial reporting process.

6.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a



guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry of Finance and National Planning's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry of Finance and National Planning's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, the going concern of the Ministry of Finance and National Planning is dependent on the Government policy decision.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

6.5 Report on Other Legal and Regulatory Requirements

In line with Article 211 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Minister responsible for Finance is required, within three (3) months after the end of each financial year, to prepare and submit to the Auditor-General the financial report of the Republic in respect of the preceding financial year.

I confirm that in my opinion the financial report of the Republic has been prepared by the Minister of Finance in accordance with Article 211 of the Constitution of Zambia (Amendment) No. 2 of 2016.

6.6 Internal Control Weaknesses

The report highlights weaknesses in internal controls as stated below:

- a. *Failure to Collect Government Revenue*: some MPAs were found to be inefficient in the way revenue is collected due to poor enforcement of financial regulations and inadequate tracking mechanisms.



- b. *Non-compliance with Government Circulars and Regulations:* there was a general failure to follow Government circulars and guidelines such as the Terms and Conditions of Service for the Public Service, Financial Regulations and Public Stores Regulations.
- c. *Failure to Adhere to Procurement Procedures:* there were instances where procurement regulations were not followed. This included poor contract management such as payment of suppliers before signing contracts, failure to claim liquidated damages, failure to encash advance payment guarantees and performance bonds for none performing contractors.
- d. *Poor Record Keeping:* Weak documentation practices resulted in missing or incomplete accounting records. These included missing payment vouchers and payments made but not supported with relevant documentation.
- e. *Inadequate Updating and Reconciliation of the Establishment Register and Staff Assignments:* there was failure to regularly update staff records which had caused inconsistencies between actual staff placement and payroll assignments which effectively hindered the effective and efficient utilization of human resources among the various MPAs.
- f. *Misallocation of Payroll:* There were cases where officers were drawing salaries from stations under which they were not assigned, this created unnecessary administrative confusion with respect to salary payouts.
- g. *Failure to Insure Government Assets:* Some MPAs failed to insure Government property, leaving critical assets exposed to potential risk of losses from adverse incidents such as theft, distraction by fire and death of uninsured animals.
- h. *Failure to Deduct and Remit Statutory Contributions:* MPAs were found to be defaulting on withholding remitting statutory contributions such as pension payments and taxes.
- i. *Failure to monitor and enforce guidelines in the distribution of farming inputs.* There were cases where farmers benefited from farming inputs that they were not eligible for.



PART II

INFORMATION SYSTEMS

PARAGRAPHS





7 Head: 37 Ministry of Finance and National Planning - Payroll Management and Establishment Control (PMEC) and the Integrated Financial Management Information System (IFMIS)

7.1 Mandate

The Ministry of Finance and National Planning is mandated to perform several statutory functions that include preparation of the National Budget, National Planning, Economic Management, Resource Mobilisation, Debt Management and Public Finance Management.

7.2 Audit Findings

A review of the payroll system, payroll processing and processes at the Ministry of Finance and National Planning for the period from January to December 2024 revealed the following.

a. Weaknesses in the Management of the PMEC Application

i. Failure to Reject Introduction of Officers Below Employable Age

Section 8(b) of the Terms and Conditions of Service stipulates that no person below the age of eighteen (18) years shall be appointed on probation. Accordingly, the Payroll Management and Establishment Control (PMEC) system, should be configured with appropriate application input controls to align with this requirement.

The PMEC system has embedded validation checks that restrict the creation of records for officers below the minimum employable age when data is entered directly through the application interface.

A review of the system revealed that the PMEC system contained 205 officers below the age of eighteen (18) years who had been introduced as employees.

Although the PMEC system has embedded application input controls to reject the entry of officers below employable age, these controls were bypassed when the Legacy System Migration Workbench (LSMW) transaction code was used during bulk data uploads. The LSMW, a data migration tool, does not inherit or enforce the validation rules built into the PMEC system, including the age limit restriction.



This weakness was observed during the mass recruitment of 30,000 teachers and 11,000 health workers, when the LSMW was applied to expedite the process of onboarding the new recruits. As a result, underage officers were successfully introduced onto the payroll without triggering the system's age validation checks.

ii. Payment of Net Pay Below 40%

Public Service Management Division (PSMD) Circular Minute No. 3 of 2023 stipulates that officers' take-home pay must not be less than 40% of their basic salary after all statutory and other deductions. Accordingly, the Payroll Management and Establishment Control (PMEC) system, should be configured with application input and validation controls to ensure that deductions applied do not reduce net pay below this statutory threshold.

A review of the system established that the PMEC system processed payroll transactions in which the net pay of 108 officers fell below the 40% threshold.

The system is designed with embedded validation controls that prevent the processing of records where net pay is less than 40% of the basic salary. However, technical weaknesses in the system were observed. During certain payroll runs, the system failed to consistently enforce the 40% threshold validation, allowing some records to drop below the permitted limit.

This indicates that while the application-level control is configured, it did not execute reliably in all cases, suggesting either system logic flaws in payroll schema configuration or data integrity issues within the payroll engine during high-volume processing.

iii. Non-Deduction of Statutory Contribution (Pension) from Eligible Officers

Section 15 (1) of the National Pension Scheme Act No. 40 of 1996, as amended by the National Pension Scheme Act of 2000, stipulates that the contributing employer shall pay contributions to the Authority at the end of each month and submit all prescribed particulars. Employers are required to ensure that pension contributions are deducted from all eligible employees in accordance with the law.

A review of the Payroll Management and Establishment Control (PMEC) system revealed that statutory pension deductions (NAPSA) were not effected for eighty-



two (82) eligible employees for periods ranging from three (3) to twelve (12) months. This lapse occurred because the PMEC system relies on end-users at ministries, provinces, and agencies to update employee records through SAP Info Types (such as pension eligibility details). However, these Info Types were not consistently updated by end-users, and the system was not configured to make the completion of such mandatory fields a prerequisite for payroll processing. Consequently, employees without updated Info Types were excluded from statutory pension deductions.

The reliance on end-user updates without mandatory system validation controls exposes the payroll to incomplete or inaccurate employee records. The failure to configure the PMEC system to enforce mandatory entry of pension-related Info Types results in non-deduction of statutory contributions. In addition, affected employees risk losing their pension benefits, thereby compromising their future social security entitlements.

iv. Failure to Deduct and Remit NHIMA Contributions

Regulation 9 of the National Health Insurance (General) Regulations of 2019 requires that an employer, self-employed citizen, or established resident shall pay the Scheme contribution, consisting of both employer and employee contributions, at the prescribed rate set out in the Third Schedule. Employers are obligated to ensure that such contributions are deducted and remitted accordingly.

Contrary to the requirements, a review of the Payroll Management and Establishment Control (PMEC) system revealed that 607 eligible officers had no NHIMA deductions reflected on their payslips. The omission arose because the PMEC system relies on end-users in ministries, provinces, and agencies to maintain employee records through SAP Info Types. In many instances, NHIMA-related Info Types were not updated, and the system was not configured to make completion of the deductions mandatory before payroll processing. As a result, employees without updated records were excluded from statutory NHIMA deductions.

The absence of system-enforced validation controls exposes the payroll to incomplete or inaccurate employee records. Failure to configure the PMEC system



to enforce mandatory NHIMA deductions results in non-compliance with statutory requirements, exposing the Government to penalties and surcharges from NHIMA. Moreover, affected employees may be deprived of access to essential health insurance benefits.

v. Failure to Deduct Funeral Contribution

According to PSMD Circular No B24 of 2015, funeral insurance was made compulsory for all Civil Servants, and the Funeral Assistance Scheme was to be administered and managed by Madison Life Insurance Company and Madison Asset Management Company. Under the scheme, funeral contributions are to be deducted from employees' salaries through the payroll system to ensure compliance and sustainability of the fund.

Contrary to the requirements of the scheme, a review of the Payroll Management and Establishment Control (PMEC) system revealed that 368 eligible officers had no funeral contributions deducted from their payslips. The lapse occurred because the PMEC system relies on end-users at ministries, provinces, and agencies to maintain employee details through SAP Info Types. In many instances, funeral contribution Info Types were not updated, and the system was not configured to make the completion of such fields mandatory for payroll processing. Consequently, affected employees were excluded from statutory deductions under the scheme.

Failure to configure the PMEC system with mandatory Info Type validation controls exposes the Government to non-compliance with the requirements of the Funeral Assistance Scheme. This may compromise the sustainability of the fund through under-collection and deny affected employees access to funeral benefits, thereby undermining their welfare.

vi. Failure to Automatically Disable Duty Facilitation Allowances for Officers on Separatees Payroll

Section 2(a) of the Public Service Management Division Circular No. B26 of 2022, stipulates that retired employees retained on the payroll pending pension benefits are only entitled to basic salary and housing allowance. The payroll system should



automatically disable duty facilitation allowances for officers moved to the separatees payroll.

It was observed that 155 officers were irregularly paid duty facilitation allowances totalling K403,867, despite having been moved to the separatees payroll. See Table 1 below.

Table 1: Failure to Automatically Disable Duty Facilitation Allowances for Officers on Separatees Payroll

No.	Description of Allowance	No. of Officers	Amount K
1	Rural Hardship	7	31,876
2	Remote Hardship	1	11,235
3	Double Class	2	5,227
4	Responsibility	1	1,254
5	Fuel	7	71,703
6	Commuted Night Duty	4	1,731
7	Acting Allowance	1	3,141
8	Transport	128	276,964
9	Combat	4	736
	Total	155	403,867

vii. Failure to Disable Payslips for Officers on Integration Default Position

According to the Payroll Management and Establishment Control (PMEC), an Integration Default Position is a non-funded position automatically created when an employee is terminated or separated from the payroll. This position exists solely for record-keeping purposes, and no payslips should be generated for salary payment.

However, it was observed that 343 officers placed on Integration Default Positions for periods ranging from one (1) to four (4) months received payslips and were paid salaries in amounts totalling K6,309,280, resulting in over-expenditure.

b. Weaknesses in the Configuration of SAP Application - Failure to Maintain Transaction Logs - IFMIS

ISO/IEC 27001:2022 (E) Appendix A.8.15 requires management to produce, store, protect, and analyse the logs of activities, exceptions, faults, and other relevant system events.



A review of the system revealed that no master data logs and transaction logs were recorded during the period under review. The failure to log critical information would result in the inability to trace unauthorised or suspicious changes to master data.

c. Weaknesses in BCP/DRP/Backup Administration

i. Lack of Offsite Backup

According to COBIT DSS04.07 Manage Backup Arrangements, institutions should define on-site and off-site backup storage requirements that meet business needs.

A review of the Ministry of Finance and National Planning's backup arrangements revealed that the Ministry uses Avamar as the data backup solution for IFMIS and PMEC.

However, in the event of an incident such as a fire at the Data Centre, the situation would result in a complete loss of the backup solution as there was no off-site backup. Although management indicated that plans were underway to identify a second geographical remote site for redundancy and rotation of backup tapes to SZI, this had not been implemented as at 31st August 2025.

ii. Lack of Insurance Cover for IFMIS Hardware Equipment

Regulation 41 (3) of the Public Finance Management (General) Regulations, 2020 states, "A public body shall ensure that an adequate budget provision is made for the insurance of public assets; and public assets are insured at reasonable value to avoid loss to Government."

Contrary to the Regulation, the Ministry of Finance and National Planning had not insured the IFMIS equipment at the Data Centre whose value could not be ascertained.

iii. Failure to Test Backups

According to COBIT 2019 DSS04.07 *Manage Backup Arrangements*, institutions should periodically test and refresh archived and backup data. Restoration testing is essential to confirm the ability to recover data following an incident.

A review of IFMIS backup and restore procedures for the period under review revealed that the Ministry of Finance and National Planning had not conducted any backup restoration tests. Consequently, in the event of an incident, there is a risk



that data may not be recoverable. Although management indicated that they will collaborate with SZI to ensure backups are tested, no testing had been done as at 31st August 2025.

8 Head: 37 Ministry of Finance and National Planning - Government Service Bus

8.1 Mandate

The Ministry of Finance and National Planning is mandated to perform several statutory functions that include preparation of the National Budget, National Planning, Economic Management, Resource Mobilisation, Debt Management and Public Finance Management.

8.2 Government Service Bus

The Ministry of Finance and National Planning uses the Government Service Bus (GSB) as a central digital infrastructure to streamline and enhance revenue collection across various government services. It allows citizens to access services online via the ZamPortal, which currently hosts over 322 services.

8.3 Audit Findings

A review of the accounting and other records on the implementation of the Government Service Bus and Payment Gateway for the period from 1st January 2023 to 31st December 2024 revealed the following:

a. Utilisation of the GSB

i. Revenue Collections

During the period under review, amounts totalling K1,406,508,871 and US\$7,590,601.63 were collected as online revenue from 202 services integrated into the GSB. See table 1 below.



Table 1: Revenue Collection

No.	Ministry	Amount US\$	Amount K
1	Ministry of Agriculture		1,932,856
2	Ministry of Commerce, Trade and Industry		121,587,687
3	Ministry of Green Economy and Environment		15,132,721
4	Ministry of Home Affairs and Internal Security	5,080,271.64	992,635,090
5	Ministry of Lands and Natural resources		76,545,065
6	Ministry of Mines		920
7	Ministry of Tourism	2,510,329.99	7,490,367
8	Ministry of Transport and logistics		178,763,814
9	Ministry of Water development and Sanitation		18,302
10	Patents and Companies Registration Agency		12,402,050
	Total	7,590,601.63	1,406,508,871

ii. Under Utilisation of Developed Services

A review of the performance statistics in the Zambia Integrated Government Services (ZIGS) revealed that twenty-one (21) developed services had not been utilised, after successful completion of the services, as shown in the table 2 below.

Table 2: Unutilised Developed Services

No	Department	Service Type	No. of Transactions Processed
1	Competition and Consumer Protection Commission	Application for an Exemption	1
2	Department of Fisheries and Livestock Marketing	Export Permit for Livestock	1
3	Department of Livestock Development	Artificial Insemination	1
4	Department of National Parks and Wildlife	Permit to Hunt in a Game Management Area	1
5	Department of National Parks and Wildlife	Professional Hunter's Licence	1
6	Department of National Registration, Passports, and Citizenship (Passport Office)	New Passport (over 16 years)	1
7	Department of Registration and Regulation	Investigation of Co-operative Affairs	1
8	Department of Tourism	Variation of Casino Licence	1
9	Department of Veterinary Services	Stock Movement Permit	1
10	Lands and Deeds Department	Deed of Easements	1
11	Lands and Deeds Department	Deed of Partition	1
12	Lands and Deeds Department	Defaced Title (Internal)	1
13	Lands and Deeds Department	Registration of the Common Leasehold Scheme	1
14	Occupational Safety and Health Services Department	Examination and Testing of Lifting Equipment	1
15	Patents and Companies Registration Agency	Notice of Appointment as Receiver, Liquidator or Business Rescue Administrator	1
16	Plant Quarantine and Phytosanitary Service	Registration of Treatment Facilities	1
17	Road Transport and Safety Agency	Motor Vehicle Licence ("Road Tax") Bulk Application	1
18	Road Transport and Safety Agency	Temporary Registration of Motor Vehicle	1
19	Seed Control and Certification Institute	Seed Import Permit	1
20	Water Resources Management Authority	Engineers and Drillers Registration	1
21	Zambia Tourism Agency	Transfer of Tourism and Hospitality Licence	1



Non-utilization of developed Government Service Bus services exposed the investment in the system to wastage as significant resources spent on development may not yield expected returns. In addition, the continued manual processing of cases in the concerned government departments translated into continued costs associated with manual payments, such as the cost of acquiring accountable documents i.e, receipt books.

iii. Weaknesses in Operations of GSB across Government Departments

A physical verification on the operations of GSB across Government Ministries, Department and Other Agencies revealed the following:

- **Ministry of Home Affairs and Internal Security - Failure to Access INRIS**

Objective 2.2 of the Contract Scope requires improving the National Identity Register (NIR) and expanding it to include up to one million verified digital identity records over three years, through the implementation of the Integrated National Registration Information System (INRIS) as the ‘single source of truth’ for personal identity verification.

However, as at 31st August 2025, INRIS had not been onboarded onto the GSB platform.

- **Non-Operationalisation of Admission of Guilt Service by Zambia Police Service**

Section 117 of the Road Traffic Act of 2002 stipulates that offences such as exceeding prescribed speed limits must be addressed in accordance with established procedures, including the issuance of fixed penalty notices and payment of fines as provided for under the Act. The collection of such fines constitutes a key enforcement and revenue function of the Zambia Police Service.

A review of the Admission of Guilt process revealed that, for speeding offences, offenders are issued a ZP Form 126 and required to make payments manually at designated ZANACO branches. Proof of payment must then be returned to the issuing police station for processing.



Although an automated Admission of Guilt Service has been developed on the Government Service Bus (GSB), the Ministry of Finance and the Zambia Police Service have not operationalised it and continue to rely on manual processes.

b. Weaknesses in Business Continuity and Disaster Recovery

A review of the Government Service Bus (GSB) revealed weaknesses in business continuity and disaster recovery processes. No Business Impact Analysis (BIA) had been conducted to assess the impact of disruptions on critical business functions or revenue collections, and neither the recovery time objective (RTO) nor the recovery point objective (RPO) were defined.

Further, although the Business Continuity and Disaster Recovery Plan (BCDRP) approved in 2024 requires regular testing, no tests had been carried out to evaluate the restorability of system components.

As a result, there is no assurance that GSB services could be recovered within an acceptable timeframe following a major disruption.

c. Irregularities in Management of Zambia Integrated Mining Information System (ZIMIS)

The contract for consultant services under the Government Service Bus (GSB) included development of the Zambia Integrated Mining Information System (ZIMIS) for the Ministry of Mines and Minerals Development (MMMD) to replace the Trimble Land Folio Licensing System.

ZIMIS, which was launched on 27th February 2025, was expected to integrate with other government systems and eliminate annual licence fees. However, due to instability experienced during live testing, the Ministry sought and was granted Treasury approval on 10th April 2025 to revert temporarily to the Trimble system for nine (9) months. The Ministry was directed to resolve outstanding issues, assign a dedicated project team, engage users for testing, and submit monthly progress reports to oversight authorities.



The following were observed in the development and implementation of this system:

i. Delayed Submission of Data Sets from Vendor

The vendor, Spatial Dimension in South Africa, delayed the submission of data from the Trimble Land Folio Licensing System to the Ministry for upload into ZIMIS. Further, it was not clear whether the full data set had been handed over, resulting in incomplete migration, data consistency gaps, and delays in achieving full system functionality.

ii. Use of Open-Source Maps

The developer implemented Open Layers Maps, an open-source mapping solution, which was not compatible with the existing cadastre mapping framework. This incompatibility created functional challenges, particularly affecting the calculation and payment of area charges.

iii. Deployment of Inconsistent Data Sets (Integration Challenges)

ZIMIS was designed to integrate with external data sources such as ZRA and PACRA for verification and validation. However, the Trimble Land Folio Licensing System operated as a standalone platform with non-standardized data formats that were not aligned to other systems. This mismatch in data structures created significant integration challenges during the migration process.

There was no evidence that management put in place procedures to ensure that data mapping, cleansing, and standardisation procedures were undertaken prior to migration.

iv. Inadequate Change Management

A review of the deployment processes for ZIMIS revealed gaps in change management. In particular, there was limited user engagement, insufficient training, and an absence of structured transition support to guide effective system adoption.



9 Head: 46 Ministry of Health – Smart Care Pro System

9.1 Mandate

The Ministry is mandated to provide equitable access to promotive, preventive, curative, palliative and rehabilitative quality health care services at all levels of service delivery.

9.2 Audit Findings

An examination of accounting and other records in the implementation of the Smart Care Pro revealed the following:

a. Strengthening Capacity for Health Information Systems Sustainability (SCHISS) Project

During the period under review, the Ministry rolled out the Smart Care System through the support from CDC. The SCHISS Project is designed to support the development, scale-up, and maintenance of the SmartCare Pro electronic health record system. Its key deliverables include gathering user requirements, developing and enhancing the system, expanding its deployment for wider national coverage, and providing continuous maintenance and technical support.

i. Lack of Government–Donor Governing Agreement (MoH–CDC)

Best practice requires a signed MoU, Grant Agreement, or addendum to define key aspects of system lifecycle management, including intellectual property (IP) and source code escrow, handover acceptance tests, funding for support and maintenance, training and skills transfer milestones, data governance and security obligations, service level agreements (SLAs), and exit or transition terms.

However, as at 31st August 2025, the Ministry did not provide the executed contract or MoU with CDC. In particular, there were no agreed provisions regarding:

- Ownership and custody of source code and repositories;
- Formal handover criteria and timelines;
- Funding and responsibility for post-handover maintenance and support;
- Required pre-handover training and certification of MoH/SZI ICT officers; and



- Change control, incident management, and service level commitments.

ii. Lack of MoH-Endorsed Project Charter

A project charter serves as the foundational document that defines a shared understanding of the project's purpose, scope, governance structure, decision-making authorities, timelines, dependencies, and success criteria.

It was observed that the Ministry of Health (MoH)/project did not have a formally developed and approved charter.

The absence of an MoH-endorsed charter increases the risk of scope creep, misaligned priorities, unclear accountability for key roles (including project sponsor, product owner, and technical authority), and delays in communication of risks. This gap undermines effective oversight and ownership by the Ministry as custodian of national health information systems.

iii. Unclear Project Site Implementation Targets

A review of the project implementation documentation revealed discrepancies in the reported targets for the number of health facilities under the SCHISS Project. While some records indicated a target of 400 facilities under CDC support and 600 facilities under the Smart Zambia Institute (Phase One total of 1,000), other records reflected different figures.

It was further observed that no consistent or formally agreed targets had been established for the number of health facilities to be implemented under the project. As of July 2025, a total of 1,615 facilities had been implemented under CDC support.

These inconsistencies create uncertainty regarding the actual implementation targets, complicating project planning, progress monitoring, and performance reporting. The absence of an agreed baseline also increases the risk of misaligned stakeholder expectations and weakens accountability for project outcomes.

iv. Lack of Deployment Information at Infratel

Best practices in IT project management requires maintaining a comprehensive and up-to-date IT asset register covering all hardware, software, databases, and related infrastructure, including details of configuration, ownership, and location.



Such a register is critical for capacity planning, skills transfer, effective support, and operational readiness after project handover.

A review of the project documentation, however, revealed that there was no clear record of the specific equipment, databases, or infrastructure deployed at the Infratel datacentre by the donor. Furthermore, this information was not made available to the Smart Zambia Institute and Ministry of Health ICT staff.

The absence of an IT asset register hindered the ability of MoH and SZI to verify the full scope of deployed assets and technical setup, thereby weakening accountability and preparedness for post-handover management.

v. Absence of a Documented User Maintenance Policy

ISO/IEC 27001:2022, Clause 5.2 (Policy) requires top management to establish information security policies appropriate to the organization, including commitments to access control and continual improvement. In addition, Annex A.5.18 (Access Rights) requires organizations to define, implement, and review rules for granting, modifying, and revoking user access rights, ensuring that only authorised individuals have appropriate privileges based on their roles.

It was observed that there was no documented User Maintenance Policy to guide the lifecycle management of user accounts.

The absence of the User Maintenance Policy could lead to adhoc and inconsistent management of users, increasing the likelihood of unauthorised access, accumulation of dormant accounts, misuse of privileged credentials, and weak accountability for system activities.

vi. Inconsistent User Account Management and Location Mapping

ISO/IEC 27001:2022 requires organizations to establish and enforce access control measures, including the management of user accounts and privileges. Specifically:

- *Annex A.5.15 (Access control):* “Access to information and other associated assets shall be limited to authorized users, processes, or devices, and to authorized activities and transactions.”



- *Annex A.5.18 (Access rights):* “Access rights to information and other associated assets shall be provided, reviewed, adjusted and removed in accordance with the organization’s access control policy.”

A review of user accounts in the SmartCare Pro system at ten (10) health facilities revealed the following:

- **Separated User Accounts Remaining Active:** Eleven (11) accounts belonging to officers who had separated from the institutions for more than five (5) months remained active as of June 2025. This indicates ineffective procedures for the timely deactivation or removal of accounts following staff exit, creating risks of unauthorized access.
- **Mismatch Between Physical and System Location:** A total of 1,000 user accounts showed physical locations in the SmartCare Pro system that did not correspond with the officers’ actual duty stations. This misalignment reduces the reliability of system audit trails, undermines accountability, and complicates the accurate tracing of user activities.

The absence of proper user maintenance controls and location mapping increases the risk of data misuse, unauthorized access, and compromised system integrity.

vii. Granting of Excessive User Rights

ISO/IEC 27001:2022 Annex A.5.18 (Access Rights) requires organizations to restrict access in line with the principle of “least privilege,” ensuring users are granted only the access necessary for their roles. In addition, Annex A.8.2 (Privileged Access Rights) provides that privileged rights must be carefully allocated and managed to minimize the risk of misuse. Collectively, these controls are intended to enforce segregation of duties, reduce opportunities for fraud, and strengthen accountability.

A review of user roles in the SmartCare Pro system revealed that all users at Sinda Urban, Kapata, and Malamba Clinics were assigned end-to-end system rights. This configuration permitted individual users to:

- Register patients,
- Conduct investigations,
- Prescribe medication, and



- Dispense medicines.

Such unrestricted access undermines segregation of duties and exposes the system to significant risks, including the potential creation of false patient records to facilitate pilferage or diversion of medicines.

viii. Failure to Define Specific Roles of System Users

COBIT 2019 DSS06.03 Manage roles, responsibility, access privileges and levels of authority requires management to allocate roles and responsibilities based on approved job descriptions and business process activities.

An audit of user role configurations revealed that 2,002 officers had been created on the system without assigned roles or responsibilities. These accounts were not mapped to approved job descriptions or linked to defined business processes.

The absence of clearly defined roles and responsibilities increases the risk of users executing unauthorised or inappropriate transactions. This weakens internal controls, undermines system integrity, and exposes the organisation to both operational and compliance risks.

ix. Shared Use of 528 Administrative Accounts

ISO/IEC 27001:2022 Annex A.5.18 (Access Rights) requires that access to information systems is granted, modified, and revoked in accordance with approved authorization processes, ensuring accountability of individual users. Further, the Zambia Health Data Governance Framework (2021) emphasizes that health information systems must maintain data integrity, confidentiality, and accountability by ensuring that system access is restricted to authorized and identifiable individuals.

A review of the SmartCare Pro system revealed that 528 administrative (admin) accounts had been created across various health facilities. It was further noted that these accounts were shared among multiple individuals, contrary to best practices requiring individual user accountability.

The use of shared admin accounts makes it difficult to attribute system activities to specific individuals, thereby undermining accountability. This increases the



risk of unauthorized access, manipulation of patient data, and concealment of malicious activity.

x. Failure to Create User Accounts at Health Facilities

ISO/IEC 27001:2022 Annex A.5.18 (Access Rights) requires organizations to implement and manage access rights to ensure that users can access only the information necessary for their roles. Similarly, the Zambia Health Data Governance Framework (2021) stresses that user account management in health information systems must provide authorised health workers with appropriate system access to perform their duties effectively.

A review of SmartCare Pro deployment records revealed that the Ministry had not created 207 user accounts across 73 health facilities. As a result, authorised health workers at these facilities lacked credentials to access the system.

Without system credentials, health workers cannot capture, retrieve, or update patient records electronically. This results in continued reliance on manual processes, delayed service delivery, fragmented patient histories, and potential data integrity issues in the system.

xi. Inadequate Power Backup and System Availability

COBIT 2019 DSS01.05 (Manage Facilities) requires management to ensure that IT facilities are supported by more than one source of dependent utilities, such as electricity to safeguard system operations. Similarly, Section 6.3 (Non-Functional Requirements) of the SmartCare Pro Business Requirements Document specifies that the system must achieve high availability (99.99% uptime) through failover solutions such as dual SIM routers, redundant servers, and power backup systems, to ensure uninterrupted access.

A physical inspection conducted in July 2025 revealed that 209 facilities did not have any form of alternative power backup. As a result, these facilities experienced frequent interruptions in access to the SmartCare Pro system during power outages, leading to non-utilisation or limited utilisation of the system.



xii. Inadequate Equipment for SmartCare Pro Implementation

According to COBIT 2019 BAI09.02 (Manage Critical Assets), management is required to identify assets that are critical to service delivery, assess risks of failure, incorporate planned downtime, establish preventive measures, and monitor the performance of such assets. It was observed that key assets such as end-point devices necessary for health workers to capture and manage patient information across various service points were not adequate.

The implementation of SmartCare Pro at health facilities required the installation of end-point devices in key service areas where health workers interact with patients, including the Registry, Vitals, HIV Testing, Antenatal, Laboratory, ART, Labour and Delivery, Partograph, Nursing Care, Investigations, Under-Five, Paediatrics, Pharmacy, and Surgery departments.

A physical inspection conducted at 105 facilities revealed a deficit of 760 end-point devices. As a result, the SmartCare Pro system was largely restricted to use in the ART sections only.

xiii. Failure to Timely Resolve System Incidents

Section 10.11.3 of the SmartCare Service Desk and Incident Management Standard Operating Procedure (SOP) requires incidents to be resolved within a maximum period of fourteen (14) days. In addition, the Zambia Health Data Governance Framework and the Data Protection Act No. 3 of 2021 emphasize system reliability, data integrity, and timely response to incidents affecting health data.

A review of the incident status report for June 2025 revealed that 127 cases remained unresolved for periods ranging from one (1) to seven (7) months. These unresolved incidents included module errors, network connectivity failures, and application errors, all of which directly impact the functionality and reliability of the SmartCare Pro system.

The delays were attributed to inadequate enforcement of the incident resolution timeframe and absence of effective escalation procedures within the Service Desk operations. The prolonged failure to resolve system incidents disrupts service delivery and erodes stakeholder confidence in the reliability of SmartCare Pro.



xiv. Delayed Data Migration from SmartCare Plus and Legacy Systems to SmartCare Pro

The 2024–2025 SmartCare Pro Implementation Plan required the collection of database dumps from all SmartCare Plus sites and their synchronization with the SmartCare Pro database to be completed by January 2025.

Inquiries with management revealed that as of June 2025, the migration of data from SmartCare Plus and other legacy systems to SmartCare Pro had not been completed. The delay in delivering a critical project milestone undermines the objectives of the Digital Health Strategy (2022–2026), which prioritizes timely access to quality health data to support evidence-based clinical and administrative decisions.

The failure to complete data migration in a timely manner exposes the project to significant risks, including missing patient histories, inaccurate or incomplete health reports, and compromised clinical and administrative decision-making due to unreliable data.

This situation also contravenes the principles of the Zambia Health Data Governance Framework, which requires accurate, consistent, and complete health data to safeguard data integrity and ensure quality reporting.

xv. Under Utilisation of the System

According to the SmartCare Pro deployment plan, the system was intended to function as a centralized electronic health record platform across multiple service delivery points in health facilities, supporting comprehensive patient data management, improved clinical workflows, and enhanced decision-making.

However, a physical inspection of fifty (50) health facilities across ten (10) provinces revealed that, as of July 2025, the system was either being used in only one department (such as Out-Patient or Registry) or not used at all. This demonstrated that despite significant investment in infrastructure, software deployment, and staff training, the intended objective of nationwide adoption of a centralized health record system has not been fully achieved.



xvi. Failure to Timely Conclude Outstanding Works

The SmartCare Pro User Acceptance Testing (UAT) Report dated 14th February 2025 revealed that five (5) system modules contained incidents that failed the UAT process and were still under resolution by the consultant. See table 1 below.

Table 1: Incidences for Failed User Acceptance Test

No	MODULE/PROCESS TESTED	INCIDENT DESCRIPTION	INCIDENT STATUS	DATE OF RESOLUTION	COMMENTS
1	Family and Social History (TBServices)	Missing Family and Social History Section	Open	Pending	Needs system update to allow data entry.
2	DOT Plan (TBServices)	Once the DOT Plan is entered, it becomes locked and is no longer visible for re-entry or editing.	Open	Pending	Editing functionality needs to be enabled.
3	TB Follow-up (Paediatric)	TB Follow-up module does not allow proper data retrieval for prior visits.	Open	Pending	System logic requires adjustment for follow-up visits.
4	TB Initial (Adult)	Initial TB diagnosis does not auto-populate previously confirmed TB case details.	Open	Pending	System should fetch TB history automatically.
5	Cervical Cancer Screening	The Cervical cancer screening module does not display previous test history.	Open	Pending	Test history should be accessible for clinical decision-making.

As at 31st July 2025, the incidents had not been resolved and prolonged the transition of the system from testing to full operational readiness.

xvii. Failure to Configure Unique Patient Identifier – Registry Module

According to the documented user requirements, the *Registry Module* of the SmartCare Pro system is intended to capture and validate key patient identification details. These include patient name, date of birth, gender, National Registration Card (NRC) number, country of origin, under-five number, contact number, physical address, and biometric data. The module was designed to ensure that each patient is uniquely identified and that duplicate or incomplete records are avoided.

A review of the record-capturing process revealed that the system does not enforce mandatory fields for patient identification in that users are able to proceed with registration without completing the key fields.

xviii. Lack of Data Integrity

A walkthrough of the SmartCare Pro system conducted at Kabwata and Malamba Clinics revealed multiple instances of functional instability and data integrity weaknesses.

The following issues were noted:



- Inconsistent Outputs ART Module: The patient register pulled records of patients not belonging to the facility while omitting legitimate patients, resulting in inaccurate registers.
- Failure to Update Reports in Real Time: The patient detail edit function was not enabled, preventing updates to patient status after clinical tests, thereby limiting accuracy of patient histories.
- Laboratory Reporting Gaps: No reports were being generated under the laboratory section, undermining diagnostic visibility.
- Delayed Data Refresh: System reports took up to 24 hours to reflect changes in patient records, undermining real-time decision-making.
- Slow System Performance: The system was slow in processing patient registrations and capturing clinician comments, affecting workflow efficiency.

xix. Failure to Interface Systems

Section 7.2 of the *SmartCare Pro Business Requirements Document* specifies that the system must support interoperability with national health systems through standards-based integrations. The required interfaces include:

- ZLIS/DISA (Lab System): Using HL7 FHIR standards for automated test ordering, results sharing, and patient data synchronisation.
- eLMIS (Logistics): For automated, real-time inventory management to prevent stock-outs.
- DHIS2 (National Health Reporting): To ensure timely transfer of facility data for national health monitoring.
- National Biometric System: To enable consistent patient identification across facilities, compliant with ANSI/NIST-ITL biometric standards.
- National Data Warehouse (NDW): To provide continuous synchronisation for national-level aggregation and analysis.

A review of SmartCare Pro implementation status revealed that, as at 31st July 2025, the system had not achieved interoperability with ZLIS/DISA, eLMIS, DHIS2, the National Biometric System, or the NDW.



xx. Failure to Implement System Offline Capabilities

The SmartCare Pro Business Case and Implementation Plan required the system to include offline functionality to support facilities in areas with limited or no internet connectivity. This feature was intended to allow health workers to capture patient information offline and automatically synchronize the data with the central system once connectivity was restored. The requirement aligns with Zambia's Digital Health Strategy (2022–2026), which promotes equitable access to electronic health records across both urban and rural facilities, as well as with the Zambia Interoperability and Health Data Governance Frameworks, which mandate service continuity and completeness of health data.

A review of the implementation status revealed that the offline functionality had not been developed. Consequently, health workers in remote facilities continued to rely on manual registers when connectivity is unavailable. These encounters were often not entered into the SmartCare Pro system, resulting in data gaps.

b. Delayed implementation of the Project - Advancing Digital Health Information Systems Sustainability (DHISS) Project

The Advancing Digital Health Information Systems Sustainability Project is managed by the Smart Zambia Institute (SZI). The project aims to accelerate the digital transformation of Zambia's health sector through the nationwide deployment of the SmartCare Pro electronic health record system.

In May 2024, SZI awarded a three-year contract (2024–2027) valued at K360,000,000 to the Institute for Health Measurement Southern Africa (IHMSA) for the rollout of SmartCare Pro to 600 health facilities. IHMSA was mandated to ensure full operational readiness at each facility by installing all required hardware and software, completing system configuration, and training at least 75% of healthcare workers at targeted sites to competently use the system.

As at 31st July 2025, amounts totalling K54,736,000 had been paid to IHMSA leaving a balance of K305,264,000.

The scope of the contract included rolling out the Smart Care Pro to 600 facilities located in Luapula, Northern, Muchinga, Western and Northwestern Provinces. Further, detailed scope of works included the following:



- Logistics and staff preparation for rolling out of Smart Care Pro in 600 facilities,
- Roll out plan for each province, Deployment checklists, Operational analysis,
- LAN installation, Equipment deployment (Laptops, Routers and micro servers),
- Staff training and preparation training reports, Ongoing maintenance,
- Phasing out legacy system, setting up devices for use by health facilities, migrating data from legacy to smart care pro and going live, and
- Training for 3 days per facility.

The following were observed:

i. Insufficient Funding - DHISS Project

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K120,000,000 was made to cater for operations of the DHISS Project, against which amounts totalling K54,736,000 were released, representing 45.6% of the approved allocation.

This shortfall in funding led to delays in project implementation and limiting progress towards the planned deployment of SmartCare Pro in the 600 targeted facilities.

ii. Failure to Distribute Equipment to Health Facilities – DHISS Project

The Zambia Digital Health Strategy (2022–2026) identifies ICT infrastructure as a critical enabler for improving healthcare delivery, mandating timely deployment of digital health equipment to ensure efficient, data-driven, and equitable health services.

A review of records revealed that in March 2025, the Institute for Health Measurement Southern Africa (IHMSA) procured tablets, laptops, and desktop computers valued at K54,736,800 for distribution to health facilities under the DHISS Project.

As at 31st July 2025, the procured equipment remained in storage at IHMSA and had not been distributed to the intended facilities.

Consequently, targeted health facilities continued to operate with manual systems despite the availability of modern ICT equipment.





PART III

REVENUE

PARAGRAPHS







10 Head: 37 Ministry of Finance and National Planning – Zambia Revenue Authority

10.1 Mandate

The Zambia Revenue Authority (ZRA) is mandated to assess, charge, levy and collect all revenue due to the Government under such laws as the Minister may, by statutory instrument, specify; to ensure that all revenue collected is, as soon as reasonably practicable, credited to the Treasury; and to perform such other functions as the Minister may determine.

The ZRA has the responsibility of enforcing tax compliance and collecting taxes, related fines and penalties on behalf of the Government in accordance with Section 11 of the Zambia Revenue Authority Act Chapter 321 of the Laws of Zambia.

10.2 Budget against Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a revenue provision of K125,340,809,779 was made against which amounts totalling K130,958,663,809 were collected resulting in a positive variance of K5,617,854,030. See table 1 below.



Table 1: Revenue Budget against Actual Collection

No.	Description	Estimates K	Actual Collection K	Variance K
1	Company Tax	25,680,487,986	19,984,017,602	(5,696,470,384)
2	Individuals (Self-Employed)	275,000,332	335,456,953	60,456,621
3	Pay As You Earn	23,714,783,839	24,852,023,052	1,137,239,213
4	Withholding Tax (Rent, Interest and Royalties)	8,751,292,440	10,351,786,961	1,600,494,521
5	Withholding Tax (Dividends)	1,398,026,727	1,611,618,416	213,591,689
6	Withholding Tax (Lump Sum Payment)	142,649,818	185,137,897	42,488,079
7	Withholding Tax- Rental Income	500,674,419	729,902,672	229,228,253
8	Withholding Tax (Contractors)	438,973,825	572,870,433	133,896,608
9	Property Transfer Tax	392,446,237	802,289,490	409,843,253
10	Insurance	253,259,592	405,907,304	152,647,712
11	Advance Income Tax	27,682,318	14,136,124	(13,546,194)
12	Customs Duty	6,888,849,203	7,388,186,806	499,337,603
13	Excise Duty -Soft Drinks	116,726	133,194	16,468
14	Excise Duty -Cigarettes	254,156,242	225,233,890	(28,922,352)
15	Excise Duty -Opaque Beer	43,192,199	27,340,148	(15,852,051)
16	Excise Duty -Clear Beer	1,566,960,915	1,487,995,216	(78,965,699)
17	Excise Duty -Hydro-Carbon Oils	910,977,935	768,277,141	(142,700,794)
18	Excise Duty -Spirits	173,873,082	352,950,005	179,076,923
19	Rummage Sales	1,489,217	1,184,253	(304,964)
20	Fines, Penalty and Interest	93,138,243	80,170,166	(12,968,077)
21	Warehouse Rent	1,317,155	2,441,168	1,124,013
22	Accounting Fees	6,739,526	11,847,618	5,108,092
23	Licence Fees	13,854,121	8,402,542	(5,451,579)
24	Other Revenue	296,746	3,296,586	2,999,840
25	Excise Duty - Motor Vehicles	871,118,114	805,112,773	(66,005,341)
26	Excise Duty - Electrical Energy	409,373,422	745,350,437	335,977,015
27	Excise Duty - Water	778,034	728,037	(49,997)
28	Excise Duty - Wine	278,890,174	378,150,384	99,260,210
29	Excise Duty - Air time	1,772,824,024	2,281,301,990	508,477,966
30	Excise Duty - Cosmetics	84,130,507	91,294,694	7,164,187
31	Excise Duty - Carbon	267,136,650	38,587,627	(228,549,023)
32	Export Duty - Copper Concentrates	62,886,579	95,018,763	32,132,184
33	Excise duty - Plastic sacks	69,796,473	78,750,147	8,953,674
34	Excise duty Gases	6,049,419	7,536,623	1,487,204
35	Export Duty - Timber	57,726,327	69,609,570	11,883,243
36	Excise Duty - Cement & Cement Clinker	60,303,729	34,494,077	(25,809,652)
37	Excise Duty - Juices	2,509,810	3,422,161	912,351
38	Export Duty - Hides	207,002	482,441	275,439
39	Export Duty - Precious Minerals & Anodic Slimes	29,212	-	(29,212)
40	Non-Alcoholic Beverages	27,856,319	52,722,339	24,866,020
41	Excise duty- Cement	-	27,987,301	27,987,301
42	Excise Duty - Milk	-	38	38
43	Excise Duty - Coal	29,196,290	70,207,779	41,011,489
44	Mineral Royalty Tax	10,004,179,542	11,538,229,631	1,534,050,089
45	Domestic VAT	13,520,906,735	9,804,285,524	(3,716,621,211)
46	Import VAT	22,840,954,481	31,311,736,954	8,470,782,473
47	Fuel Levy	1,463,578,177	1,731,272,729	267,694,552
48	Motor Vehicle - License	209,511,287	68,875,648	(140,635,639)
49	Motor Vehicle Surtax	134,111,770	97,986,143	(36,125,627)
50	Selected Goods Surcharge	1,341,652,682	1,008,003,349	(333,649,333)
51	Skills Development Levy	268,248,591	350,406,628	82,158,037
52	Tourism Levy	26,615,586	64,504,384	37,888,798
	Total	125,340,809,779	130,958,663,809	5,617,854,030

However, despite an overall positive variance of K5,617,854,030, eighteen (18) revenue categories recorded negative variances as shown in table 2 below:



Table 2: Revenue Categories with Negative Variances

No.	Description	Estimates K	Actual Collection K	Variance K
1	Company Tax	25,680,487,986	19,984,017,602	(5,696,470,384)
2	Advance Income Tax	27,682,318	14,136,124	(13,546,194)
3	Excise Duty -Cigarettes	254,156,242	225,233,890	(28,922,352)
4	Excise Duty -Opaque Beer	43,192,199	27,340,148	(15,852,051)
5	Excise Duty -Clear Beer	1,566,960,915	1,487,995,216	(78,965,699)
6	Excise Duty -Hydro-Carbon Oils	910,977,935	768,277,141	(142,700,794)
7	Rummage Sales	1,489,217	1,184,253	(304,964)
8	Fines, Penalty and Interest	93,138,243	80,170,166	(12,968,077)
9	Licence Fees	13,854,121	8,402,542	(5,451,579)
10	Excise Duty - Motor Vehicles	871,118,114	805,112,773	(66,005,341)
11	Excise Duty -Water	778,034	728,037	(49,997)
12	Excise Duty - Carbon	267,136,650	38,587,627	(228,549,023)
13	Excise Duty - Cement & Cement Clinker	60,303,729	34,494,077	(25,809,652)
14	Export Duty - Precious Minerals & Anodic Slimes	29,212	-	(29,212)
15	Domestic VAT	13,520,906,735	9,804,285,524	(3,716,621,211)
16	Motor Vehicle - License	209,511,287	68,875,648	(140,635,639)
17	Motor Vehicle Surtax	134,111,770	97,986,143	(36,125,627)
18	Selected Goods Surcharge	1,341,652,682	1,008,003,349	(333,649,333)
	Total	44,997,487,389	34,454,830,260	(10,542,657,129)

10.3 Audit Findings

An examination of accounting and other records maintained at the Zambia Revenue Authority Headquarters and selected stations revealed the following:

a. Administration of Income Tax - Company Tax

Section 46 (1) and (4) of the Income Tax Act Chapter 323 of the Laws of Zambia provides that every person liable to tax for any charge year, shall remit, along with such return, payment equal to the balance of tax liability due to the Commissioner-General not later than 30th June following the end of the charge year.

However, the following were observed:

i. Payments Not Accompanied with Tax Returns

A review of the rental income schedule revealed that taxpayers paid amounts totalling K35,599,978 involving 2,053 transactions, without corresponding returns and further, no tax assessments were done by the Authority contrary to the provision of the Act.

In this regard, it was not possible to establish the accuracy of the tax liabilities in the absence of the tax returns.



ii. Filed Returns without Payments

During the period under review, returns in amounts totalling K4,398,537,661 in respect of various taxes were filed with ZRA. See table 3 below.

Table 3: Filed Returns without Payments

No.	Tax Type	No. of Transactions	Return Amount K
1	Rental Income	102	6,396,425
2	Withholding VAT	95	627,733,249
3	Reverse VAT	35	452,423,411
4	VAT	2645	3,170,750,448
5	Excise Duty	57	130,933,661
6	Insurance Premium	83	8,820,593
7	Tourism Levy	1089	1,479,874
	Total	4106	4,398,537,661

However, as at 31st August 2025, the liabilities that accrued from the filed returns had not been settled.

b. Debt Management - Failure to Collect VAT

Section 8.1 of the VAT Guide states that tax due including interest and penalties is a debt to the Republic and is recoverable by the Commissioner-General.

A review of the schedule of returns for two (2) tax types revealed that taxpayers filed returns in amounts totalling K1,358,311,190 involving seventy-four (74) transactions during the period under review. However, no payments had been made as at 31st August 2025.

c. Customs Duty

Section 201.077 of the Compendium Policies and Procedures states that foreign vehicles transiting through Zambia have only up to five (5) days to make exit whereas those destined to Zambia can only stay up to ten (10) days with a possibility of extending where there are good reasons to justify such extension. The stay of foreign vehicles destined to Zambia cannot be extended beyond thirty (30) days otherwise such vehicles would be required to be entered for consumption in line with Section 32 of the Customs and Excise Act and Regulation 16 of the General Regulations.

However, the following were observed:



i. Failure to Monitor Transits

A review of the schedule of transits on ASYCUDA World revealed that twenty-six (26) transits destined to the Democratic Republic of Congo, Tanzania and Malawi with a guaranteed tax amount of K10,911,283 with various exit dates ranging from February 2024 to February 2025, had not exited the country as at 31st August 2025.

In this regard, there was a potential loss of revenue amounting to K10,911,283.

Although the Authority explained that the exits did not happen because there were appeals, breakdowns of trucks and detention by ZRA, no evidence was provided to support this submission.

ii. Failure to Adhere to the Requirement of the Fees and Fines

ZRA Revised Fees and Fines describes the fee to be paid on any vehicle and/or goods that remain in Zambia beyond the authorised period per day.

Statutory Instrument (SI) No. 25 of 2024 Fees and Fines (Fee and Penalty Unit Value) revised the value of the Fee Unit from thirty (30) ngwee to forty (40) ngwee.

As such ZRA revised fees to be paid on any vehicle and/or goods that remained in Zambia beyond the authorised period (per day), among others from K900 to K1,200.

A review of the updated schedule of the Removals In Bond (RIBs) and Removals In Transit (RITs) revealed that twelve (12) transits remained in Zambia beyond the authorised period by between 57 and 319 days.

As of 31st March 2025, the Removals in Transit (RITs) and RIBs had changed the status from departed to acquitted. However, management did not avail documentary evidence such as a receipts to show that the consignees paid K1,200 per day on the goods that remained in the country beyond the authorised exit date.

In this regard, the Authority lost revenue in amounts totalling K1,827,840 because of the failure to adhere to the guidelines on Fees and Fines.



iii. Imports Assessed Not Paid

Section 601.068 of the Compendium of Policies and Procedures requires that when an entry is registered on ASYCUDAWorld within the statutory 15 days, duties together with any other taxes on those goods must be paid within three days from the date of issuance of assessment notice. If the assessed amount is not settled within this specified period, late payment penalties will have to be paid as provided for in Section 171 of the Customs and Excise Act.

It further provides that where such an entry remains outstanding after 15 days from the date of Registration on the ASYCUDAWorld, goods covered by such an entry will be liable to seizure.

A review of the schedule of imports on ASYCUDAWorld revealed that thirty eight (38) imports for final consumption in Zambia were assessed with the expected amount of tax amounting to K43,385,808. As such, the payment of assessed taxes delayed by an average of six (6) months.

Contrary to the Policies and Procedures, as at 31st August 2025, the assessed amount had not been paid. Further, the Authority did not avail for audit correspondence to show that the imported goods in question were seized.

iv. Temporal Imports Permits

A review of a schedule of temporary imports revealed that taxpayers imported crane lorries and concrete mixers among others, with the value for duty purposes of K2,817,790.

The imports were issued with TIPs valid for a period of twelve (12) months, the last of which expired on 31st March 2025. However, as at 31st August 2025, there was no evidence to show that the TIPs had been extended or that the applicable duties had been paid.

v. Missing Motor Vehicles Imported Under Integrated Border Declaration Form

Section 1101.044 of the Compendium of Policies and Procedures (CPP) under remission of duty on motor vehicles imported by visitors and tourists stipulates that where such motor vehicles remain in the country beyond the authorised



period without permission from Customs, a penalty fee shall be charged. Any vehicle that remains in Zambia beyond 10 days after the authorised period shall be liable to seizure. Further, it stipulates that such vehicles shall be deemed to have been imported and will be subject to the payment of full duty.

A review of the schedule of motor vehicles imported under the Integrated Border Declaration Form (IBDF) facility revealed that the period of stay for 155 vehicles had expired for periods ranging from 61 to 434 days.

As at 31st August 2025, the motor vehicles had not been accounted for.

vi. Failure to Dispose Gazetted Goods

In line with Section 162 of the Customs Excise Act, the Government through various Gazette Notices gave notice of offer for sale of goods under seizure listed under Chirundu, Livingstone, Katimamulilo and Ndola respectively unless duties, charges and other legal obligations due on them were paid for within a period of thirty (30) days from the publication of the respective notices.

However, the following were observed:

- **Chirundu**

A physical inspection conducted in April 2025 revealed that thirteen (13) motor vehicles valued at K1,518,922 and various other goods valued at K1,160,343 were still under the custody of the Authority, on average 156 days after the issuance of the Gazette Notice. Consequently, among the motor vehicles in the custody of the Authority, were four (4) motor vehicle valued at K411,892 which were cannibalised. See pictures below.



Cannibalised motor vehicles

- **Livingstone**

A physical inspection conducted in April 2025 revealed that twelve (12) motor vehicles valued at K2,953,321 and various other goods valued at K6,838,298 were still under the custody of the Authority, on average 156 days after the issuance of the Gazette Notice. Consequently, among the goods in the custody of the Authority were goods valued at K299,845 which had expired at the time of audit verification. See picture below.



Expired Beverages

- **Katima Mulilo**

A physical inspection conducted in April 2025 revealed that twenty-four (24) motor vehicles valued at K3,092,633 and various other goods valued at K1,939,477 were still under the custody of the Authority, on average 156 days after the issuance of the Gazette Notice. Consequently, among the goods in the custody of the Authority were good valued at K78,675 which had expired and motor vehicles valued at K426,000 had been damaged at the time of audit verification. See picture below.



Expired Goods



Damaged Motor Vehicles

- **Kasumbalesa**

A physical inspection conducted in April 2025 revealed that forty-nine (49) motor vehicles valued at K1,250,916, thirty (30) motorcycles valued at K252,908 and various goods valued at K1,810,005 were still under the custody of the Authority, on average 156 days after the issuance of the Gazette Notice. Consequently, among the goods in the custody of the Authority were goods valued at K205,750 which had expired.

- **Kitwe**

A physical inspection conducted in April 2025 revealed that four (4) motor vehicles valued at K793,279 and various goods valued at K181,000 were still under the custody of the Authority, on average 156 days after the issuance of the Gazette Notice. Consequently, among the goods which included cooking oil, soap and perfume in the custody of the Authority valued at K624,821 had expired.

- **Ndola**

A physical inspection conducted in April 2025, revealed that twelve (12) motor vehicles valued at K390,454 and 732 x 25 kg bags of mealie meal, valued at K1,188,372, were still under the custody of the Authority, on average 156 days after the issuance of the Gazette Notice. However, as at 31st March 2025, all the bags of mealie meal had expired. Consequently, the Government lost revenue in amounts totalling K1,188,372. See pictures below.



Bags of mealie meal which had expired

d. Excise Duty

Section 108 (3) and (8) of the Customs and Excise Act Chapter 322 states that the return and entry shall be submitted on or before the twentieth (20) day of the month following that month to which the return relates and any amount of duty and surtax on the return shall be due and payable within five days of the issue of a notice of an assessment.

The Act further states that a licensed manufacturer who fails to lodge a return within the time allowed shall pay additional duty consisting of one thousand penalty units, and an additional one thousand penalty units for each day the return is not lodged.

The following were observed:

i. Failure to Invoke the Provisions of the Act

A review of Local Excise Duty schedule revealed that four (4) taxpayers delayed in submitting returns for periods ranging from sixteen (16) to 365 days. As at 31st March 2025, management did not avail documentary evidence to show that provisions of the Act were invoked by charging the additional duties.

ii. Exports Assessed Not Paid

Section 701.074 of the Compendium of Policies and Procedures provides that export duties are payable on commodities when they originate and are exported from Zambia.

A review of the schedule of exports on ASYCUDAWorld revealed that exports of various minerals involving ten (10) transactions were assessed between January and December 2024 with the expected amount of export duty to be paid amounting to K1,547,677. As such, the payment of assessed taxes delayed on an average of six (6) months.



Contrary to the Policies and Procedures, as at 31st August 2025, the assessed amount had not been paid and further, the Authority did not avail for audit correspondence to show that the exported minerals in question were seized.

e. Irregularities in the Administration of Non-Tax Revenue – Failure to Collect Mineral Royalty Tax

Section 6 of the Mineral Royalty (Guide) states that every holder of large-scale mining license, small-scale mining license, gemstone license, Mineral trading permit or artisan mining right is required to submit a monthly mineral royalty return within fourteen (14) days after the end of the month in which the sale of the minerals is done. Where the mining license holder has not sold any minerals, they are still required to submit a nil return, failure to which estimated assessments will be issued.

A comparison of data relating to thirty one (31) mining companies that filed nil returns with the Authority against records at the Ministry of Mines and Mineral Development revealed that the companies were issued with export permits and exported minerals such as copper, manganese and cobalt with a total export value of US\$4,375,828,847. Consequently, the Authority was deprived of mineral royalties amounting to US\$12,113,924.

f. Insurance Premium Levy - Failure to Conduct Enforcement Measures

Section 7 of the Insurance Premium Levy Act No. 21 of 2015 stipulates that a 3% levy shall be charged, levied, collected and paid, on insurance premiums in respect of insurance policies for all classes of insurance business carried on by insurers, insurance agents or brokers. The levy is due at the time when an insurance premium is paid or becomes payable and shall be remitted by the insurer, insurance agent or broker to the Commissioner-General not later than the fourteenth day of the next month following the month in which the levy becomes due.

Contrary to the Act, a total of 310 (premium levy – 10 and tourism levy – 300) taxpayers in the tourism industry whose status on Taxonline 2 (taxpayer register) was active had not filed tax returns as at 31st August 2025. However, the Authority did not undertake any enforcement measures on the said taxpayers.



11 Head: 37 Ministry of Finance and National Planning - National Road Fund Agency

11.1 Mandate

The National Road Fund Agency (NRFA) is mandated to mobilise, administer, and manage all financial resources in the road sector. The Agency draws its mandate from the National Road Fund Act No.13 of 2002 regarding revenue collections.

11.2 Budget against Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024 a total revenue provision of K2,554,126,310 was made against which amounts totalling K4,094,759,526 were collected resulting in an over collection of K1,540,633,215. See table 1 below.

Table 1: Road Fund Revenue Projections and Collections Analysis

No.	Station	Budgeted Amount K	Actual Collection K	Variance K
Toll Fees				
1	Shimabala	126,508,113	213,484,095	86,975,982
2	Kafulafuta	78,226,107	180,319,522	102,093,415
3	Manyumbi	73,787,163	171,622,529	97,835,366
4	Chilonga	50,029,295	101,456,266	51,426,971
5	Mumbwa	14,778,839	18,455,955	3,677,116
6	Katuba	81,140,861	189,601,698	108,460,837
7	Kateshi	11,392,083	23,168,952	11,776,869
8	Kalense	11,050,313	19,142,169	8,091,856
9	Chembe	13,409,421	27,644,160	14,234,739
10	Chongwe	43,306,592	59,927,089	16,620,497
11	Kakonde	8,052,189	17,200,304	9,148,115
12	Micheal Chilufya Sata	148,529,208	239,859,157	91,329,949
13	Humphrey Mulemba	29,521,310	54,210,118	24,688,808
14	Tapo	1,629,228	2,170,265	541,037
15	Mweeke	8,056,410	11,229,648	3,173,238
16	Lui	5,776,563	7,015,343	1,238,781
17	Daniel Mukombwe	42,565,674	78,635,489	36,069,815
18	Enock Kavindele	32,032,100	61,677,278	29,645,178
19	Mpongwe	6,026,393	10,212,714	4,186,321
20	Ntoposhi	8,654,372	16,303,638	7,649,266
21	Wilson Mofya Chakulya	86,340,722	124,057,812	37,717,091
22	Mibenge	5,702,626	10,796,816	5,094,190
23	Reuben Chitandika Kamanga	14,936,692	19,653,903	4,717,211
24	Alexander Grey Zulu	18,773,333	30,907,157	12,133,823
25	Kebby Musokotwane	35,597,820	69,400,758	33,802,938
26	George kunda	61,945,751	112,349,745	50,403,994
27	Sabina	75,248,540	132,026,764	56,778,224
28	Kapiri and Kafulafuta Weighbridges (Extentions)	-	3,022,593	3,022,593
Sub-Totals		1,093,017,718	2,005,551,939	912,534,221
Ports of Entry				
1	Port of Entry (Toll Fee Revenue)	1,414,420,628	1,992,787,692	578,367,064
Weighbridge Fines				
2	Weighbridge Revenue	46,687,964	96,419,895	49,731,931
Grand Totals		2,554,126,310	4,094,759,526	1,540,633,215



11.3 Audit Findings

An examination of accounting and other records maintained at the National Road Fund Agency Headquarters, selected toll stations, boarder posts and weighbridges across the country, revealed the following:

a. Irregularities in Revenue Collections – Tolls Fees

i. Unpaid for Abscondments

Section 9 (1) of the Tolls Act No. 14 of 2011 states, “A driver of a vehicle passing through a toll point shall, at the time of passing through the toll point, pay the toll in respect of that vehicle to the toll collector.” In addition, Section 22 (a) states, “A person who, fraudulently or forcibly drives a vehicle through a toll point or without paying the toll commits an offense and is liable, upon conviction, to a fine not exceeding three hundred thousand penalty units or to imprisonment for a period not exceeding three years, or to both.”

During the period under review, the Agency had 161 cases of abscondments with a balance of K228,225 which remained outstanding for periods ranging between three (3) to seventeen (17) months. As at 31st August 2025, the abscondments had not been settled. See table 2 below.

Table 2: Abscondments as of 31st December 2024

No.	Toll Station	No. of Vehicles	Amount Due K	Amount Paid K	Amount Waived K	Balance K
1	Chongwe	21	56,940	12,100	-	44,840
2	Shimabala	85	204,450	81,355	4,840	118,255
3	Daniel Munkombwe	5	12,100	4,840	-	7,260
4	Reuben Kamanga	6	14,520	2,420	-	12,100
5	Grey Zulu	1	2,420	-	-	2,420
6	Katuba	20	42,700	26,040	-	16,660
7	Kafulafuta	7	13,250	5,970	-	7,280
8	Michael Chilufya Sata	4	9,730	4,870	-	4,860
9	Wilson Mofya Chakulya	9	21,780	5,860	6,240	9,680
10	Ntoposhi	2	4,840	2,420	-	2,420
11	Chembe	2	4,870	2,420	-	2,450
	Total	162	387,600	148,295	11,080	228,225

ii. Closure of George Kunda SC Toll Station - Delayed Compensation for Damages to Tolling Infrastructure

On 30th November 2024, a truck (Registration No. BLC 6856) owned by Haga Logistics Limited crashed into a canopy pillar at the George Kunda SC Toll



Station in Mkushi District. The accident caused damage to the canopy, a toll booth, and several concrete jersey barriers. A review of the station's operations revealed that following the accident, the Agency undertook restoration works amounting to K1,773,950, which included:

- Decommissioning and removing of the compromised canopy
- Installing new toll booths
- Reconstructing damaged safety barriers
- Reinstalling tolling equipment

Although claims for compensation were submitted to the transporter and the insurer in January 2025, the Agency had not been reimbursed the claimed amount of K1,773,950 as at 31st August 2025.

b. Outstanding Compensation Fines on Released Overloaded Vehicle - M and N Industrial Merchants Limited

Section 64 (1) of the Public Roads Act No. 12 of 2002 states “Any person who drives any vehicle on a public road whose maximum laden weight or maximum axle weight is excess of the maximum laden weight or maximum axle weight prescribed in regulations made under section sixty three commits an offence and is liable upon conviction to a fine not exceeding two hundred thousand penalty units or to imprisonment of a term not exceeding five years or to both.”

Further, Section 66 states, “Any person who drives away a vehicle which has been impounded under section sixty-five without lawful authority commits an offence and is liable, upon conviction, to a fine not exceeding four hundred thousand penalty units or in default of payment, to imprisonment for a period not exceeding five years.”

According to the Road Development Agency operating procedures, when a vehicle is detained for the reason of overloading, a Notification to Detain Vehicle Form 3 is issued to the driver and only released upon paying the applicable fine, normalizing weights and being issued with Notification to Release Vehicle Form 4.

On 17th July 2023, motor vehicle registration number AID 3096 belonging to M and N Industrial Merchants Limited had an overload at Kapiri Mposhi weighbridge and was thus detained and charged a fine amounting to K332,495 for the overload.



However, as at 31st August 2025, the transporter had not paid the fine of K332,495.

12 Head: 15 Ministry of Home Affairs and Internal Security – Passport and Citizenship Office

12.1 Mandate

The Department of National Registration, Passport and Citizenship is mandated to collect passports fees, conduct national and civil registration and issue passports and travel documents and facilitate acquisition of citizenship as outlined in the Passport Act No. 28 of 2016 and Citizenship Act.

12.2 Budget and Actual Revenue Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a revenue estimate of K36,300,000 was made against which amounts totalling K48,519,090 were collected, resulting in an overcollection of K12,219,000.

12.3 Audit Findings

An examination of accounting and other records maintained at the Passport and Citizenship Office Headquarters and selected regional offices revealed the following:

a. Failure to Integrate Passport Services on Government Service Bus

The Government Service Bus (GSB) is a digital platform that integrates all government institutions, departments, and agencies to streamline access to government services which was officially launched in Zambia in 2024 and aims to improve service delivery by providing a unified system for various government services, making it easier for citizens to access these services online.

The platform currently has approximately 322 services on the platform.

Despite the numerous daily transactions recorded by the Department, the services offered had not been integrated on GSB.

Further, the Personalized Passport Issuance System (PPS) currently in use is not integrated with the payment gateway to enable automated payments to be made for effective and efficient service delivery at the client's convenience.



Consequently, customers had to wait longer hours for them to receive the service required which if digitized would have reduced the customer waiting time.

Further, due to the non-migration of services to GSB and the numerous daily transactions in May and June 2025, the receipts meant to facilitate depositing of fees for issuance of passports ran out resulting in delayed receiving of fees from clients and delayed service delivery.

b. Failure to Prepare Cashbooks

Regulation 133 (1) (2) and (3) of the Public Finance Management (General) Regulations of 2020 provides that an office holder who collects revenue shall keep a General Revenue Cash Book in Accounts Form VI set out in the Schedule which shall be updated daily or immediately revenue is received or collected.

Further, an electronic revenue cash book shall be maintained where a computerised financial management system is in use.

However, it was observed that the Department did not maintain a revenue cashbook despite collecting amounts totalling K48,519,090 during the period under review.

c. Failure to Decentralise Passport Production

A review of records and physical inspection of provincial offices revealed that passport production centres are only in Lusaka, Ndola, Livingstone and Chipata.

In this regard, applications from other provinces must be sent to the four (4) locations for processing and production of passports, thereby lengthening the client waiting time.

Consequently, a review of Registers for uncollected passports revealed that 3,876 passports though printed between 2022 and 2024 had not been collected by the applicants due to long distances and the cost of travelling for collection of passports.

d. Contract for the Supply of 300,000 Passports Booklets

On 6th December 2023, the Ministry of Home Affairs engaged Veridos GmbH of Germany for the supply of 300,000 passport booklets at a contract sum of €1,362,000 (K29,761,062) with a delivery period of 4 to 6 months.

As at 31st July 2025, the supplier had been paid in full.

The following were observed:



i. Failure to Provide Performance Security for the Contract

Clause 18.1 of the General Conditions of the contract provided that the supplier shall within twenty-one (21) days of signing a contract or receipt of the letter of bid acceptance whichever is earliest, provide a performance security guarantee of 5% to 10% of the contract sum.

Contrary to the contract, the supplier did not provide a performance security guarantee.

Consequently, when the supplier breached the contract by failing to deliver 200,000 passport booklets within the contract duration, the Department could not recover the funds against a guarantee. See table 1 below.

Table 1: Quantities Delivered Within the Contract Period

Date	Qty Delivered
19.04.2024	18,000
24.04.2024	9,000
24.05.2024	73,000
12.12.2024	27,000
Total	127,000

ii. Failure to Charge Liquidated Damages on Delayed Delivery of Passport Booklets

Clause 27 of the General Conditions of the Contract provides that if the supplier fails to deliver any or all of the goods by dates of delivery or perform the related service within the period specified in the contract, the procurement entity shall deduct 0.1 per day up to a maximum of 10% from the contract price as liquidated damages.

Contrary to the Contract, the supplier delayed to deliver the passports by 241 days. as at 31st August 2025, the department had not charged in amounts totalling K655,530 ($0.1 \times (300,000 \text{ passports} \times \text{€}21.851)$) as liquidated damages for failure to delivery within the agreed timeframe.

e. Delayed Processing of Passports and Lack of an Approved Customer Service Charter

Section 8 (1) of the Passport Act No. 28 of 2016 provides that the Chief Passports and Citizenship Officer shall, within fourteen (14) days of the receipt of an application for a passport or travel document, issue the applicant with a passport or travel document if the applicant meets the requirements of this Act.



Contrary to the Act, a comparison of the days within which passport and travel documents were processed revealed that the Department did not provide the services within the stipulated time. The delays ranged between 101 days to 555 days.

Further, it was observed that the Department did not have an approved service charter.

13 Head: 51 Ministry of Transport and Logistics - Road Transport and Safety Agency

13.1 Mandate

The Road Traffic and Safety Agency (RTSA) is mandated by the Road Traffic Act No. 11 of 2002 to facilitate the registration and licensing of motor vehicles and trailers, the examination of drivers, and the issuance of driving school and motor dealer licenses. In executing these functions, the RTSA is responsible for collecting associated revenues on behalf of the Ministry of Finance and National Planning.

13.2 Budget against Actual Revenue Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a revenue provision of K878,701,151 was made against which amounts totalling K835,828,254 were collected resulting in an under collection of K42,872,897. See table 1 below.

Table 1: Budget against Actual Revenue Collections

Revenue Type	Approved Estimates K	Actual Collections K	Variance K
Road Traffic Collections	330,810,975	346,128,185	15,317,210
Motor Vehicle Licensing	492,806,122	430,874,542	(61,931,580)
Inland Carbon Tax	55,084,054	58,825,527	3,741,473
Total	878,701,151	835,828,254	(42,872,897)

13.3 Audit Findings

An examination of accounting and other records maintained at the Agency Headquarters and selected stations revealed the following:



a. Failure to Enforce and Collect Road Service License Fees for Public Service Vehicles

According to the RTSA Licensing Procedure Manual, a Road Service License (RSL) authorizes the holder to transport passengers or goods for hire and reward. An operator of a public service vehicle must obtain either a short-term RSL, valid for at least 3 months, or a long-term RSL, valid for up to 12 months. Additionally, for each RSL acquired, the operator is required to pay for an identity certificate, endorsement, and authorization fee for each motor vehicle registered under the Road Service License.

A physical inspection of motor vehicles carried out at eight (8) RTSA stations revealed that 104 motor vehicles operated without paying for Road Service Licenses resulting in revenue loss in amounts totalling K51,130. See table 2 below.

Table 2: Uncollected RSL Fees

No.	Station	No. of Vehicles	Amount K
1	Lusaka	12	6,160
2	Mongu	21	10,878
3	Katima Mulilo	15	5,558
4	Livingstone	4	1,598
5	Choma	7	3,626
6	Chipata	22	11,396
7	Kitwe	9	4,662
8	Mufulira	14	7,252
	Total	104	51,130

b. Loss of Revenue - Administration of Road Service Licensing

Section 108 of the Road Traffic Act No. 11 of 2002 provides that the Director may grant a road service licence, in the prescribed form, to any citizen of Zambia authorising the holder to provide the specified road service. This license authorises its holder to convey passengers or goods for hire and reward. In line with the RTSA Licensing Procedure Manual, the Agency issues two categories of Road Service Licences: A Long-term Licence, valid for one (1) year, and a Short-term Licence, valid for not more than three (3) months.

During the period under review, the Ministry of Transport and Logistics and the Electoral Commission of Zambia hired motor vehicles from citizens to support various Government programmes. However, a comparison of the hired vehicles with the RTSA Road Service Licence database revealed that none of the 135 hired vehicles



held valid road service licences. This resulted in revenue losses amounting to K43,845.

14 Head: 68 Ministry of Tourism

14.1 Mandate

The Ministry of Tourism is mandated to provide sustainable development of the tourism industry in the country. In respect of revenue collection, the Ministry draws its mandate from the Zambia Wildlife Act No.14 of 2015 and the Tourism and Hospitality Act No. 13 of 2015.

14.2 Budget Against Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total revenue provision of K200,904,596 was made against which amounts totalling K317,924,602 were collected resulting in an over-collection of K117,020,006. See table 1 below.

Table 1: Budget Against Actual Collections

No	Revenue Type	Budget K	Actual K	Variance K
1	Casino Licence Fees	1,423,120	2,452,233	1,029,113
2	Wildlife Hunting Concessions Fees	24,539,628	41,480,041	16,940,413
3	Wildlife Tourism Concession Fees	18,745,714	31,913,842	13,168,128
4	Wildlife Hunting Licences Fees	42,573,375	70,631,261	28,057,886
5	Cultural Village Fees	90,000	123,716	33,716
6	Hotel Managers Registration	2,229,900	1,180,091	-1,049,809
7	TDCF Loan Repayments	3,131,850	410,285	-2,721,565
8	Wildlife Tourism Variable Fees	98,610,692	163,598,862	64,988,170
9	Wildlife animal Certificates and Permits Fees	3,060,584	5,077,542	2,016,958
10	Tourism Enterprise	6,499,733	1,056,729	-5,443,004
	Total	200,904,596	317,924,602	117,020,006

14.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations revealed the following:

a. Budget against Actual Collections

Section 47(1) and (2) of the National Planning and Budgeting Act No.1 of 2020 states that the controlling officer is accountable for the attainment of the output targets set out in the estimates of revenue and expenditure falling under the controlling officer's mandate.



Contrary to the Act, the Ministry did not meet some revenue targets by K9,214,378 with respect to hotel manager's registration, TDCF loan repayments and tourism enterprise during the period under review. See table 2 below.

Table 2: Revenue Targets Not Met

Revenue Type	Budget K	Actual K	Variance K
Hotel managers registration	2,229,900	1,180,091	(1,049,809)
TDCF Loan Repayments	3,131,850	410,285	(2,721,565)
Tourism Enterprise	6,499,733	1,056,729	(5,443,004)
Total	11,861,483	2,647,105	(9,214,378)

b. Non-Collection of Revenues from Debtors – Hotel Manager's Registration Fees

Section 11 (1) (m) of the Public Finance Management Act No. 1 of 2018 states, "A controlling officer is responsible for planning and controlling of revenue collection and expenditure of public funds appropriated under that controlling officer's control including taking effective and appropriate steps to collect revenues due to the Head of revenue and expenditure under their charge as appropriated by Parliament."

Contrary to the Act, the Ministry did not collect revenues in amounts totalling K2,371,289 which was owed by 11,142 hotels and lodgers across the country for a period of more than twelve (12) months despite issuing demand notices.

c. Management of Casino Licence Fees

Pursuant to Statutory Instrument No. 51 of 2016 and the Tourism and Hospitality Act No. 13 of 2015, the Ministry is mandated to manage Casinos through issuance of operating licences whose processing time for the application is sixty (60) days and is valid for 3 years for land based and 1 year for Online Casino.

During the period under review, casino fees in amounts totalling K2,452,233 were collected.

The following were observed:

i. Non-Collection of Casino License Fees

Section 78 (b) of the Tourism and Hospitality Act No. 13 of 2015 provides that a person who, being the person responsible for that tourism enterprise, fails or refuses to pay any fee or to collect and remit the fee in terms of this Act, commits an offence and is liable, upon conviction, to a fine not exceeding one hundred



thousand penalty units (K30,000) or to imprisonment for a period not exceeding one year, or to both.

Contrary to the Act, the Ministry did not collect licence fees and penalties in amounts totalling K468,000 (licence fees K138,000 and penalty fees K330,000) in respect of eleven (11) casino operators.

As at 31st July 2025, the outstanding amounts had not been collected despite having issued demand notices.

ii. Failure to Provide Statement of Accounts

Clause 7 A of the Guidelines for the Licencing of Casinos stipulates that the Director of Tourism may at any time but at least once every twelve months require a licensee to submit to the Ministry a properly audited statement of accounts stating the gross winnings of a casino on each day or during such other period as the Director may require, a declaration that fees payable in respect of the gross winnings of any particular period calculated in accordance with the Act have been paid, other information relating to the operations of a casino as the Director may require and quarterly returns not later than the fourteenth day from the end of each quarter in the prescribed format.

Further, any person who refuses or fails to submit a statement of accounts as required by the Director, or who knowingly submits a false or misleading statement, commits an offence and is liable upon conviction to a fine not exceeding fifty thousand penalty units or to imprisonment for a period not exceeding one year or both.

Contrary to the Guidelines, twenty-seven (27) casino operators had not submitted statements of accounts in the format prescribed to the Ministry. As at 31st July 2025.

d. Hostels Board of Management (HBOM)

The Department of Hostels Board of Management under the Ministry is responsible for the provision of quality conferencing and lodging facilities in order to accommodate the travelling public and to contribute to the growth of the hospitality business, overseeing the operations of hostels, lodges and conferencing facilities



falling under the board, undertake product development with a view to improving quality, scope and range of products and services, undertake market research and business development programs, implement quality control systems, maintain, rehabilitate and upgrade hostels, lodges and conference facilities, provide administrative and logistical support services to the lodges and ensuring prudent management of financial and other resources under the Board.

HBOM retains 100% of the revenues collected and is funded by Government in form of an investment grant to finance its operations.

The following were observed:

i. Budget and Actual Revenue Collections

For the financial year ended 31st December 2024, Hostels Board of Management budgeted to collect amounts totalling K39,370,593 against which amounts totalling K42,711,200 were collected resulting in an overcollection of K3,340,607.

ii. Non-collection of Revenues from Debtors

Section 11 (1) (m) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer is responsible for planning and controlling of revenue collection and expenditure of public funds appropriated under that controlling officer’s control including taking effective and appropriate steps to collect revenues due to the Head of revenue and expenditure under their charge as appropriated by Parliament.”

Contrary to the Act, the Hostels Board had failed to collect revenues in amounts totalling K8,016,266 which was owed by various debtors such as Government and private clients which had been outstanding for periods ranging from 2013 to 2024.

As of August 2025, the outstanding receivable amounts had not been collected. See table 3 below.



**Table 3: Consolidated Debtors Outstanding Amounts Owed to Hostels
Board of Management**

No.	Station	Amount K
1	Government Complex	5,751,161
2	Mansa	269,176
3	Longacres	480,236
4	Lothian House	172,624
5	Kabwe	333,806
6	Henry Makulu	125,336
7	Belvedere	369,107
8	Kasama	222,538
9	Solwezi	80,548
10	Luangwa House	210,728
11	Mongu	1,006
	Total	8,016,266

In addition, the institution did not have a debt management policy for the management and enforcement of debt collection.

e. Management of New Government Complex Conference Centre – Failure to Maintain the Conference Centre

The New Government Complex Conference Centre is a conference wing situated in the Southern part of the Government Complex building in Kamwala, Lusaka. The Hostels Board of Management is responsible for the day-to-day operations of the Conference Centre.

A physical inspection carried out in June 2025 on conference facilities revealed that Government Complex Conference Centre has dilapidated infrastructure and equipment. In particular, the following was in a state of disrepair:

- Electrical installations,
- Central air-cooling system,
- Elevators,
- Conference chairs and theatre hall carpet,
- Laundry machines,
- Cookers in the kitchen, and
- Roof in the theatre hall.



f. Failure to Collect Revenues from Tourism Enterprises - Management of Zambia Tourism Agency

Zambia Tourism Agency (ZTA) is an agent of Ministry of Tourism and Arts, formerly Zambia Tourism Board (ZTB), established through the Tourism and Hospitality Act No.13 of 2015 which is mandated to effectively market and promote Zambia's tourism and travel destination of choice and to regulate the tourism industry.

It is also charged with the responsibility for the issuance of licenses to all, setting of standards and carrying out of inspections for ensuring conformity to minimum set standards.

Section 78 (b) of the Tourism and Hospitality Act No. 13 of 2015 provides that a person who being the person responsible for that tourism enterprise, fails or refuses to pay any fee or to collect and remit the fee in terms of this Act, commits an offence and is liable, upon conviction, to a fine not exceeding one hundred thousand penalty units (K40,000) or to imprisonment for a period not exceeding one year, or to both.

During the period under review, the Agency budgeted to collect tourism enterprise fees in amounts totalling K6,499,733 against which amounts totalling K1,056,729 were collected resulting in under collection of K5,443,004.

A review of revenue records for the financial year 2024 revealed that the Agency invoiced amounts totalling K4,949,929 involving 1,832 transactions in nine (9) provinces in respect of tourism enterprises fees.

Contrary to the Act, as at 31st July 2025, the Agency had not invoked Section 78 (b) to collect penalties from the tourism enterprises that did not settle their obligations.



15 Head: 85 Ministry of Lands and Natural Resources

15.1 Mandate

The Ministry of Lands and Natural Resources is mandated to administer land and manage natural resources for sustainable land use as outlined in the Government Gazette Notice No. 1123 of 2021.

15.2 Budget and Actual Revenue Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total revenue provision of K394,734,384 was made against which amounts totalling K331,060,183 were collected resulting in an under collection of K63,674,201. See table 1 below.

Table 1: Budget and Actual Collections

Programme	Estimated Collections K	Actual Collections K	Variance K
Document and Registration fees	75,200,600	123,140,482	47,939,882
Survey fees	17,000,078	15,816,991	(1,183,087)
Consent fees	5,000,034	3,838,614	(1,161,420)
Consideration fees	130,000,090	85,959,250	(44,040,840)
Preparation/Scrutiny fees	2,500,056	-	(2,500,056)
Interest on Late Payment	11,851,400	-	(11,851,400)
Ground Rent	86,000,123	62,364,233	(23,635,890)
National Land Titling	67,182,003	39,940,613	(27,241,390)
Total	394,734,384	331,060,183	(63,674,201)

15.3 Audit Findings

A review of accounting and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31st December 2024 revealed the following:

a. Audit of Performance Information

i. Failure to Attain Output Targets

Section 47 (1) of the National Planning and Budgeting Act No. 1 of 2020 states that a Controlling Officer is accountable for the attainment of the output targets set out in the estimates of revenue and expenditure falling under the Controlling Officer's mandate.

Contrary to the Act, the Ministry did not attain targets for the Land Administration and Titling programme as indicated in table 2 below.



Table 2: Failure to Attain Output Targets

Key Output	Target	Actual	Variance
Number of properties registered	30,000	12,273	(17,727)
Number of Certificates of Title produced(systematic-NLTP))	250,000	13,066	(236,934)
Number of Certificates of Title produced(sporadic)	18,000	12,546	(5,454)

ii. Failure to Carry out Survey Works

Part 9.0 (1) (2) and (3) of the Customer Service Charter, states that the Ministry shall carry out survey works for all properties (Stands, Lots and Farms) within twenty-one (21) days from receipt of request and pre-requisite documents or eighteen (18) days from the date of client making payment for the service.

However, a scrutiny of records revealed that survey works for seventeen (17) properties in six (6) districts whose services were paid for, in amounts totalling K105,800 had not been carried out for periods ranging from four (4) to sixteen (16) months as at 31st August 2025.

b. Medici Land Governance Contract

In the report of the Auditor General on the Accounts of the Republic for the Financial year ended 31st December 2023 mention was made that on 18th August 2020, the Ministry awarded a contract to Medici Land Governance under the National Titling Programme for issuing of 4,000,000 certificates of title at a financing cost of US\$22,954,112 payable from the fees collected from the issuance of certificates of title for a duration of ten (10) years.

As at 31st December 2024, a total of 121,578 certificates of title had been issued from which revenues in amounts totalling K164,068,906 had been collected under the contract.

The following were observed:

i. Outstanding Revenue Arrears

Section 11(1) (m) of the Public Finance Management Act No. 1 of 2018 provides that a Controlling Officer is responsible for planning and controlling of revenue collection and expenditure of public funds appropriated under the Controlling Officer's control including taking effective and appropriate steps to collect



revenues due to the head of revenue and expenditure under their charge as appropriated by Parliament.

Under the contract, the fees payable composed of consideration fees, registration fees, preparation fees and ground rent out of which the minimum fees were payable for one to be issued with a certificate of title with the balance of the fees being the responsibility of the Ministry to collect.

However, a review of the records revealed that outstanding revenue arrears in amounts totalling K177,888,661 had not been collected for a period of fourteen (14) months from 1st March 2024 to 30th April 2025. See table 3 below.

Table 3: Outstanding Revenue Arrears

Category	No.of Properties	Amount Billed K	Amount Paid K	Outstanding Amount K
Low cost	96,091	282,935,632	136,485,237	146,450,395
Medium	14,106	54,405,702	25,602,678	28,803,024
High cost	91	386,732	194,757	191,975
Commercial	388	2,412,728	1,060,616	1,352,112
Religious	327	1,816,773	725,618	1,091,155
Total		341,957,567	164,068,906	177,888,661

ii. Failure to Meet Contract Deliverables

Article 4.1.1 of the contract provided for creation of 4,000,000 titles broken down as follows:

- 1,500,000 certificates of title within 3 years.
- 2,500,000 certificates of title within 4 years.

However, from the commencement of the project, only 121,578 certificates of titles had been issued representing 3% of the targeted 4,000,000. See table 4 below.

Table 4: Cumulative Certificates of titles Issued under the Contract

Description	2020	2021	2022	2023	2024	Total
Enumeration completed	9,497	133,847	134,541	54,170	31,581	363,636
Verification completed	768	109,804	134,326	38,253	14,503	297,654
Total Offer letters issued	12,088	50,240	96,620	46,751	14,955	220,654
Total Titles Issued	877	17,096	48,064	37,483	18,058	121,578



As at 31st December 2024, revenues in amounts totalling K164,068,906 had been collected under the contract.

c. Irregularities in the Administration of Ground Rent

Statutory Instrument No. 110 of 2009 of the Lands Act states that in order for properties on lands database to accrue ground rent, each property should have a land size in the system for the charges to be accrued and owners billed accordingly. As such, the Ministry's computation of ground rent was based on

three (3) parameters namely, land size, land location and land type (lot, farm, stand etc.).

The Ministry was required to issue out annual ground rent bills for all the properties.

The following were observed:

i. Outstanding Ground Rent

A review of the ground rent statement revealed that the Ministry had ground rent receivables from 497,011 properties in amounts totalling to K1,322,343,850 in unpaid ground rent which had been outstanding for periods ranging from one (1) year to over ten (10) years.

Despite the Ministry undertaking outreach programmes to sensitize residents on the importance of paying ground rent, no measures were put in place to compel the clients to pay as required.

ii. Failure to Bill Appropriate Ground Rent Due to Missing Land Area Size

As at 31st December 2024, the Ministry had 1,143,611 properties on the system out of which 243,103 did not have land size specified or had negative size indicated on the system.

This resulted in non-computation of ground rent for the cited properties leading to an estimated loss of revenue in amounts totalling K10,064,464 based on the minimum ground rent fee of K41.

iii. Failure to Reclaim Expired Invitations to Treat (ITTs)

According to the Ministry of Lands procedure for issuance of Offer Letters, an applicant should tender in an application which is created on the system. Upon



application approval by the Commissioner of Lands, the fees as outlined in the Invitation to Treat (ITT) issued to the client and become payable within a period of ninety (90) days from the date of issuance. Invitations to Treat not honoured within the stipulated ninety-days period should expire and be available for reissuance.

During the period under review, 3,296 ITTs issued on the system expired due to non-payment of the required fees after the period of ninety (90) days and as at 31st August 2025, they had not been reissued.

iv. Failure to Collect Ground Rent from Councils

Section 5 of the Lands Act Chapter 184 of the Laws of Zambia requires that a person holding land on leasehold after the conversion of such land from customary tenure should be liable to pay such annual ground rent in respect of that land as the Commissioner of Lands may prescribe.

Local Authorities across the country act on behalf of the Ministry of Lands to collect Ground Rent for properties which the Councils own and statutory housing and improvement areas within their jurisdiction. The Councils are required to remit the ground rent collected to the Ministry of Lands.

In Paragraph 9.3 d of the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31st December 2023, mention was made of the outstanding ground rent from fifty-eight (58) Councils in amounts totalling K173,863,189.

A review of the status in 2024 revealed that the bill had increased to K181,868,712. Further, although the Ministry wrote a letter of reminder to the Ministry of Local Government and Rural Development dated 17th November 2021, the non-remittance of ground rent has been recurring.



PART IV

EXPENDITURE

PARAGRAPHS





16 Head: 11 Zambia Police Service

16.1 Mandate:

The Zambia Police Service is charged with the responsibility of providing and maintaining internal security of the country as provided for under the Constitution of the Republic of Zambia (Amendment) Act No. 2 of 2016 and the Zambia Police Act.

16.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a provision of K2,942,059,562 was made to cater for operations of the Service, against which amounts totalling K2,636,157,101 were released resulting in an under funding of K305,902,461.

As at 31st December 2024, amounts totalling K2,620,577,555 had been spent leaving a balance of K15,579,546.

16.3 Audit Findings

An examination of accounting and other records maintained at Zambia Police Service Headquarters and selected stations for the financial year ended 31st December 2024 revealed the following:

a. Crime Prevention and Policing Services – Infrastructure Development

Amounts totalling K1,589,318,067 were budgeted for against which amounts totalling K1,581,070,130 were released to cater for visible policing, infrastructure development, marine services among others.

The following was observed:

i. Lack of Insurance for New Boats

On 16th April 2014, the Ministry of Home Affairs and Internal Security entered into a contract with Poly Technologies Inc. of China for the procurement of twenty-seven (27) boats for the Zambia Police Service. A physical verification carried out in July 2025 revealed that the boats were supplied.

Regulation 41 (1) of the Public Finance Management (General) Regulations, 2020 states, “a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997.”



Contrary to the regulation, seven (7) Police service boats at Lilayi Training college (2) and Sondela (5) had not been insured as at 31st July 2025.

ii. Procurement of Four (4) Horses - Failure to Insure Horses

On 15th May 2024, the Service paid K248,000 to Zambezi Ranching and Cropping Ltd for the procurement of four (4) horses which were delivered at Mounted Main Stables in Sikanze Police Camp on 21st May 2024.

Regulation 41 (1) of the Public Finance Management (General) Regulations of 2020 provides that a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997.

Contrary to the Regulation, twenty-six (26) Police ridden horses valued at K2,158,000 and nine (9) green (untrained) horses valued at K810,000 were not insured during the period under review.

Consequently, the Police Service could not be compensated for the loss of five (5) horses valued at K149,500 which died during the period under review resulting in a loss to the Government and no loss report had been processed.

b. Staff Related Matters

i. Officers on Payroll but not on Staff Returns

Regulation 78 (1) and (3) of the Public Finance Management (General) Regulations of 2020 requires that a public body should ensure that the payroll is verified and reconciled by responsible office holder from an accounting unit and human resource and administration respectively.

A reconciliation under sub regulation (1) should include a head count of staff each month with regard to the payroll expenditure.

Further, the Treasury and Financial Management Circular No. 9 of 2020 provides that a Controlling Officer should ensure that a reconciliation between the Staff Establishment Register and Staff Assignment and reconciliation of staff assignment to staff returns are done monthly.

A comparison of the payroll and staff returns for the Zambia Police for the year 2024 revealed that six (6) officers were on the payroll but not on the staff returns and they drew salaries in amounts totalling K361,766.



ii. Management of Separated Officers

Article 189 (1) of the Constitution (Amendment) Act No.2 of 2016 provides that a pension benefit shall be paid promptly and regularly. In addition, Article 189 (2) provides that where a pension benefit is not paid on a person's last working day, that person shall stop work, but the person's name shall be retained on the payroll, until payment of the pension benefit based on the last salary received by that person while on the payroll.

Following the enactment of the Constitution, the Government through the Public Service Management Division (PSMD), issued Circular No. B10 of 2016 in which it guided that with effect from 5th January 2016, all retired employees should be retained on the payroll until pension benefits are paid.

In addition, on 22nd November 2018, PSMD issued Circular No. B21 which provides among others that any amounts paid in form of any allowance other than basic salary from the time Government implemented the retention of retirees on the payroll should be recovered.

The following were observed:

- **Irregular Payment of Salaries to Officers on Unpaid Leave**

During the period under review, five (5) officers who were on unpaid leave had been retained on payroll and paid amounts totalling K230,573 as at 31st December 2024.

- **Irregular Payment of Salaries to Officers Who Resigned**

Section 95 of the Terms and Conditions of Service for the Public Service provides that a Responsible Officer shall immediately terminate from the payroll an employee who resigns, is dismissed, or deceased and is not eligible for posthumous retirement.

In addition, Public Service Management Division (PSMD) Circular No. B1 of 2019 (d) provides that employees who are separated from employment by way of death, resignation, retirement, dismissal or discharge should be terminated from the payroll with effect from the date of resignation, dismissal or discharge.



Contrary to the Terms and Conditions of Service, three (3) officers who had resigned were retained on the payroll for periods ranging from one (1) to ten (10) months and had been paid a total of K141,079 as at 31st December 2024.

In addition, an officer who was dismissed on 1st March 2024 had been maintained on payroll for periods of ten (10) months after dismissal and had been paid amounts totalling K52,758 as at 31st December 2024.

c. Community Support Services – Unauthorised Use of User Fees

Section 5.11.4 of the Ministry of Finance and National Planning Treasury and Financial Management Circular No. 1 of 2024 on Appropriation - in - Aid states, “where an Institution is authorized by an Act of Parliament to appropriate revenues at source, the institution shall seek for authority from the Treasury before appropriating such revenues.”

Contrary to the Circular, during the period under review, Sikanze Police Hospital spent amounts totalling K9,616,123 (User Fees – K1,776,505 and NHIMA – K7,839,617) without Authority from Secretary to the Treasury.

17 Head: 17 Ministry of Foreign Affairs and International Cooperation

17.1 Mandate

The Ministry of Foreign Affairs is responsible for the formulation and administration of Zambia’s Foreign Policy. The Ministry is also responsible for the establishment and maintenance of Zambia’s International Relations. In addition, the Ministry coordinates the signing of treaties (Agreements and Conventions), pledges and contributions to the United Nations Agencies and other International Organisations.

17.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K2,215,000,071 was made to cater for various activities against which amounts totalling K2,187,590,092 were released resulting in under funding of K27,409,979.

As at 31st December 2024, amounts totalling K2,186,550,597 had been spent leaving a balance of K1,039,495. See table 1 below.



Table 1: Budget, Funding and Expenditure

Details	Budget K	Funding K	Expenditure K	(Under) / Over Funding K	Under / (Over) Expenditure K
Management and Support Service	146,371,467	122,686,723	122,225,445	(23,684,744)	461,278
International Relations and Cooperation	2,035,568,887	2,032,179,395	2,031,674,256	(3,389,492)	505,139
Protocol and Consular Affairs	5,938,233	5,602,640	5,567,844	(335,593)	34,796
Foreign Policy	23,166,546	23,166,543	23,163,633	(3)	2,910
Central Technical Services	3,954,938	3,954,791	3,919,419	(147)	35,372
Totals	2,215,000,071	2,187,590,092	2,186,550,596	(27,409,979)	1,039,496

17.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected Missions revealed the following:

a. Failure to Meet Annual Output Targets

A review of the Annual workplans and Budget for 2024 revealed that out of the 1,185 planned activities, the Ministry achieved 893 targets representing a 75% performance rate. See table 2 below.

Table 2: Output Target

Program	Target	Actual	Variance
Foreign Policy	43	28	15
International Relations and Cooperation	203	186	17
Protocol and Consular	300	300	0
Central Technical Services	304	106	198
Management and Support	335	273	62
Total	1,185	893	292
Percentage Achieved		75%	

Despite being funded 98% of the budget, the ministry only managed to have 75% output. It was also observed that as at 24th March 2024, the Ministry's annual report was still in draft copy and could not be used to validate the results.

b. Failure to Implement Risk Management Framework

Section 11 (1) (a) of the Public Finance Management Act No. 1 of 2018, requires every Controlling Officer to be responsible for establishing and maintaining an effective, efficient and transparent system of financial and risk management and internal controls.

Treasury and Financial Management Circular No. 9 of 2022, requires each Public Body to assume responsibility for the management of risk in a manner that supports the setting and achievement of its mandate and objectives.



Contrary to the Act, as at 31st July 2025, the Ministry had not implemented the Risk Management Framework.

c. Management of Missions Properties - Failure to Maintain Properties

Section 108 (i) of the Foreign Service Rules/ Guidelines of Conditions of Service, 2022 states, “Where Government has provided its own accommodation, the Housing Committee shall label and keep an inventory of all Government housing units and furnishings. The Committee shall carry out regular inspections to ensure that repairs are undertaken and shall submit regular reports on the same to the Head of Mission/Station.”

A physical inspection of various properties at ten (10) missions revealed that they were in poor condition with leakages, cracks and deteriorated fittings among others. In particular, the following were observed:



Table 3: Failure to Maintain Properties

Plot No	Date Acquired	Description	Occupant	Status of the Property
1. LUBUMBASHI, Democratic Republic of Congo				
Official Residence, No. 26 Luvua Avenue	1965	Double House On Title and insured.	Official Residence of the Consul General	- Wall fence had developed cracks and the paint had peeled off - There was evidence of leakage from the roof top in the stairway, allowing water to sip through the wall and causing paint to peel off. - The structure housing the generator set was not secured with a roof leaving it exposed/unsecured. See pictures below.   <i>Peeled off paint in the stairway</i> <i>Walls of the official residence requiring painting</i>
Residence No. 6 Tshinyama Avenue	1967	Single Storey On Title	Third Secretary – Communications	- Leaking roof in the veranda ceiling and in one of the bedrooms. - The bathrooms require re-tiling.   <i>Leaking roof on the veranda</i> <i>The bathroom requires re-tiling</i>
Residence No. 6 Lundula Avenue	1965	Single Storey On Title	Second Secretary – Immigration	- Leakages in ceiling board by the veranda at the entrance. - The wall fence had developed cracks.   <i>Leaking ceiling board by the veranda</i> <i>Cracks in the wall fence</i>



Plot No	Date Acquired	Description	Occupant	Status of the Property
Residence No. 743 Kamanyola Avenue	1965	Single Storey On Title	Second Secretary - Trade Economic	- The roof had leakages in one of the bedrooms. - The wall fence had cracks.  <i>The exterior walls of the house requiring painting</i>
Residence No. 13320 Kapenda Avenue	1965	Double Storey On Title	Third Secretary – Accounts	- Leakages on the ceiling board by the staircase. - Ceiling board at the entrance of the house was damaged. - Leakage in the wall in one of the bathrooms.  <i>Worn out ceiling board</i>
2. KINSHASA MISSION, Democratic Republic of Congo				
6 Av. Des Coteaux, Gombe Kinshasa, DRC	1-Nov-1966	The official residence is a two (2) storey residential building	Ambassador's Residence	- Cracks in the ground floor ceiling which had extended to the walls in the lounge, kitchen, dining and several sections of the residence - A section of the yard had no wall fence and the servant's quarter was inhabitable.  <i>Poor general outlook of the house</i>

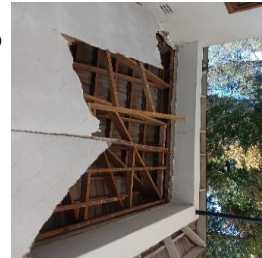
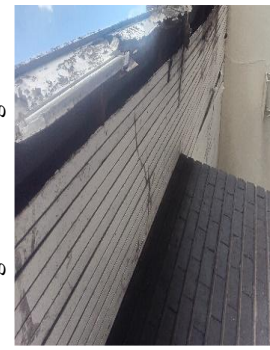


Plot No	Date Acquired	Description	Occupant	Status of the Property
54-58 Av. De L'ecole Gombe, Kinshasa DRC	26-Jun-1965	The Chancery is a two (2) storey building situated in central business district.	Chancery Embassy	- The Chancery is surrounded by shops, compromising the security. - The were cracks on the walls of the chancery buildings.   <i>Cracks on the walls</i>
3895 Av. De Clinique, Gombe, Kinshasa DRC (Kalina flats)	5-Mar-1965	Two storey residential building which houses two flats; one on the ground floor and one on the 1st floor	Two (02) locally engaged staff	Leakages on the roof in the foyer   <i>Leakage in the foyer</i>
981 Yandonge, Mbiza Ngaliema, Kinshasa DRC	10-Jan-1972	One storey residential building	One (01) Locally engaged staff	- Sections of the ceiling board were either warping or had fallen off. - Cracks on sections of the walls. - Leaking roof.   <i>General poor state of Mbiza House</i>
Windhoek, Namibia				
House No. 14 Lydia Street – Ludwigsdorf	1989	A two (2) storey building with an inbuilt servants' quarter, an observatory.	Occupied by two (2) locally engaged staff as caretakers	- Cracks in several rooms. - Leakages in the ceiling boards in the kitchen and two (2) bathrooms. - Wall tiles were peeling off the interior walls in the living room, kitchen and bathrooms.



Plot No	Date Acquired	Description	Occupant	Status of the Property
House No. 93 Gever Street Ludwigsdorf	1989	A two (2) storey red brick building comprising a servants' quarter with a swimming pool.	First Secretary (Economic and Trade)	- One side of the wall fence fallen. - Several roof skirtings around the house had fallen or were loose.
House No. 17 Veronica Street Ludwigsdorf	1989	A one (1) storey house with a semi-detached servant's quarter.	First Secretary (Administration)	- Section of the wall fence of the property was slanting inwards. - The roof gutter on the left side of the main house was broken
Harare, Zimbabwe				
1 Alvord Drive, Mt. Pleasant	1980	Single storey	Occupied by the embassy as a temporal Chancery	Main House - Celling board and walls in the communications office had cracks. - Damaged ceiling boards in most of the offices due to leakages. - Fascia boards were damaged.  <i>Damaged Ceiling Board</i>



309 Pipendale, Borrowdale	1980			Defence Attach'e	Main House • Damaged ceiling boards, • Cracks in the sitting room • The borehole was non-functional. • Observed damaged and leaking roof at Servants Quarter.    <i>Cracked walls in the sitting room</i> <i>Damaged Ceiling Board</i>
17 Droitwich Mt. Pleasant	1980			First Secretary (Pol/Admin)	Main House • Leaking roof.
4 Arundel, Alexandra Park	1980			Third Secretary (Accounts)	Main House • There was no cistern in the bathroom. • The fascia boards had fallen off. • The plumbing pipes needed replacement. • The roof had leakages resulting in the damage to the ceiling board.   <i>Broken cistern in the toilet</i> <i>Fallen fascia boards</i>



8 Simms, Mt Pleasant	1980			First Secretary (Economics)	Main House - The sitting room and master bedroom had cracked walls. - Replacement of plumbing pipes. - The toilets and bathtubs required replacement. Servants Quarter - The walls had cracks - The ceiling board had collapsed.	 <i>Collapsed ceiling board</i>
13 Shipstone, Greystone Park	1980			Consular Clerk/Care taking	Main House - Leakages in the sitting room. - There is need to sink a new borehole and replacement of old pipes.	 <i>Damaged ceiling in the sitting room</i>
3 Verdi Lane, Strathaven Deed Transfer No.1522/80	1980			Third Secretary - P/S	Main House - Leaking roof resulting in damaged ceiling board in the kitchen, corridor, bathroom and master bedroom. - The fascia board was damaged. - Plumbing pipes required replacement.	



					 <i>Damaged Ceiling board</i> Servants Quarter • The roof was damaged and had leakages. • The walls had cracks.  <i>Cracked walls</i>  <i>Stained Ceiling Board</i>
10 Carsberg Alexandra	1980			Third Secretary - Comms	Main House • Leaking roof. Servants Quarter • The building was in a deplorable state. • Leaking roof
Maputo, Mozambique					
House No.1566 Avenida Julius Nyerere				Occupied by the First Secretary Defence	Main House • The plumbing pipes had leakages. • Cracks in the corridor.
Nairobi, Kenya					
Property No. L.R. 1/9B, Ngong Road, Kilimani, Nairobi		Double Storey		Vacant	• Fallen wall fence replaced by iron sheets, • Leaking roof in the toilet and bathroom, • Damaged gutters on the roof.



				 <i>Damaged ceiling</i>
				 <i>Fallen part of wall fence replaced by iron sheets</i>
Plot No. 5450, Nyerere Road, Nairobi	Double Storey	Chancery		• The offices had cracked walls • Leaking roof • Part of the wall fence was dilapidated
				 <i>Cracks in Accounts office</i>
				 <i>Dilapidated Wall fence</i>
Plot No. (2154)205/15, Riverside Drive, Nairobi	Double Storey	Official Residence		• Cracks in the wall fence • Roof leakages in the guest toilet • Leaking pipes on the water tank causing water spillage on the roof
Addis Ababa, Ethiopia				
Addis Ababa	Double Storey	Ambassador		• Leaking roof causing damage to ceiling, wooden floor tiles, floor carpets and furniture



						  <i>Damaged Ceiling in Kids Bedroom</i> <i>Peeling off Paint at Veranda</i>
Gaborone, Botswana						
262 Kgari Close	May 1967	Four (4) bedroomed house with a guest wing, servants' quarter and a swimming pool.	High Commissioners Residence	- Cracks in the wall fence, walls of the lounge, bathroom, kitchen and bedrooms, - The servant's quarter had a leaking roof.	 <i>Crack in Wall of Lounge</i>	
2485 Tshekedi Crescent	15 th July 1970	Standalone three (3) bedroomed house with a servant's quarter.	First Secretary P/A	- Damaged roof. - Cracks in the boundary wall fence.	 <i>Cracks in left side Boundary Wall near front of property</i>	
Plot 280 Tawana Close	25 th November 1968	Three (3) bedroomed house with a quarter.	Third Secretary Accounts	- Damaged roof. - The blundering was falling off. - Cracks on the exterior wall - Servants' quarter had leaking and rusted roof.		



Dar es Salaam, Tanzania					
Plot 39/ Ali Hassan Mwinyi - The Residence	March 1985	Six (6) Bedroom House	High Commissioner	Leakages in three (3) toilets.	 
Plot 350/351 Lugalo Road - Upanga	February 1965	Three (3) Bedroom House	First Secretary – Political and Administration	Leakages from the tank on the roof causing damage to the outer walls of the house.	 <i>Stained Outer wall</i>
Plot 484 Mindu Street – Upanga	February 1971	Four (4) Bedroom House	Third Secretary – Accounts	- Crack in the wall fence. - Leaking pipe in the toilet at the servant's quarter.	
Plot 36 Galu Road - Ada Estate	November 1974	Three (3) Bedroom House	First Secretary – Trade and Economic		 <i>Workers Ablution Block without Doors</i>
The Chancery Plot No. 5/6 Junction Ohio Sokoine	December 1975	Four (4) storey building situated in the central business district of Dar es Salaam.	The third and fourth floors were occupied by the Zambian Mission. The first and	- The ground, first, second and third floors needed renovation works such as plumbing, painting, tiling and fixing of furniture and fittings. - Damaged ceiling board on the third and fourth floors and ladies toilet.	



			second floors were vacant while part of the ground floor and Annex building were being rented out to private institutions.	 	<i>Damaged Wall on the 1st Floor</i> <i>Damaged Ceiling Board on the First Floor</i>
Lilongwe, Malawi					
Dilapidated Official Residence - Plot No. 10/112-114	1974	Official Residence for the High Commissioner	Vacant	○ Damaged ceiling board in the High Commissioners office due to leakages. ○ Leakages in the corridor. ○ Damaged gutters. ○ Dilapidated servants quarter.	 



18 Head: 19 Office of the Vice President - Disaster Management and Mitigation Unit

18.1 Mandate

The Disaster Management and Mitigation Unit (DMMU) is mandated to coordinate all disaster management activities in the country in line with the provisions of the Disaster Management Act No.13 of 2010.

18.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a provision of K125,437,779 was made to cater for operations of the Unit against which amounts totalling K124,792,776 were released resulting in an underfunding of K645,003. In addition, amounts totalling K397,661,795 were received through Heads 21 and 99 (Third-Party) accounts bringing the total available funds to K522,454,571.

As at 31st December 2024, amounts totalling K473,598,816 had been spent leaving a balance of K48,855,755. See table 1 below.

Table 1: Funding and Expenditure

Source	Funding K	Expenditure K	Unspent K
Treasury	124,792,776	111,691,871	13,100,905
Third Party - Head 21	251,825,112	216,070,262	35,754,850
Third Party - Head 99	145,836,683	145,836,683	-
Total	522,454,571	473,598,816	48,855,755

18.3 Audit Findings

An examination of accounting and other records maintained at the Headquarters and selected stations for the financial year ended 31st December 2024 revealed the following:

a. Contract for the Construction of Warehouse - Headquarters

On 20th December 2023, DMMU engaged Ruthfield Engineering and Suppliers for the construction of a warehouse and associated external works at DMMU Headquarters at a contract sum of K7,011,782 with a completion period of twenty eight (28) weeks.

Further, on 8th June 2024, the parties signed an Addendum No.1 for the extension of the completion period from 20th July 2024 to 10th August 2024 at no cost.



In addition, on 8th October 2024, the parties signed Addendum No.2 to extend the completion date by twelve (12) weeks from 10th August 2024 to 10th November 2024 with an adjusted contract price of K7,459,160, representing 6.38% increase. The extra work included substructure, carpentry, joinery and iron mongery, metal works, plumbing installations, electrical installation, floor wall and ceiling finishing, glazing, and painting and decorations.

As at 31st December 2024, the contractor had been paid amounts totalling K2,123,812.

The following were observed:

i. Failure to Complete Construction

According to Addendum No. 2 dated 8th October 2024, the construction works should have been completed on 10th November 2024. However, a review of records and physical inspection of the project carried out in August 2025 revealed that the construction of the warehouse had not been completed and had been delayed by over seven (7) months.

Inquiries with management revealed that the delay was due to failure by the contractor to renew the performance bond and advance payment guarantee which expired on 20th and 21st December 2024 respectively. However, as of August 2025, DMMU did not avail the renewed performance bond and advance guarantee and there was no evidence of extension of the contract after 10th November 2024.

ii. Stalled/Abandoned Construction Works

A review of a status report prepared by the Project Manager (Ministry of Infrastructure, Housing and Urban Development) dated 20th May 2025 revealed that the works were at 45% completion.

Inquiries made with management revealed that the contractor had abandoned the site and that works had stalled. It was further revealed that the contractor had not been on site since 20th March 2024. A physical verification carried out on the site revealed that the works were at roof level. See pictures below.



Construction of the Warehouse at Roof Level

b. Disaster and Humanitarian Operations Management Programme

i. Lack of Disposal Details for Disaster Relief Items

Regulation No. 7 of the Public Finance Management (Public Stores) Regulations of 2022 states, "An office holder in charge of stores shall maintain the following books, records or registers: stores ledger; stores demand, issue and receipt vouchers; Stock Receipt, Cost Sheet; or any other document as may be determined by the Secretary to the Treasury or a controlling body."

During the period under review, DMMU received various disaster relief items comprising food and non-food items valued at K663,880,306 for disaster relief operations in drought-affected areas.

Contrary to the Regulation, DMMU did not provide disposal details such as receipts and goods issued vouchers, distribution lists, delivery notes, bin cards, fuel statements, storage location details for undistributed items, assessment reports showing affected areas where items were distributed, beneficiary registers and acquittals for disaster relief items valued at K298,288,744. See table 2 below.

Table 2: Lack of Disposal Details for Disaster Relief Items

No.	Item Description	Total Value K	Accounted for Items Distributed Value K	Unaccounted Value K
	Food Items			
1	FRA Maize (1,645,350 bags)	542,965,500	267,432,000	275,533,500
2	Donated Food Items	99,131,846	97,573,752	1,558,094
	Non-Food Items			
1	Tents (650 units)	20,722,500	-	20,722,500
2	Water Tanks	1,060,460	585,810	474,650
	Grand Total	663,880,306	365,591,562	298,288,744



c. Other Irregularities

i. Lack of Risk Management Policy

Section 11 (1) (a) of the Public Finance Management Act No. 1 of 2018 states “A controlling officer is responsible for planning and controlling of revenue collection and expenditure of public funds appropriated under that controlling officer’s control including establishment and maintenance of an effective, efficient and transparent system of financial and risk management and internal control.”

Contrary to the Act, DMMU did not have a Risk Management Policy that covers business continuity which is important in achieving programme goals and mitigate risks in its operation.

ii. Lack of Title Deeds for Properties

Section 41 (4) of the Public Finance Management Act No. 1 of 2018 stipulates that a Controlling Officer shall ensure that all public properties under the Controlling Officer’s charge are secured with title deed.

A review of the Asset Register revealed that DMMU recorded five (5) properties for which there were no title deeds. See table 3 below.

Table 3: Assets without Title Deeds

No	Description
1	DMMU headquarter
2	Lusaka Warehouse under construction
3	Luapula - Mansa Plot
4	Southern - Choma Plot
5	Eastern - Chipata Plot



19 Head: 21 Ministry of Finance and National Planning – Loans and Investments

19.1 Mandate

The Ministry of Finance and National Planning has the mandate of performing various statutory functions which include the preparation of the National Budget, Economic Management, Resource Mobilisation, Debt Management and Public Finance Management.

It is responsible for managing public resources in an effective, transparent and accountable manner to support sustainable national development. Further, the Ministry is responsible for spearheading the national vision, national development planning, appraisal of public investments, and coordination of development assistance programmes.

19.2 Budget and Income

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total authorised provision of K41,613,876,574 was made to cater for programmes under Loans and Investments Programme against which amounts totalling K24,808,885,976 were released resulting in an under funding of K16,804,990,598.

19.3 Audit Findings

An examination of accounting and other records maintained at the Ministry revealed the following:

a. Loss of Funds Due to Failure to Adhere to Agreement on Assignment of Rights and Interests

In 2016, the Ministry of Agriculture engaged Nyiombo Investments on a long-standing fertilizer procurement contract sum of US\$30,608,037.37. On 23rd September 2016, Nyiombo Investments Limited formally notified both the Ministry of Agriculture and the Ministry of Finance and National Planning that it had assigned its rights and interests amounting to US\$3,659,192.39 under the contract to Swiss Singapore Overseas Enterprises PTE Limited (SSOEL), which is currently trading as Aditya Birla Global Trading Singapore PTE Limited (ABGTL). In its communication, Nyiombo Investments Limited further emphasized that no instructions regarding the assigned portion would be valid unless jointly issued by both Nyiombo Investments Limited and SSOEL. This notification placed an



obligation on the Ministry of Agriculture to withhold US\$3,659,192.39 from payments due to Nyiombo Investments Limited under the contract and instead remit that amount directly to SSOEL once the contract had been executed.

However, on 21st December 2017, contrary to the assignment notification, Nyiombo Investments Limited, having completed its contractual obligations, wrote to the Ministry of Agriculture requesting full payment of the contract sum of US\$30,608,037.37, without deduction of the amount assigned to ABGTL. Subsequently, in July 2018, the Ministry of Agriculture, with the approval of the Permanent Secretary, proceeded to pay Nyiombo Investments Limited the full contract amount, thereby disregarding the obligation to withhold and settle US\$3,659,192.39 directly with SSOEL.

On 26th May 2021, ABGTL wrote to the Ministry of Agriculture demanding settlement of the US\$3,659,192.39 that was due to them under the assignment but had not been paid. Following this, in June, the Treasury intervened and settled the obligation with SSOEL after obtaining legal advice from the Attorney General. The Attorney General advised that the Ministry of Agriculture was indeed obligated to honour the assignment, and that the earlier payment of the funds, which should have been withheld, to Nyiombo Investments Limited, which by then had been liquidated, was erroneous. The Treasury was therefore advised to pay SSOEL and to initiate recovery of the erroneously paid funds from the responsible officers who had authorised the full payment to Nyiombo Investments Limited. In regard, the Ministry of Agriculture failed to enforce the assignment notification and irregularly authorized the full payment to Nyiombo Investments Limited despite clear instructions to withhold and remit a portion to SSOEL. This resulted in financial loss to the Treasury as it was required to be settled as an outstanding obligation with a further exposure to a risk of non-recovery due to the fact that Nyiombo Investments was liquidated.

On 16th July 2024, the Ministry of Finance and National Planning wrote to the Drug Enforcement Commission requesting for assistance to recover the funds from Nyiombo Investments Limited. As at 31st August 2025, the funds had not been recovered from either Nyiombo Investments Limited or the officers who approved the irregular payment.



b. Failure to Test Business Continuity and Disaster Recovery Plan

According to Business Continuity and Disaster Recovery Plan (BCDRP) Clause 3.1, the BCDRP and its separate components will undergo regular testing, while the designated recovery facility will undergo a comprehensive by-annual examination of its key business continuity capabilities.

It was observed that the plan had not been subjected to testing to evaluate restorability of various components of the system including restore test from off-site backups to verify data integrity. This implies that the Ministry's preparedness is not guaranteed in the event of a major disruptions to services.

20 Head: 29 Ministry of Local Government and Rural Development

20.1 Mandate

The Ministry is mandated to promote a decentralised, effective local governance system and facilitate the delivery of municipal services and infrastructure development through Local Authorities in order to effectively and efficiently contribute to sustainable socio-economic development as well as facilitate rural development and customary affairs for improved quality of life and economic well-being of citizens across the country.

20.2 Budget, Income and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K9,745,212,536 was made to cater for the operations of the Ministry against which amounts totalling K5,637,055,938 were released resulting in an under funding of K4,108,156,598.

As at 31st December 2024, amounts totalling K5,600,045,536 had been spent leaving a balance of K37,010,402. See table 1 below.



Table 1: Budget, Income and Expenditure

Programme	Budget Estimate K	Supplimentary K	Total Approved budget K	Funding K	Underfunding K	Expenditure K	Unspent Funds K
Human Settlements Planning and Regulation	10,490,623	-	10,490,623	8,751,673	1,738,950	8,545,902	205,771
Local Governance	6,690,788,537	2,000,000,000	8,690,788,537	4,876,889,539	3,813,898,998	4,874,578,204	2,311,335
Municipal Infrastructure and Support Delivery	116,246,291	-	116,246,291	51,164,244	65,082,047	45,374,324	5,789,920
Customary Governance	142,518,529	-	142,518,529	115,445,318	27,073,211	113,057,728	2,387,590
Rural Development	76,369,306	-	76,369,306	9,544,821	66,824,485	9,541,575	3,246
Management and Support Services	708,799,250	-	708,799,250	575,260,343	133,538,907	548,947,803	26,312,540
Total	7,745,212,536	2,000,000,000	9,745,212,536	5,637,055,938	4,108,156,598	5,600,045,536	37,010,402

20.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters for the financial year ended 31st December 2024 and audit verifications carried out in selected districts revealed the following:

a. Audit of Annual Performance Information

A review of records such as the annual workplan and budget and annual report for 2024 revealed that the Ministry planned to implement 5,676 activities across six (6) programmes.

However, as at 31st December 2024, only 3,408 activities had been implemented leaving 2,268 activities unimplemented. This represented a 42% programme performance. See table 2 below.



Table 2: Failure to Implement Planned Activities

No.	Programme	Sub-Programme	Key Output & Output Indicator	Annual Target	Achieved	Variance	Percentage of Achievement
1	Human Settlement Planning and Regulations	Local Authorities trained on Squatter Settlements Upgrading	12 trainings exercises co	12	12	0	100%
		Intergrated Development Plans (IDPs)	15 Intergrated Development Plans	15	15	0	100%
		Planning Appeals Tribunal Seesions	Conduct 5 Planning Appeals Tribunal Seesions	5	5	0	100%
		Sensitizations on Planning Agreements conducted	4 sensitization meetings undertaken	4	1	3	25%
		Maps and Baseline Data for National Planning Framework Prepared	5 stakeholder engagement meetings held	5	0	5	0%
2	Local Governance	Devolved functions implemented	116 Local Authorities submitting quarterly reports on implementation of devolved functions	116	116	0	100%
		Devolved functions implemented	2 consolidated reports on implementation of devolved functions	2	2	0	100%
		Performance Assessment System for Local Authorities developed	116 Local Authorities meeting minimum performance Score	116	96	20	83%
		Local Authorities meeting minimum performance Score	116 service delivery charters for Local Authorities developed	116	116	0	1%
		Revenue enhancement strategy for Local Authorities	Develop 1 revenue enhancement strategy for Local Authorities	1	1	0	100%
3	Municipal Infrastructure and Support Delivery	Solid Waste Management compliance monitoring conducted	50 districts visited for compliance monitoring	50	32	18	64%
		Bus stations constructed	3 Bus Stations Constructed	3	0	3	0%
		Solid Waste service provision certificates processed	100 Solid Waste service provision certificates processed within	100	9	91	9%
4	Customary Governance	Village Records Created	5000 Village registers purchased and distributed	5,000	3,000	2,000	60%
		Provincial Council of Chiefs meetings Held	10 Provincial Council of Chiefs meetings held	10	1	9	10%
		Chiefdom boundary mapping conducted (Missing chiefdoms on the 1958 Chiefdom Boundary Map mapped)	20 missing chiefdoms included on 1958 Boundary map	20	0	20	0%
		Chiefs Palaces constructed	17 palaces completed (construction)	17	0	17	0%
		Research in Chiefs Affairs undertaken	2 research (studies) cond	2	0	2	0%
5	Rural Development Programme	Rural crossing points constructed	50 Rural Crossing Points Constructed	50	0	50	0%
		Rural crossing points rehabilitated	20 Rural Crossing points rehabilitated	20	0	20	0%
		Sanitation facilities in public places constructed	10 Sanitation facilities in public places constructed	10	1	9	10%
		Rural Development Coordination Framework developed	1 Rural development coordinataion framework in place	1	0	1	0%
		Revenue enhancement strategy for Local Authorities	Develop 1 revenue enhancement strategy for Local Authorities	1	1	0	100%
	Total			5,676	3,408	2,268	42%



b. Local Governance Programme

i. Construction of Chiefs Palaces

During the period under review, the Ministry commenced the construction of 109 Chief's palaces in eighty eight (88) districts. The construction of the palaces was to be financed through the Constituency Development Funds (CDF) and a provision of K446,666,772 was made.

In this regard, the Ministry engaged Zambia Correctional Service (ZCS) to construct eighty (80) palaces and private contractors to construct twenty-nine (29) Chief's palaces.

In addition, the Ministry brought forward the construction of seventeen (17) Chiefs' Palaces whose construction works commenced in 2023 bringing the total number of Chief's palaces under construction to 126.

The following were observed.

- **Construction of Eighty (80) Chiefs' Palaces by Zambia Correctional Service**

In November 2023, the Ministry of Local Government and Rural Development engaged the Zambia Correctional Service for the construction of eighty (80) Chiefs' Palaces in seven (7) provinces of Zambia at a total cost of K311,001,359 with a completion period running from 28th November 2023 to 30th August 2024. See table 3 below.

Table 3: Contract Sum

Province	No. of Palaces	Contract Sum K
Western	7	28,639,934
Muchinga	8	32,242,539
Southern	19	72,348,526
Copperbelt	3	10,495,848
Luapula	14	56,524,022
Central	13	46,138,658
Eastern	16	64,611,832
Total	80	311,001,359

On 29th April 2025, the contract was extended through Addendum No 3 to 30th December 2025 at no cost.

The scope of works included:

- Construction of the Chief's four (4) bedroomed house – high cost.
- Construction of two (2) low cost two (2) bedroomed house for Chief Retainers.



- Construction of a meeting room.

As of May 2025, interim payment certificates (IPCs) in amounts totalling K116,830,702 had been issued by the Zambia Correctional Service (ZCS) and all the issued IPCs had been settled. See table 4 below.

Table 4: Payments to ZCS

Province	No. of Palaces	Contract Sum K	Payment K	Balance K
Western	7	28,639,934	7,159,983	21,479,951
Muchinga	8	32,242,539	12,428,796	19,813,743
Southern	19	72,348,526	27,390,960	44,957,566
Copperbelt	3	10,495,848	4,897,364	5,598,484
Luapula	14	56,524,022	20,935,599	35,588,423
Central	13	46,138,658	21,841,942	24,296,716
Eastern	16	64,611,832	22,176,057	42,435,775
Total	80	311,001,359	116,830,702	194,170,657

- **Project Status**

A review of the project status report and physical inspection carried out in August 2025 revealed that out of the eighty (80) palaces, one (1) had been completed, sixty-six (66) were work in progress and thirteen (13) had not commenced.

The sixty-six (66) work in progress palaces were at various stages of construction such as foundation, slab, window and lintel levels and others had been roofed.

Table 5 below shows the palaces for which construction had not commenced.

Table 5: Palaces not Constructed

No.	Province	District	Palace	Remark
1.	Eastern	Chasefu	Chief Magodi's Palace	As of May 2025, the works had not Commenced due to Chieftdom disputes over land.
		Vubwi	Chief Pembamoyo's Palace	As of May 2025, the works had not Commenced due to Chieftdom disputes over land.



No.	Province	District	Palace	Remark
		Petauke	Senior Chief Kalindawalo	As of May 2025, the works had not Commenced due to Chieftdom disputes over land.
		Katete	Paramount Chief Gawa Undi	As of May 2025, the works had not commenced due to demand for a bigger house by the Chief.
2.	Western	Mongu	Lealui and Limulunga Palaces (His Majesty the Litunga)	As of May 2025, the works had not yet commenced - waiting for consent and was being awaited from the Barotse Royal Establishment (BRE) for site possession
		Senanga	Nalolo and Muoyo Palaces (Senior Chieftainess Litunga La Mboala)	As of May 2025, the works had not yet Commenced - waiting for consent from the Barotse Royal Establishment (BRE) for site possession
		Kalabo	Libonda and Mulundumana Palaces	As of May 2025, the works had not yet Commenced - waiting for consent from the Barotse Royal Establishment (BRE) for site possession
		Mwandi	Mwandi Palace (Senior Chief Amukena)	As of May 2025, the works had not yet commenced - waiting for consent from the Barotse Royal Establishment (BRE) for site possession
		Kaoma	Nalieli Palace (Senior Chief Mbanga Yeta)	Not yet Commenced - waiting for consent from the Barotse Royal Establishment (BRE) for site possession
3	Luapula	Chifunabuli	Chief Mbulu	Works not commenced by Contractor



No.	Province	District	Palace	Remark
		Lunga	Chief Kasoma Lunga	Works not commenced by Contractor

• **Construction of Chiefs' Palaces by Private Contractors**

Between 26th December 2023 and 15th January 2024, the Ministry engaged thirteen (13) private contractors to construct twenty nine (29) chiefs' palaces in various districts at a total contract sum of K110,758,397 with a completion period of nine (9) months from the date of commencement. See table 6 below.

Table 6: Private Contractors

No.	Province	District	Contractor	Contract Sum K	Commencement Date
1	North Western	Zambezi	Sydmark Operations Ltd	4,519,328.52	15th JANUARY, 2024
2	North Western	Mushindamo	Sydmark Operations Ltd	4,519,328.52	15th JANUARY, 2024
3	North Western	Mwinilunga	Sydmark Operations Ltd	4,519,328.52	15th JANUARY, 2024
4	North Western	Zambezi	Sydmark Operations Ltd	4,519,328.52	15th JANUARY, 2024
5	North Western	Kalumbila	Sydmark Operations Ltd	4,519,328.52	15th JANUARY, 2024
6	North Western	Kasempa	Sydmark Operations Ltd	4,519,328.52	15th JANUARY, 2024
7	North Western	Kabompo	Transley Enterprises	3,858,116.64	15th JANUARY, 2024
8	North Western	Manyinga	Transley Enterprises	3,858,116.64	15th JANUARY, 2024
9	North Western	Ikielenga	Transley Enterprises	3,858,117.64	15th JANUARY, 2024
10	North Western	Mufumbwe	Teso Works and Supply Ltd	4,354,183.76	15th JANUARY, 2024
11	North Western	Solwezi	Teso Works and Supply Ltd	4,354,183.76	15th JANUARY, 2024
12	Lusaka	Luangwa	Acco Civil Engineering Ltd	2,978,481.05	26th DECEMBER, 2023
13	Lusaka	Rufunsa	Ndekazi Investment Ltd	3,336,698.82	26th DECEMBER, 2023
14	Lusaka	Kafue	Kezia Investment Ltd	2,667,335.12	26th DECEMBER, 2023
15	Southern	Namwala	Ndekazi Investment Ltd	3,336,698.82	26th DECEMBER, 2023
16	Northern	Kasama	GNM Projects Limited	3,364,367.01	26th DECEMBER, 2023
17	Northern	Lupososhi	Kenval Investment Ltd	3,665,527.26	26th DECEMBER, 2023
18	Northern	Kaputa	Town Mouse Enterprises	4,922,126.79	26th DECEMBER, 2023
19	Northern	Lupososhi	Town Mouse Enterprises	4,922,126.79	26th DECEMBER, 2023
20	Northern	Mbala	Kampe Investments	3,075,307.42	26th DECEMBER, 2023
21	Northern	Kasama	Kampe Investments	2,988,978.42	26th DECEMBER, 2023
22	Northern	Senga	Kampe Investments	3,037,032.42	26th DECEMBER, 2023
23	Northern	Chilubi Island	Mart Speed Contruction	3,563,772.15	26th DECEMBER, 2023
24	Northern	Luwingu	Shupe Investment Ltd	4,454,166.71	28th DECEMBER, 2023
25	Northern	Nsama	Mart Speed Contruction	3,563,772.15	26th DECEMBER, 2023
26	Northern	Mungwi	Mart Speed Contruction	3,563,772.15	26th DECEMBER, 2023
27	Northern	Lunte	Transatlantic Ventures	3,312,453.85	26th DECEMBER, 2023
28	Northern	Mporokoso	Transatlantic Ventures	3,242,723.70	26th DECEMBER, 2023
29	Northern	Mpulungu	GNM Projects Limited	3,364,367.01	26th DECEMBER, 2023
Total				110,758,397.20	

The scope of works for all the twenty-nine (29) contracts included the following:

- 1x4 Bedroomed Chiefs house – high cost
- 2x2 Bedroomed Chiefs Retainers Houses – Low Cost



- 1x1 Meeting Room

The conditions of contracts included the following:

- Advance Payment shall be twenty-five percent (25%) of the Contract sum and shall be paid to the contractor no later than 21 days from the date of submission of invoices, acceptable performance guarantee and acceptable advance payment guaranty.
- The Performance Security amount shall be ten percent (10%) of the contract sum in a freely convertible currency acceptable to the Employer.
 - Bank Guarantee: 10% of contract sum
 - Performance bond 10% of contract sum
- The site possession date shall be 21st November 2023.

As of May 2025, amounts totalling K88,156,929 had been paid to the contractors leaving a balance of K22,601,468.

The following were observed:

- **Failure to Engage New Contractor for the Construction of Chiefs' Palaces**

A review of documents held at the Ministry revealed that during the period under review, the Ministry terminated three (3) contracts in Northern Province, namely;

- Contract for the Construction of Chief Tafuna's Palace in Mpulungu District by GNM Projects Limited whose contract value was K3,037,032 and works stood at 15% and had been paid an advance payment amounting to K759,258 and;
- Contract for the Construction of Chief Mpande's Palace in Senga Hill District by Kampe Investments Limited whose contract value was K3,364,367 and works stood at 18% and had been paid an advance payment amounting to K841,092.
- Contract for the Construction of Chief Mwamba's Palace in Kasama District by GNM Projects Limited whose contract value was K3,364,367 and works stood at 55% and had been paid an advance payment amounting to K1,488,404.



However, as at 31st August 2025, management had not engaged new contractors for the completion of the Chiefs' palaces and works had stalled.

- **Project Status**

A Physical inspection of the construction of palaces in selected districts revealed that the works were at various stages as detailed in table 7 below.



Table 7: Outstanding Works at Visted Chiefs' Palaces

No.	Contractor	Project Name	Contract Sum K	Certified Amounts K	Total Paid K	Start and Revised End Date	Observations
1.	Kampe Investment Limited	Construction of Chief Nkole Mfumu's Palace in Kasama District	2,988,978.42	1,260,146.58	747,244.61	28/11/23 – 30/08/25	The Project completion percentage as of July 2025 was at 30%. The following were observed: - The contractor had the following works outstanding; Main Palace - o Concrete works were not done. - o Ring beams and lintel not done - o Block work stood at 60%. - o Cladding, metal works, glazing, plumbing, ironmongery, carpentry and joinery, doors, ceiling, tiles and painting of walls were not done - o Septic tank and soak away not done Retainers Houses - o Only two courses of block work were done at the Retainers houses. - o Doors, fitting of windows, glazing, ironmongery, carpentry and joinery, plastering of walls and painting of walls were not done - o Septic tank and soak away not done Meeting Room - o Only two courses of block work were done at the meeting room. - o Doors, fitting of windows, glazing, ironmongery, carpentry and joinery, plastering of walls and painting of walls were not done - o Septic tank and soak away not done
2.	Teso Works and Supply Limited	Contract for the construction of Chief Kapijimpanga's Palaces in Solwezi District	5,106,796.00	2,354,379.82	2,354,379.82	22/12/23 – 30/08/25	The Project completion percentage as of July 2025 was at 85%. The following were observed: - The contractor had the following works outstanding; Main Palace - o Electrical Fittings, door fittings and drilling of the borehole and water reticulation including external works Retainers Houses



No.	Contractor	Project Name	Contract Sum K	Certified Amounts K	Total Paid K	Start and Revised End Date	Observations
							Electrical Fittings, door fittings and drilling of the borehole and water reticulation including external works Meeting Room Electrical Fittings, door fittings and drilling of the borehole and water reticulation including external works. See pictures below    <i>Meeting room main house retainer's house</i> The contractor was on site.
3.	Teso Works and Supply Limited	Contract for the construction of Chief Chizela's Palaces in Mufumbwe District	5,106,796.00	1,947,001.93	1,947,001.93	22/12/23 – 30/08/25	The Project completion percentage as of July 2025 was at 60%. The following were observed: The following works were outstanding; Main Palace Roofing, wiring, fitting of aluminium windows, tiling, painting and decorations, external works, ceiling, electrical Fittings, door fittings and drilling of the borehole and water reticulation including external works Retainers Houses and Meeting Room Roofing, wiring, fitting of glass panes, tiling, painting and decorations, external works, electrical Fittings and door fittings See pictures below    <i>Main House 2 retainers' houses meeting room</i> The contractor was on site. The Project completion percentage as of July 2025 was at 70%. The following were observed:
4.	Transley Enterprises	Contract for the construction of	3,858,116.64	1,595,679.27	1,595,679.27	22/12/23 –	



No.	Contractor	Project Name	Contract Sum K	Certified Amounts K	Total Paid K	Start and Revised End Date	Observations
		Chief Sikufele's Palaces in Manyinga District				30/08/25	- The contractor had the following works outstanding: Main Palace Wiring, plumbing works, fitting of aluminium windows, painting and decorations, external works, ceiling, electrical fittings, door fittings and drilling of the borehole and water reticulation including external works Retainers Houses Wiring, plumbing works, fitting of windowpanes, painting and decorations, external works, ceiling, electrical fittings and door fittings The construction of the second retainer's house had not commenced. Meeting Room Wiring, plumbing works, fitting of windowpanes, painting and decorations, external works, ceiling, electrical fittings and door fittings. See pictures below.    Main house Retainer house meeting room
5.	Ndekazi Investments Limited	Contract for the construction of Chief Bunda Buunda's Palaces in Rufunsa District	3,336,699.00	1,350,944.02	1,350,944.02	22/12/23 – 30/10/25	The contractor was on site. The Project completion percentage as of July 2025 was at 37%. The following were observed: The contractor had the following works outstanding; Main Palace Plastering, wiring, fitting of aluminium windows, tiling, painting and decorations, external works, ceiling, electrical fittings, door fittings and drilling of the borehole and water reticulation including external works Retainers Houses Plastering, wiring, fitting of windowpanes, floor finishing for the two (2) retainer's houses, tiling, painting and decorations, external works, ceiling, electrical fittings and door fittings.



Office of the Auditor General
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No.	Contractor	Project Name	Contract Sum K	Certified Amounts K	Total Paid K	Start and Revised End Date	Observations
							Meeting Room Plastering, wiring, fitting of windowpanes, floor finishing, tiling, painting and decorations, external works, ceiling, electrical fittings and door fittings. See pictures below  <i>Main house</i> <i>Retainer's House</i> The contractor was on site.



c. Municipal Infrastructure and Support Delivery

i. Questionable Use of Limited Bidding - Contract for the Construction of Lady Diana Drainage and Culverts in Kanyama

On 28th October 2024, the Ministry engaged Scirocco Enterprise Limited for the construction of a lined drainage and culverts in Kanyama, Lusaka at a contract sum of K26,996,098 VAT Inclusive with a completion period of four (4) months and expected end date of 27th February 2025.

The scope of the works included; excavation of 4.5 km, metal works, concrete works and installation of culverts.

As at 31st July 2025, the Contractor had been paid amounts totalling K5,261,839.

Section 42 (2) (b) of the Public Procurement Act No. 8 of 2020 provides that limited bidding may be used where there is an urgent need for the goods, works or services and engaging in open bidding would be impractical.

The Ministry gave a justification for limited bidding indicating that the works were an emergency. In addition, a review of the evaluation report revealed that on 25th September 2024, the Procurement Committee approved the use of limited bidding and to reduce the floatation period from four (4) to two (2) weeks.

However, a physical inspection of the works carried out in March 2025 revealed that the works which were scheduled to be completed by February 2025 had not been completed and the works were at 10% completion stage. It was further observed that due to the delayed completion of the works the area was affected with floods.

It is therefore questionable how the procurement which was an emergency had not been completed within the stipulated time frame. See pictures below.



Flooding in affected areas



In addition, there was no evidence that the contract had been extended despite the contractor being on site.

ii. Funding From Head 21-Loans and Investments

On 27th February 2024, the Ministry received funding from Head 21 – Loans and Investment in amounts totalling K5,416,419 for outstanding bills. The following were observed:

- **Wasteful Expenditure**

During the period under review, the Ministry of Local Government and Rural Development paid amounts totalling K4,546,708 to three (3) contractors to dismantle arrears as a result of compensation, interest and penalties accrued due to late payment of Interim certificates for the construction works carried out. See table 8 below.

Table 8: Wasteful Expenditure

No.	Project Name	Contractor	Amount Due K	Interest Paid K	Outstanding balance K
1	Contract for completion of an ultra-modern market in Livingstone	Matty construction Ltd	498,870	160,090	
2	Construction of a modern market in Itezhi-tezhi district	Rayton Construction Ltd	13,323,839	2,217,549	11,106,290
3	Build, operate and transfer of containerised mobile toilets around CBD and two others in each constituency	Kwasu Properties Ltd	5,625,169	2,169,070	3,456,099
Total				4,546,708	14,562,389

- **Failure to Settle Outstanding Interest**

As at 31st August 2025, the Ministry had outstanding interest and compensation in amounts totalling K14,562,389 which had not been settled.



21 Head: 30 Ministry of Home Affairs and Internal Security – Zambia Correctional Service

21.1 Mandate

The Ministry of Home Affairs and Internal Security – Zambia Correctional Service is mandated to manage all prisons and correctional centres across the country.

21.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a provision of K1,183,338,920 was made to cater for the operations of the Zambia Correctional Service against which amounts totalling K903,581,981 were received resulting in an underfunding of K279,756,939.

As at 31st December 2024, amounts totalling K879,032,209 had been spent leaving a balance of K24,549,772. See table 1 below.

Table 1: Budget, Funding and Expenditure

Programmes	Total Authorized K	Funding K	Expenditure K	Unspent Funds K
Management and Support Services	192,806,497	180,796,170	177,957,164	2,839,006
Custodial Services	593,762,396	515,835,409	510,826,408	5,009,001
Rehabilitation Services	304,175,024	117,675,021	103,166,957	14,508,065
Social Reintegration	29,288,914	29,288,913	28,941,053	347,860
Correctional Services Training	63,306,089	59,986,468	58,140,627	1,845,841
Total	1,183,338,920	903,581,981	879,032,209	24,549,772

21.3 Audit Findings

An examination of accounting and other records maintained at the Zambia Correctional Service revealed the following:

a. Compliance with Legislation and Regulations

i. Weaknesses in the Management of Inmates Educational and Skills Programmes – North Western Region

Section 50 (1) of the Zambia Correctional Service Act No. 37 of 2021 states that “the Service shall provide rehabilitation programmes including educational, work and social programmes which shall, as far as possible, improve the inmate’s possibility of successful reintegration in the community after discharge.”

The rehabilitation of inmates constitutes the core function of the Correctional Service. Adult Literacy and Vocational Training Subprograms encompass literacy,



formal education and vocational skills training for inmates thereby contributing significantly to their rehabilitation.

A review of inmates education programmes at six (6) correctional facilities and a physical inspection conducted in March 2025 revealed that North-Western Region had a total of 264 inmates enrolled in literacy, primary and secondary education and skills training programmes out of the total inmate population of 971 representing twenty-seven percent (27%). However, the following were observed:

- Shortage of instructors in some skills and subjects such as tailoring, metal fabrication, carpentry and bricklaying.
- Lack of classroom blocks and workshops resulting in inmates learning from cells, chapels and sheds.
- Lack/shortage of desks resulting in inmates squatting while learning.
- Inadequate learning materials and equipment in some skills subjects such as tailoring, metal fabrication, carpentry and bricklaying.

As at 31st July 2025, the situation remained the same.

b. Weaknesses in the Management of Payroll and Staff Related Matters

A review of the payroll system, financial and other records relating to the payroll management at Zambia Correctional Service for the period January to December 2024 revealed the following:

i. Failure to Update Establishment Register

Clause 6 of the Terms and Conditions of Service guides that no appointment, promotion or transfer should be made to any post in the public service unless that post is approved, funded and is vacant.

A comparison of selected positions on the payroll and the 2024 Establishment Register revealed that the payroll had 2,706 positions while the Establishment Register had 1,965 resulting in 741 excess positions. As at 31st July 2025, the register had not been updated.

ii. Management of Separated Officers - Unsupported Separations

Sections 35(f), 36(a), 38(a) and 60(a) of the Terms and Conditions of Service for the Public Service stipulates that a responsible officer can terminate the



payment of a salary on account of death, resignation, retirement and absenteeism.

However, it was observed that one (1) officer who resigned in December 2023 was on the payroll from January 2024 to March 2025 and was irregularly paid salaries in amounts totalling K113,182. As at 31st July 2025, the situation had not been normalised.

c. Contracts for the Supply and Delivery of Yearling Heifers (Cattle)

On 15th November 2024, the Zambia Correctional Service through the Ministry of Home Affairs and Internal Security engaged three (3) suppliers to supply 818 yearling heifers to the Zambia Correctional Service – Chishinga Livestock Breeding Centre in Kawambwa at a total contract sum of K10,879,462 VAT inclusive with a delivery period of 4-8 weeks from contract signing date and a contract period of four (4) months. See table 2 below.

Table 2: Supply and Delivery of Yearling Heifers (Cattle)

No.	Supplier	No.of Heifers	Contract Sum K	Delivery Period
1	Cattlemen Livestock Cooperative Society Limited	273	3,597,215	4-8 Weeks
2	Kathemo	272	3,710,080	4-8 Weeks
3	Troikaz Investment Limited	273	3,572,167	4-8 Weeks
	Total	818	10,879,462	

As at 31st August 2025, two (2) suppliers had been paid a total of K1,826,824 (Cattlemen Livestock Cooperative Society Ltd – K899,304 and Kathemo K927,520) as twenty-five percent (25%) advance payment and the following were observed:

i. Non-Performing Contracts

The contracts provided for the delivery of heifers within the period of 4 to 8 weeks from the contract signing date of 15th November 2024. However, as at 31st August 2025, only Cattlemen Livestock Cooperative Society Ltd had delivered 100 heifers leaving a balance of 173. The other two (2) suppliers had not delivered the heifers, five (5) months after the contract expiry date.



ii. Failure to Recover Liquidated Damages

Clause No. 24.1 of the contract states that the contractor shall pay liquidated damages to the employer at the rate of 0.5 % of the contract price per week for each week that the delivery date is later than the intended delivery date.

As at 31st August 2025, the suppliers had delayed delivering the Contracts totalling K10,854,414 by twenty-eight (28) weeks. There was no evidence that the Service had claimed liquidated damages from the suppliers. See table 3 below.

Table 3: Liquidated Damages

No.	Supplier	No.of Heifers	Contract Sum K	Liquidated Damages @ 0.5% K
1	Cattlemen Livestock Cooperative Society Limited	273	3,572,167	331,854
2	Kathemo	272	3,710,080	344,666
3	Troikaz Investment Limited	273	3,572,167	331,854
	Total	818	10,854,414	1,008,375

d. Failure to Operationalise New Prison Cells Milima Central – Kasama - Maintenance of Prison Infrastructure

Physical inspections carried out at thirty one (31) stations revealed that various infrastructure such as offices, staff houses and correctional facilities were poorly maintained in that the buildings had blown roofs, cracked walls and floors, leaking roof, falling and stained ceiling boards, broken windowpanes and worn-out doors, without running water, faulty electrical wiring and collapsed sewer system.

As a result, some staff houses were not habitable due to being in deplorable state. See pictures below.



Blown off roof on the classroom block at Mukobeko Medium Facility



Naked wires and stained ceiling at Chipata Central Facility

In October 2017, the Government of the Republic of Zambia completed the construction of the last two (2) prison cells and one ablution block with water reticulation at Milima Correctional Facility in Kasama. Following the construction, there were eight (8) prison cells. The aim of construction was to decongest the old prison cells. The cells were well fenced with the required perimeter and a gate lodge.

However, a physical inspection carried out in April 2025 revealed that the new prison cells had not become operational about eight (8) years after its completion, instead some of the cells had been turned into storerooms.

In response to an enquiry, management stated that despite the completion of the construction of the prison cells, the contractor had not handed over the project to Zambia Correctional Service.

As at 31st August 2025, the eight (8) prison cells had not been operationalised. See pictures below.



Section of eight (8) prison cells not Operationalized



e. Management of Assets

i. Lack of Title Deeds for Property

Section 41 (4) of the Public Finance Management Act No. 1 of 2018 stipulates that, a Controlling Officer shall ensure that all public properties under the controlling officer's charge are secured with title deeds.

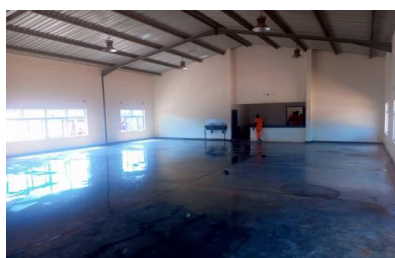
Contrary to the Act, four (4) regions did not secure title deeds for parcels of land on which fifty one (51) properties with unknown values were located. See table 4 below.

Table 4: Lack of Title Deeds

Region	No. of Properties
Northern	11
Western	6
Luapula	15
Muchinga	19
Total	51

ii. Dining Rooms without Tables and Chairs - Mwembeshi Remand

Mwembeshi Remand Correctional Facility was commissioned in August 2021. The Facility has four (4) dining halls with a sitting capacity of 384 inmates in each hall. A physical inspection conducted in April 2025 revealed that four (4) dining rooms with a total sitting capacity of 1,536 inmates had no tables and chairs as a result, the inmates had to sit on the floor when having their meals within the dining rooms. See picture below.



Dining room without tables and chairs



f. Failure to Dispose of Unserviceable Vehicles

Section 43 of the Public Finance Management Act No. 1 of 2018 requires a Controlling Officer to constitute a Committee of Survey, whose function include recommending to the Secretary to the Treasury, the disposal of unserviceable or obsolete public assets or stores.

Contrary to the Act, sixteen (16) motor vehicles had not been disposed of despite being un-serviceable.

Further, there was no evidence that ZCS had formally written to the Secretary to the Treasury to seek approval for their disposal.

g. Failure to Settle Staff and Other Obligations

As at 31st August 2025, the Zambia Correctional Service had accrued debts in amounts totalling K151,574,738 in respect of personal emoluments, supply of food rations and utility bills among others. See table 5 below.

Table 5: Outstanding Staff and Other Obligation

No.	Details	Outstanding K
1	Personal Emoluments	591,286
2	Utilities	35,595,754
3	Food Rations	90,075,929
4	Staff Allowances	14,871,309
5	Motor Vehicles	6,068,950
6	Other RDCs	4,371,510
	Total	151,574,738

h. Correctional Industries Revolving Fund - Failure to Settle Outstanding FRA Maize Purchases

On 17th February 2023, the Ministry of Home Affairs and Internal Security requested for authority on behalf of Zambia Correctional Services (ZCS) to access maize from the Food Reserve Agency (FRA) to ensure a continuous supply of relatively cheaper mealie meal.

A review of delivery notes and goods received vouchers from FRA and ZCS revealed that ZCS received 61,912.50 metric tonnes (MT) of maize from FRA valued at K371,475,000. Further, ZCS had unpaid balance of K33,939,080 brought forward from 2023 bringing the total amount to K405,414,080. However, an examination of payment records showed that



ZCS only paid amounts totalling K256,431,997 to FRA leaving a balance of K148,982,083 as at 31st December 2024.

Further, between January and June 2025, ZCS received an additional 105,893.10 metric tonnes of maize from FRA valued at K615,260,120 and made payments in amounts totalling K635,414,080 leaving an accumulated balance of K128,828,123 as at 31st August 2025.

22 Head: 45 Ministry of Community Development and Social Services

22.1 Mandate

The Ministry is mandated to provide and facilitate the provision of equitable social protection services to communities in order to contribute to sustainable human development.

22.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, the Ministry had a total provision of K10,912,386,791 which included a supplementary budget of K5,330,906,664. The provision was made to cater for the operations of the Ministry and amounts totalling K9,759,299,932 were released resulting in an underfunding of K1,153,086,859. See table 1 below.

Table 1: Budget and Funding

Programme	Approved Estimates K	Amount Funded K	Underfunding K
Community Development	1,481,660,058	1,330,590,257	151,069,801
Social Assistance	9,303,963,083	8,304,953,196	999,009,887
Non Govt Regulation and Standards	6,786,827	5,965,086	821,741
Social Welfare	55,819,714	55,207,018	612,696
Child Development	29,275,001	28,154,519	1,120,482
Management and Support Services	34,882,108	34,429,856	452,252
Total	10,912,386,791	9,759,299,932	1,153,086,859

As at 31st December 2024, amounts totalling K9,672,294,779 had been spent leaving a balance of K87,005,153.

22.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations revealed the following:



a. Community Development

i. Food Security Pack Sub-Programme

The Food Security Pack (FSP) Programme targets the vulnerable but viable farming households and provides them with inputs to ensure household food security and nutrition at household and community level. The beneficiaries are required to pay back 10% of their produce in kind which promotes communities' food security grain banks. Once collected, the district offices are empowered to sell and deposit the funds in the recovery accounts and the funds are applied on empowering vulnerable households.

During the period under review, the Ministry implemented the following activities under FSP. See table 2 below.

Table 2: Food Security Pack Districts and Beneficiaries

Category	No. of Districts	No. of Beneficiary
Rainfed	116	200,000
Wetland	58	40,000
Emergency Wetland	116	300,000
Alternative Livelihood Intervention	58	7,355
Total	348	547,355

In this regard, the Ministry distributed 2,204,868 quantities of farming inputs costing K1,498,089,107 under the rainfed, wetland and emergency wetland. See table 3 below.

Table 3: Farming Inputs for Food Security Pack

No.	Type of Farming Input	Details	Wetland	Emergency Wetland	Rainfed	Total Quantity	Total Amount K
1	D Compound	Quantity	40,000	300,000	304,000	644,000.00	654,550,162
		Amount	39,771,523	300,916,935	313,861,704		
2	Urea	Quantity	19,250	229,750	269,432	518,432.00	527,648,886
		Amount	19,076,697	229,859,573	278,712,616		
3	CAN Fertiliser	Quantity	20,750	70,250	-	91,000.00	85,974,768
		Amount	19,266,359	66,708,409	-		
4	Seed & Legumes	Quantity	60,750	370,250	332,286	763,286.00	220,307,672
		Amount	9,244,445	74,887,456	136,175,771		
5	Agrochemicals	Quantity	47,650	140,500	-	188,150.00	9,607,620
		Amount	2,973,125	6,634,495	-		
	Total					2,204,868	1,498,089,107

Further, the Ministry disbursed amounts totalling K17,400,000 to fifty-eight (58) districts of which each district received K300,000 to procure goats, sheep, chickens, bee-hive, and fish farming for 7,865 beneficiary households under the Alternative Livelihood Interventions (ALI).



During the 2024/2025 farming season, the Ministry engaged thirty-four (34) suppliers for the supply and delivery of various farming inputs at a total cost of K1,469,769,589. As at 30th June 2025, amounts totalling K923,963,697 had been paid to the suppliers leaving a balance of K545,805,892.

The following were observed:

- **Contract for the Supply of Various Seeds - Trans Seed Zambia Limited**

On 28th November 2024, the Ministry engaged Trans Seed Zambia Limited for the supply and delivery of various seed for the rainfed cropping component during the 2024/25 farming season at a contract sum of K31,564,860 VAT inclusive, which was to be delivered to all the 116 districts with delivery period ranging from four (4) to eighty (8) weeks from the date of contract signing. See table 4 below.

Table 4: Seed to be Supplied

No	Type of Seed	Quantity
1	Rice Seed Supa MG	33,17x50kg
2	Kabulangeti Bean Seed	29,322x 10Kg
3	Mbereshi Bean Seed	44,184 x10kg
4	Sunflower Seed	5,117x 10kg

As at 31st August 2025, despite the supplier having been paid amounts totalling K9,785,106, the seed had not been delivered.

Further, a visit to selected districts revealed the following:

- **Non-Delivery of Seeds to the Beneficiaries**

Seed costing K12,183,482 meant to be distributed to 62,317 beneficiaries in twenty-five (25) districts, had not been delivered as at 31st August 2025. See table 5 below.



Table 5: Non-Delivery of Seeds to the Beneficiaries

Province	Station	No of Beneficiaries	Undelivered Inputs	Total Amount K
Central	Kabwe	1,000	1,000	347,500
	Mumbwa	1,085	885	349,580
	Serenje	1,580	3,547	1,401,590
Luapula	Mwense	1,782	1,324	536,480
	Chembe	600	600	237,000
	Mansa	1,903	1,125	494,520
Southern	Kazungula	2,311	2,311	489,013
	Kalomo	2,022	2,022	425,833
	Monze	2,190	2,190	461,214
Western	Sesheke	1,343	1,343	497,867
	Mwandi	917	917	458,750
	Mulobezi	804	804	314,336
	Nalolo	1,518	1,518	1,498,718
	Mongu	1,580	1,580	1,280,107
Copperbelt	Chingola	1,018	1,018	402,110
	Luanshya	600	600	237,000
Eastern	Chipata	642	642	246,480
Muchinga	Lavushimanda	67	67	27,470
	Nakonde	525	525	300,201
Northern	Luwingu	300	300	118,500
Northwestern	Solwezi	8,480	8,480	356,160
	Kalumbila	8,920	8,920	707,393
	Mufumbwe	8,860	8,860	372,120
	Chavuma	3,000	3,000	158,000
	Mwinilunga	9,270	9,270	465,541
Total		62,317	62,848	12,183,482

- Non-delivery of Soya Bean Seed to Beneficiaries**

During the period under review, the Ministry allocated 2,021 x 10kg bags of soya bean seed costing K815,256 to 2,021 beneficiaries in four (4) districts. The delivery period was four (4) to eight (8) weeks commencing on 28th November 2024.

However, an examination of records revealed that as at 31st August 2025, the four (4) districts had not received the soya bean seed costing K815,256. See table 6 below.



Table 6: Non- delivery of Soya Bean Seed

No.	District	No of Beneficiaries	No of Quantity	Value K
1	Chipata	500	500	197,500
2	Lavushimanda	456	456	196,080
3	Nakonde	565	565	223,176
4	Luwingu	500	500	198,500
	TOTAL	2,021	2,021	815,256

- Non-Delivery of Maize and Groundnut Seeds to Beneficiaries**

On 25th November 2024, the Ministry entered into a contract with Amac Seed Zambia Limited for the supply and delivery of 94,180 x 10kg hybrid white seed medium maturity variety, 20,780 x 10kg hybrid fortified white maize and 11,180 x 10kg groundnuts for the rainfed cropping component for the 2024/25 farming season to 116 districts at a revised contract sum of K56,763,400 VAT exclusive, with a delivery period ranging from four (4) to eight (8) weeks.

During the period under review, the Ministry allocated 3,547 x 10kg bags of maize seed costing K1,694,790 to 3,547 beneficiaries in five (5) districts and 2,586 x 10kg bags of groundnut seed medium maturity costing K1,224,363 to 2,586 beneficiaries in four (4) districts.

However, an examination of stores records revealed that as at 31st August 2025, the districts had not received the maize and groundnut seeds costing K2,919,153. See table 7 below.

Table 7: Non-Delivery of Maize Seed to Beneficiaries

No.	District	No of Beneficiaries	No of Quantity of Maize Seed	No of Quantity of Groundnut Seed	Value K
1	Chipata	427	427	-	209,180
2	Petauke	1,000	1,000		500,000
		1,174	-	1,174	556,123
3	Lavushimanda	500	500	-	250,501
4	Mpulungu	301	-	301	142,373
5	Luwingu	500	500	-	248,500
		591		591	279,543
6	Samfya	1,120	1,120	-	486,609
7	Chembe	520	-	520	246,324
	TOTAL	6,133	3,547	2,586	2,919,153



- **Delivery of Uncertified Maize Seeds**

Clause 24.7 of the General Condition of the Contract states “the procuring entity may reject any goods or any part thereof that fail to pass any test and/or inspection or do not conform to the specifications. The supplier shall either rectify or replace such rejected goods or parts thereof or make alterations necessary to meet the specifications at no cost to the procuring entity, and shall repeat the test and/or inspection, at no cost to the Procuring Entity, upon giving a notice pursuant to GCC Sub-Clause 23.4”.

Further, Clause 10.1 of the General Condition of the Contract states "the Goods and Related Services to be supplied shall be as specified in the Schedule of Requirements."

On 30th July 2024, the Ministry entered into a contract with Buywell Farmers Centre for the supply and delivery of 57,200 x 5kg bags of Hybrid Maize Seed Early Maturity, 42,000 x 5kg bags of Maize Seed fortified with Vitamin A and 32,900 x 100g of Impwa (Garden Egg) at a total contract sum of K26,802,400, with the delivery period of two (2) to six (6) weeks from the contract date.

The procurement was part of the Emergency Wetland Cropping Component of the Food Security Pack Programme for the 2024/2025 farming season.

An examination of procurement records revealed that contrary to the contract terms, out of the contract sum of K26,802,400, the supplier was paid K20,144,926 comprising K6,700,600 as 25% advance payment and K13,444,326 as second payment. This included payment for 42,000 x 5kg bags of orange maize seed fortified with vitamin A valued at K9,870,000 which were later determined to be uncertified according to a report dated 29th January 2025 from the Seed Control and Certification Institute under the Ministry of Agriculture due to farmers complaining of poor germination.

Further, it was observed that the supplier provided a seed analysis report dated 19th August 2024 purporting to have been prepared by Seed Control and



Certification Institute. However, the Seed Control and Certification Institute disputed having authored the report, thereby casting doubt on the authenticity of the certificate analysis report.

In addition, the report dated 29th January 2025, revealed that the Seed Control and Certification Institute conducted laboratory tests on a sample from the affected districts namely: Livingstone, Gwembe, Sinazongwe, Pemba, Chirundu, Chikankata and Senanga involving 8,332 x 5kg bags of orange maize seeds valued at K1,958,020. These tests revealed that the seed had numerous defects, failed the testing standards, and should not have been distributed to farmers.

A further review of correspondence revealed that on 26th February 2025, the supplier apologized for the inconvenience caused and promised to replace the 8,332 x 5kg bags of orange maize seeds valued at K1,958,020 for the affected districts with white maize seed variety, stating that all seed suppliers had run out of the orange maize seed.

However, as at 31st August 2025, the supplier had not replaced the seeds.

- **Failure to Re-Invest Recovered Funds**

Food Security Pack Guideline No 3.1.1 of 2019 requires recovered funds to be reinvested into income generating activities such as rearing of small livestock, draft power, bee keeping, fish farming and gardening, to enhance food security.

Contrary to the Guideline, eight (8) districts that recovered amounts totalling K5,868,915 as at 31st December 2024 did not re-invest recovered funds but instead retained the funds in their respective bank accounts. See table 8 below.



Table 8: Failure to Re-invest Funds

Province	District	Balance K
Northern	Mbala	2,382,890
	Mungwi	1,470,383
Muchinga	Lavushimanda	718,574
	Nakonde	234,000
Western	Mwandi	96,640
	Mulobezi	326,300
	Nalolo	401,809
	Mongu	238,319
	Total	5,868,915

As at 31st August 2025, the funds had not been re-invested.

- Irregular Distribution of Farming Inputs to Beneficiaries - Rainfed and Wetland Components, Western Province**

Guideline No. 2.3.1 of the FSP requires that each beneficiary receives a pack under one component.

Contrary to the Guidelines, 489 beneficiaries from four (4) districts collected farming inputs costing K3,324,396 from both rainfed and wetland components instead of collecting from either the rainfed component or the wetland component. This deprived other vulnerable citizens in the districts who could have benefited from the programme. See table 9 below.

Table 9: Beneficiaries who Received Inputs from both Rainfed and Wetland Components

District	No. of Beneficiary	Rainfed quantity of Input Collected (kg)	Rainfed Value of Input Collected K	Wetland quantity of Input Collected (kg)	Wetland Value of Input Collected K	Total Quantity of Inputs Collected (kg)	Total Value of Inputs Collected K
Sesheke	466	102,550	2,158,340	48,333	1,024,879	150,883	3,183,219
Mwandi	17	3,500	69,144	2,452	36,411	5,952	105,555
Mongu	6	1,200	23,010	600	12,612	1,800	35,622
Total	489	107,250	2,250,494	51,385	1,073,902	158,635	3,324,396

- Irregular Inclusion of Farmer Input Support Program (FISP) Beneficiaries into Rainfed - FSP Program**

Food Security Pack Guideline No. 2.8 of 2019 stipulates that the Ministry of Community Development and Social Services, Ministry of Agriculture, Ministry



of Fisheries and Livestock and Ministry of Commerce Trade and Industry should engage each other to give special preference to the poor and vulnerable farmer groups for continuous development. The FSP beneficiary farmer household upon selection on the program will be supported to join cooperatives or farmers groups. These will ensure that at the end of the two (2) farming seasons, the beneficiary household will be able to meet the requirement necessary to access the farmer input support program services.

A comparison of data regarding beneficiaries on FSP and FISP revealed that during the 2024/2025 farming season 486 farmer members who collected inputs costing K1,696,699 from the FSP also collected farming inputs under the FISP costing K4,074,000 resulting in double benefits. See table 10 below.

Table 10: Beneficiaries of both FISP and FSP Programmes

Province	Station	No. of Beneficiaries	FISP Amount K	FSP Amount K
Central	Kabwe	19	159,600	85,500
	Mkushi	7	50,400	27,300
	Mumbwa	52	436,800	236,600
	Serenje	10	84,000	45,500
Copperbelt	Mpongwe	21	176,400	88,200
Eastern	Chipata	26	218,400	105,820
	Petauke	35	294,000	159,250
Southern	Kazungula	29	243,600	120,405
Western	Sesheke DCDO	3	25,200	6,995
	Nalolo DCDO	81	680,400	161,588
	Mwandi DCDO	2	16,800	4,499
	Mulobezi DCDO	114	957,600	265,008
Muchinga	Lavushimanda	5	42,000	21,050
	Nakonde	82	688,800	368,984
Total		486	4,074,000	1,696,699

b. Social Assistance

The Social Assistance Programme consists of three (3) sub-programmes, namely: Social Cash Transfer (SCT), Public Welfare Assistance Scheme (PWAS), and Care of Older Persons.

The objective of the programme is to assist the targeted incapacitated households with cash, goods or in-kind support.

The following were observed:



i. Irregular Changes of Beneficiaries Records on Social Cash Transfer Programme – Kalomo District

Section 6.2 of the Social Cash Transfer Guideline of 2018 outline the roles and responsibilities of the Department of Social Welfare Headquarters which include review and sign off MIS outputs such as reports and other MIS schedules and deliverables, as well as effecting organisational changes in the MIS. These changes include addition, removal, updating or merging of organizational units (OUs) which, in the context of MIS operation, are Districts, Constituencies, Wards, ACCs and CWACs, archiving of beneficiaries who are no longer on the programme for different reasons, in the system, applying the proxy means test to filter households that qualify to be on the programme based on eligibility criteria.

Contrary to the SCT guideline, 247 beneficiaries were added to social cash transfer program at Kalomo District Social Warfare office by way of changing the NRC and names of already existing beneficiaries. This implied that individuals who did not meet the eligibility criteria were included in the programme. In addition, there was no evidence that these individuals were subjected to the proxy means test (PMT). This resulted in a financial loss of K698,600 through the payment of ineligible individuals.

As at 31st August 2025, the beneficiaries were still on the Zambia Intergrated Social Protection Information System (ZISPIS) depriving the qualifying beneficiaries from benefiting.

ii. Irregular Transfer of SCT funds to Ministry of Finance - Mpulungu

On 2nd February 2024, the Ministry of Finance and National Planning transferred an amount of K150,640 from the district SCT account to the MoFNP Account Number 0011000370327.

However, the funds were irregularly moved in that there were no supporting documents, and the funds were meant to pay beneficiaries under social cash in the district.

iii. Failure to Redeposit Uncollected Funds – Kalomo DSWO

Guideline No. 5.4 (b) (h) and (i) of the Social Cash Transfer Guidelines of 2018 states “If a beneficiary household does not collect the funds within the payment period, the



Pay Point Managers (PPMs) will redeposit the funds into the District Transfers Account which shall remain unutilized for three months.”

“All uncollected transfers shall be deposited back into the Transfers Account at the Bank.” “Pay point managers shall retire the funds within a period of one month.”

Contrary to the Guidelines, during the period under review, there were uncollected funds in amounts totalling K1,789,200 at forty-five (45) Pay Points in Kalomo District of the Southern Province. However, as at 31st August 2025, the Pay Point Managers had not redeposited uncollected funds in the District Transfers Account.

iv. Irregular Engagement of Non-Civil Servants as Pay-Point Managers (PPMs) – Kalomo DSWO

Guideline No. 5.2.1 of the Social Cash Transfer Guidelines of 2018 stipulates that the PPMs shall be civil servants selected through the District Social Welfare Office in collaboration with relevant government departments. The Pay Point Managers are required to sign agreements with the District Social Welfare Officer (DSWO) which are endorsed by the supervising officer of the PPM from respective government departments.

Contrary to the Guideline, the Kalomo District Social Welfare Office engaged thirty-five (35) individuals as Pay Point Managers who were non civil servants and collected SCT funds in amounts totalling K24,273,080 for disbursement to beneficiaries.

In addition, there were no signed agreements between the Social Welfare Office and the Pay Point Managers that were collecting the funds. The risk is that the Pay Point Managers who are non-civil servants can misappropriate the funds and it will be difficult to trace and recover the money.

v. Failure to Maintain Records and Distribute Funds to Beneficiaries - Kalomo District

Guideline No. No 5.4 (b) and (c) of Social Cash Transfer Guidelines of 2018 stipulates that if a beneficiary household does not collect the funds within the payment period, the Pay Point Managers (PPMs) will redeposit the funds into the District Transfers Account which shall remain unutilized for three (3) months and within the three



months (3) period, the client if traced or appears shall claim the money which shall be paid during the next payment cycle.

Contrary to the Guidelines, amounts totalling K28,295,900 were received in the district account for the purpose of paying the beneficiaries of which amounts totalling K17,717,793 were paid leaving a balance of K10,578,107 as undistributed.

Further, included in the undistributed funds, was an amount of K633,100 which was redeposited without records for the actual beneficiaries paid out in the next cycle.

c. Staff Related Matters

i. Excess Positions on the Payroll

Section 6 (a) of the Terms and Conditions of Service for the Public Service requires that no appointment, promotion or transfer shall be made to any post in the public service unless the post is approved, funded or is vacant.

A comparison of selected positions on the payroll against the Establishment Register revealed that the payroll contained sixty-eight (68) positions in excess of those approved in the Establishment Register and had no Treasury Authority.

ii. Officers on Payroll but not on Staff Return

Regulation 78 (1) and (3) of the Public Finance Management (General) Regulation of 2020, provides that a public body shall ensure that the payroll is verified and reconciled by the responsible office holder from an accounting unit and human resources and administration respectively.

A reconciliation under sub regulation (1) shall include a head count of staff each month and regarding the payroll expenditure.

However, a comparison of the payroll and staff returns for the Ministry of Community Development and Social Security revealed that during the period under review, nineteen (19) officers were on the payroll but not on the staff returns and they drew salaries in amounts totalling K252,397.

In this regard, it was difficult to establish whether the employees existed as the officers were unknown.



iii. Misplacement of Payroll Area

Cabinet Office Circular No.13 of 2019 requires Controlling Officers to ensure that all employees under their respective Ministries, Provinces and Agencies are placed in their duty stations as directed by the Service Commission or the responsible officer and that any employee who shall not be at their duty stations by 30th September 2019 would be removed from the payroll.

Contrary to the Circular, a reconciliation of the payroll and staff returns for the Ministry of Community Development and Social Security for 2024 revealed that 106 officers drew salaries in amounts totalling K10,450,791 while not serving at the stations according to their pay points. As at 31st August 2025, the misplaced employees had not been removed from the payroll.

d. Cross Cutting Observations Across Programmes – Other Irregularities

i. Irregular Approvals of Payments – Kalomo Social Welfare Office

Guideline No. 5.5 (b) (11) of the Social Cash Transfer Guidelines of 2018 states, “Every payment voucher raised shall be approved by the District Social Welfare Officer or District Community Development Officer.”

Contrary to the Guideline, amounts totalling K4,301,200 were approved by junior officers with ranks of Assistant Social Welfare Officer and Secretary who were also initiators of the request for payments. Further, there was no evidence availed to confirm that the officer and the secretary had delegated authority to approve payments.

ii. Unauthorised Payments – Kalomo DSWO

Regulation 50 (2)(d) of the Public Finance Management (General) Regulations, 2020 states, “A person signing a payment voucher or document shall ensure that the payment is covered by proper authority and is a proper charge to public funds.”

Contrary to the Regulation, 188 payment vouchers in amounts totalling K11,296,800 were made to various suppliers of goods and services at Kalomo DSWO without the payment vouchers being authorised by the responsible officer.



iii. Failure to Deliver Bicycles

Regulation No. 8 (3) of the Public Procurement Regulation of 2022 states “A procuring entity shall, where goods, works or services have been procured, ensure that the goods are delivered, the services are provided, or the works are completed in a timely manner as specified in the solicitation documents and procurement contracts”.

On 18th March 2024, the Ministry engaged Raton Freight Zambia Limited for the supply and delivery of 10,335 bicycles at a contract sum of K13,947,083 (VAT inclusive) to all the 116 districts under the Social Cash Transfer program with a delivery period of eight (8) to ten (10) weeks from the date of contract signing. The bicycles were to be delivered between 19th May 2024 and 3rd June 2024.

On 4th April 2024, the supplier was paid an amount of K3,486,771 leaving a balance of K10,460,312.

However, as at 31st August 2025, the supplier had not delivered the bicycles.

In their response dated 4th June 2025 management stated that the contract had been terminated and that the Ministry had written to Attorney General to pursue legal action for the recovery of the funds. However, as at 31st August 2025, the funds had not been recovered.

iv. Management of Infrastructure

Section 41(3) of the Public Finance Management Act No. 1 of 2018 states, “A Controlling Officer shall cause the public assets and stores of a Head of expenditure to be inspected and prepare written reports on the general condition of those assets and stores and the storage facilities in which the assets and stores are kept.”

Contrary to the Act, physical inspections of infrastructure conducted at the Copperbelt Provincial Community Development Office, Kasama, Mbala, Chilubi, Senga Hill, Mungwi, Lupososhi and Isoka Districts revealed that the infrastructure was in poor state in that the buildings had cracks, fallen ceiling boards, broken windowpanes, unpainted walls among others.



In their response, Management stated that the Ministry conducted a preliminary survey of all the properties in the provinces with a view to obtain information on the actual conditions of the properties. This would inform decisions on future rehabilitation and maintenance plans for Ministry properties.

However, as at 31st August 2025, the infrastructure had not been rehabilitated.

23 Head: 46 Ministry of Health

23.1 Mandate

The Ministry of Health is mandated to provide equitable access to promotive, preventive, curative, palliative and rehabilitative quality health care services at all levels of service delivery.

23.2 Budget, Funding and Expenditure

In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2024, a provision of K18,732,259,790 was made to cater for various activities against which amounts totalling K13,644,454,885 were released, resulting in an underfunding of K5,087,804,905.

As at 31st December 2024, amounts totalling K13,560,920,440 had been spent leaving a balance of K83,534,445. See table 1 below.

Table 1: Budget, Funding and Expenditure

Programme	Budget K	Funding K	Underfunding K	Expenditure K	Unspent Funds K
Hospital Services	9,344,925,764	6,655,405,631	(2,689,520,133)	6,590,067,934	65,337,696
Primary Health Services	7,526,482,775	5,156,931,052	(2,369,551,723)	5,150,248,301	6,682,752
Human Resources Development	250,829,628	242,226,401	(8,603,227)	240,737,495	1,488,906
Central Technical Services	16,555,809	11,836,889	(4,718,920)	9,576,168	2,260,721
Management and Support Services	1,593,465,814	1,578,054,912	(15,410,902)	1,570,290,541	7,764,371
Total	18,732,259,790	13,644,454,885	(5,087,804,905)	13,560,920,440	83,534,445



23.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Health Offices (PHO) and selected District Health Offices (DHOs) revealed the following:

a. Hospital Services Programme

i. Questionable Validity of Advance Payment Guarantee - Contract for Decommissioning, Redesign, Rehabilitation and Installation of Essential Equipment for the Cancer Treatment Centre in Lusaka (Lot 1)

On 25th November 2022, the Ministry engaged Jiangsu Gold Construction Company for the extension of the Cancer Diseases Hospital in Lusaka (Lot 1) at a contract sum of K49,040,468 VAT inclusive with a completion period of twelve (12) months.

The scope of works included; general site works, demolitions, earthworks, concrete, formwork and reinforcement, masonry, waterproofing, roof coverings, carpentry and joinery, ceilings, partitions and access flooring, floor coverings, wall lining, ironmongery, structural steelwork, metalwork, plastering, tiling, plumbing and drainage, glazing, paintwork, electrical installations, parking and paving, radio shield doors, mechanical installations, fire detection, fire sprinkler installation, CCTV, access control and networking points, uninterrupted power supply (UPS) and power backup system, chillers and cooling equipment, decommissioning bunkers, upgrading existing sub-station.

In addition, the scope of works included a component for decommissioning and installation of equipment and associated services that included; linear accelerator, ring gantry linear accelerator, computed tomography (CT) simulator scanner, magnetic resonance imaging scanner 1.5T, digital mammography unit specifications, dosimetry and quality control equipment, HDR brachytherapy, C-arm-fluoroscopic X-ray unit and installation of equipment.

On 28th August 2023, the Ministry sought guidance from Zambia Public Procurement Authority (ZPPA) following the contractor's appeal to review the contract to reflect the market prices, the change of scope by the Ministry and the



need to urgently make the Cancer Treatment Centre operational. In a response dated 8th September 2023, ZPPA advised the Ministry to cancel the procurement proceedings for Jiangsu Gold Civil Construction Company in line with section 69 (1) (d) of the Public Procurement Act 2020 and on 19th September 2023, the Committee cancelled the procurement proceedings.

In this regard, on 22nd March 2024, the Ministry engaged Siemens Healthineers, a company incorporated in the Republic of South Africa for decommissioning, redesign, rehabilitation and installation of essential equipment for the Cancer Diseases Hospital in Lusaka through turnkey solution at a contract sum of US\$23,375,187.79 with a completion period of eighteen (18) months commencing on 24th July 2024 and ending on 24th January 2026. In addition, the contractor was engaged to service, maintain and upgrade the centre at a total cost of US\$7,439,039.52 from year three (3) bringing the total contract sum to US\$30,814,227.31 VAT inclusive.

As at 31st December 2024, the contractor had been paid amounts totalling US\$7,703,556.83 representing 25% of the contract sum leaving a balance of US\$23,110,670.48.

ZPPA Circular No. 5 of 2015 directed all Procuring entities to accept guarantees from all Financial Service Providers (FSPs), whether banks or Non-Bank Financial Institution (NBFI), that meet the criteria for provision of guarantees in accordance with Banking and Financial Services Act and also advised Procuring Entities to verify the authenticity of such guarantees from issuing institutions.”

On 7th June 2024, the Ministry received an Advance Payment Guarantee from Deutsche Bank AG based in Germany for an amount of US\$7,703,556.83.

Contrary to the Circular, the Ministry made an advance payment of US\$6,640,997.27 (K175,123,478) to Siemens Healthcare Proprietary Ltd on 28th August 2024 without undertaking the verification with the guarantor.



ii. Contract for Consultancy Services for the Design and Supervision of Two (2) Cancer Treatment Centres and Extension to the Cancer Diseases Hospital in Lusaka - Questionable Introduction of VAT

On 24th February 2020, the Ministry contracted G.E.S Architects for consultancy services for the design and supervision of two (2) Cancer Treatment Centres in Ndola and Livingstone and extension at the Cancer Diseases Hospital in Lusaka at a contract sum of US\$1,494,100 commencing on 24th February 2020 and ending on the project completion date. The percentage of funding covered by the Arab Bank for Economic Development in Africa (BADEA) was 88.3% and the Government of the Republic of Zambia was expected to cover 11.7%. On 28th June 2024, the contract was varied through Addendum No.1 to include an amount of US\$239,056 for VAT and the contract sum was revised to US\$1,733,156.

The Scope of services included architectural, quantity surveying, and engineering services for the project.

According to the Contract Terms, the contractor was to be paid 20% of the contract price as an advance payment and it was to be deducted on a pro rata basis. The stage payments were to be made as shown in table 2 below.

Table 2: Payment Stages

No	Stage of Payment	Amount US\$
1	Stage A (Surveys and Sketch Design)	321,725
2	Completion of Stage B (Preparation of Plans, Bills and Tender Documents)	348,100
3	Stage C (Tender Process)	36,185
4	Stage D (Supervision, Valuation and Reporting), payable in ten (10) equal installations commensurate with the amount of construction work completed	1,027,146
	Total	1,733,156

As at 31st December 2024, the consultant had been paid amounts totalling US\$1,009,619.88 leaving a balance of US\$723,536.12 representing 42% of the contract sum.

Clause 2.4 of the General Conditions of Contract stipulates that any modification to the scope of the services or of the contract price may only be made by written



agreement between the parties with the consent of the BADEA/OFID or of the Association.

Contrary to the Clause, the modification of the contract price from US\$1,494,100 to US\$1,733,156 was made without the consent of BADEA.

iii. Construction of Cancer Treatment Centres in Ndola and Livingstone – Irregular Request for Funds

On 13th October 2017, the Government of the Republic of Zambia and the Arab Bank for Economic Development in Africa (BADEA) signed a loan financing agreement with a credit facility structured for twenty (20) years, including a ten (10) year grace period. The loan repayment was scheduled in 40 semi-annual instalments, with an interest rate of 1% per annum on the principal amount withdrawn and outstanding.

A review of the financing agreement revealed that the projects would be funded by three (3) entities, contributing a total of \$25 million as follows:

- BADEA – US\$10,000,000
- The OPEC Fund for International Development (OFID) – US\$12,400,000
- The Government of Zambia – US\$2,600,000

According to Annex II of the loan financing agreement, the following components of the project were to be financed:

- Civil works and ancillaries;
- Procurement and installations of medical and non-medical equipment and furniture;
- Training and scale up of human resources capacity and public awareness;
- Consultancy services; and
- Provision of institutional support for the Department of Policy and Planning.

In 2022, the Ministry initiated the procurement process for the construction of cancer Treatment Centres in Livingstone (Lot 2) and Ndola (Lot 3), along with the expansion of the Cancer Diseases Hospital in Lusaka (Lot 1).



On 17th May 2023, the Ministry engaged AVIC International Limited to construct the Cancer Treatment Centre in Ndola at a contract sum of K305,961,228 VAT inclusive with a completion period of twelve (12) months commencing on 8th June 2023 and ending on 28th June 2024. The project completion date was later revised to 31st March 2025.

The scope of works included construction of the main cancer treatment centre building, guard house, incinerator, and external works which included preliminaries, earthworks, concrete, formwork and reinforcement, masonry, waterproofing, roof coverings, carpentry and joinery, ceiling, partitions and access flooring, floor covering, plastic linings, ironmongery, structural steelwork, metalwork, plastering, tiling, water supply, soil and waste water drainage, part ground floor - air conditioning and ventilation services, installations, sanitary fittings and firefighting installations, electrical installations, glazing, paintwork and external works. In addition, the scope also included procurement of cancer equipment.

As at 31st December 2024, the contractor had been paid amounts totalling K127,721,584 representing 42% of the contract sum leaving a balance of K178,239,644.

Inquiries made with management revealed that the Ministry of Finance and National Planning disbursed an amount of K16,613,221 (US\$624,552.42) against the US\$2.6 million counterpart funding. In this regard, between May and September 2024, the Ministry of Health made payments in amounts totalling K16,613,221 towards the construction of the Ndola Cancer Treatment Centre. The payments included K2,263,327 for G.E.S consultancy fees and K14,349,895 for VAT in relation to the payments made to the contractor and the consultant.

However, on 22nd January 2025, the Ministry requested the Treasury to release US\$2.6 million counterpart funding which was committed for the construction of the Cancer Diseases Hospital in Lusaka and Cancer Treatment Centres in Ndola and Livingstone. It was not clear why the Ministry requested for the full payment of US\$2.6 million from the Treasury despite having received and spent US\$624,552.42 already of the US\$2.6 million. In addition, there was no evidence



of prior authorisation from the Ministry of Finance permitting the Ministry of Health to utilise the disbursed funds.

iv. Contract for Supply and Delivery of Three (3) X-Ray Machines for Kitwe Teaching Hospital - Non-Functional Mobile X-Ray Machines – Solwezi Hospital

On 10th August 2023, the Ministry of Health engaged Top Access Supply and Construction Limited for the supply and delivery of three (3) X-ray machines (mobile and stationary) at Kitwe Teaching Hospital at a contract sum of K7,002,250 VAT exclusive with a delivery period of six (6) weeks commencing on 10th August 2023 and ending on 25th September 2023. The delivery period was initially extended from 26th September 2023 to 17th November 2023 and later from 17th November 2023 to 15th December 2023. The duration was further extended from 15th December 2023 to 30th December 2023.

On 10th November 2023, the Ministry re-allocated two (2) X-ray machines to Kalulushi General Hospital and Solwezi General Hospital. On 14th December 2023, the Ministry adjusted the contract sum upwards by K50,250 to K7,052,500 following the reallocation of the machines to Kalulushi and Solwezi General Hospitals.

In January 2024, the supplier delivered the X-ray machines to the three (3) hospitals.

As at 31st December 2024, the supplier had been paid amounts totalling K7,002,250 representing 99% percent of the contract sum leaving a balance of K50,250. See table 3 below.

Table 3: Payments Made for X-Ray Machines

Description	Qty	Unit Price K	Total Price K
Digital X-Ray Machine	1	3,552,000	3,552,000
Portable Digital X-Ray Machines	2	1,725,125	3,450,250
Total			7,002,250

On 9th January 2024, Top Access Supply and Construction Limited delivered a Perlove mobile X-Ray machine to Solwezi General Hospital.

A physical inspection conducted in April 2025 revealed that the machine was non-functional due to a fault in the image detector panel (receptor), which had ceased working. Inquiries with management revealed that the machine began displaying errors in September 2024 and was non-functional by December 2024. The machine was under a one-year warranty which expired on 8th January 2025. On 27th December 2024, the Ministry wrote to the supplier requesting them to service the machine. However, as at 31st August 2025, the machine had not been repaired and was therefore non-functional. See pictures below.



Delivered Perlove Mobile X-Ray Machine



Image Detector panel (Receptor)

v. Contract for Designing, Constructing and Equipping of Three (3) District Hospitals and 115 Mini Hospitals

In Paragraph 19 of the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31st December 2022, mention was made of the outstanding works on the contract for the construction of three (3) district hospitals and 115 mini hospitals by NMS Infrastructure Limited for which amounts totalling US\$300,000,000 were payable by the Ministry to the contractor.

As at 31st August 2023, there were 101 health centres (mini hospitals) that had been completed, ten (10) were under construction, while construction works had not commenced for four (4) health centres in Lufwanyama, Mpongwe, Lusaka and Mufumbwe. In addition, medical and other equipment, including laboratory and theatre equipment valued at US\$42,079.60 had not been delivered to seventeen (17) mini hospitals. Further, five (5) mini hospitals received non-functional equipment worth US\$10,817.66.



A review of the situation carried out in April 2025 revealed that the contractor had been paid amounts totalling US\$299,000,000 leaving a balance of US\$1,000,000 for retention.

The following were observed:

- **Project Status – Unconstructed Mini Hospitals Paid For**

Despite the contractor having been paid in full for construction and the Ministry of Health having written to the contractor on 20th May 2024, reminding him to proceed with the outstanding mini hospitals for which payment had been made, as at 31st July 2025, the construction works on the four (4) health centres in Lufwanyama, Mpongwe, Lusaka, and Mufumbwe had not commenced.

Further, a physical inspection of thirty (30) selected mini hospitals that were handed over during the period from 5th September 2019 and 27th February 2024 revealed that some had developed defects which included among others peeling off walls and floors, leaking roofs, and water seepage through the walls in the wards, the Outpatient Department (OPD), pharmacy, and laboratory in some instances.

Inquiries made with management at the facilities revealed that defects developed within one (1) to two (2) years of handover of the mini hospitals.

- **Undelivered Equipment**

Although the contractor had been paid in full, equipment worth US\$72,949 for seventeen (17) mini hospitals had not been delivered by the contractor as at 31st August 2025.

- **Unaccounted for Equipment**

There were seventy (70) pieces of equipment valued at US\$33,140.10 which were delivered by NMS Infrastructure Limited to fifteen (15) Mini Hospitals were not unaccounted for in that there was no documentation to show that it had been transferred to other facilities as the equipment were not found



during physical inspections. As at 31st August 2025, the equipment had not been accounted for.

In addition, equipment valued at US\$31,921 was transferred from Chipalo, Chitimukulu Musenga, and Ngoli to other health facilities without prior authorisation from the responsible officers.

- **Failure to Repair Defective Equipment**

A physical inspection conducted in April 2025 at Ngoli, Chitimukulu Musenga, Nkosha, Chipalo, and Chitulika Mini Hospitals revealed that twenty-six (26) equipment valued at US\$44,526.32 and delivered between 2019 and 2023, were defective.

- **Construction of Mini Hospitals without Mortuaries and Kitchens.**

A mortuary is a critical facility in any hospital, serving for the storage, preservation, identification, and post-mortem examination of deceased persons. However, physical inspections undertaken at thirty (30) Mini Hospitals in April 2025 and management inquiries revealed that the contract between the Ministry and NMS Infrastructure Limited excluded provisions for mortuaries, despite each hospital being designed with wards for patient admission and treatment.

In addition, the contract also omitted the construction of kitchens across the 111 Mini Hospitals, which are essential to ensure patients receive adequate, safe, and nutritionally balanced meals.

- **Delayed Settlement of Value Added Tax (VAT) Incurred on the Contract**

Clause 1.13.3 (a – d) of the contract stipulates that the employer shall be responsible for exempting the contractor from all the taxes and duties levied in Zambia during execution of the works, the taxes and duties which may include among others taxes and duties, such as income tax, value added tax, business tax, profit tax, various local tax, stamp tax tariff and customs and import duties. Further, if the taxes, duties and other charges stated in the clause are incurred and levied by the Zambian Authorities, the employer shall



reimburse the Contractor for the taxes, duties and other charges, within twenty-eight (28) days after receiving the notice and supporting documents from the Contractor

In a letter dated 14th January 2025, the Ministry wrote to the Treasury and proposed execution of the NMS Infrastructure Mini and District Hospitals project under Phase II where it was stated that Phase I had not been completed with four (4) mini hospitals still on hold because the Ministry of Health had not refunded Value Added Tax (VAT) in amounts totalling US\$4,000,000.

In response, the Acting Secretary to the Treasury in a letter dated 24th January 2025 submitted that, the Treasury would in due course advise on how VAT on supplies made to the project would be covered, once internal consultations are completed and that the Ministry of Health and the Contractor would be guided accordingly. However, the following were observed;

- There was no documentation to support the Value Added Tax in amounts totalling US\$4,000,000 incurred during the execution of the contract by the contractor.
- There was no documentation and/or clause in the contract to support the contractor's decision to hold the completion of the remaining four (4) mini hospitals before settlement of the value added tax by the Ministry.

vi. Contract for Completion of the Construction of Mongu District Hospital Phase 3 and Associated External Works - Irregular Award of Contract

On 4th March 2024, the Ministry of Health engaged Tonlex Investment Limited to complete the construction of Mongu District Hospital phase three (3) and associated external works at a contract sum of K29,883,052 VAT inclusive with a contract duration of eight (8) months commencing on 4th March 2024 and ending on 4th November 2024.

The scope of works included construction of six (6) low-cost houses, female and children wards, drainage and associated external works which involved setting out, excavation, concrete works, block work, roofing, electrical, plumbing, finishes, paintings, soil and storm water drainage, roads and paving, steel



erection, borehole drilling and other external works. The buildings were to be constructed in concrete block walls, structural steel, plastered and painted. The roof structure was to be constructed in steel trusses with the roof covered with pre-coated IBR metal sheets. In addition, the contractor was to carry out external works comprising external water reticulation, sewerage and electrical installations, roads, parking and covered walkways.

The payment terms were stipulated as follows:

- The advance payment shall be 25% of the contract price for mobilisation (10%) and purchase of materials and equipment (15%) upon submission of appropriate guarantees no later than 30 days after site possession. The advance for purchase of materials and equipment should be accompanied by the appropriate list which should be counter-checked and be accounted for by the successful bidder.
- The payment shall be adjusted for deductions for advance payments and retention. The Employer shall pay the Contractor the amounts certified by the Project Manager within 28 days of the date of each certificate. If the Employer makes a late payment, the Contractor shall be paid interest on the late payment in the next payment. Interest shall be calculated from the date by which the payment should have been made up to the date when the payment is made at the prevailing interest rate for commercial borrowing for each of the currencies in which payments are made.

On 10th April 2024, the contractor was paid an advance of K7,470,763 leaving a balance of K22,362,289.

Section II Part C of the Bidding Document (Instructions to Bidders No. 11.1) stipulates that the bidder shall submit a valid tax clearance certificate, certificate of registration/incorporation stating the ownership or names of directors of the firm, National Council for Construction certificate category B or C Grade 2 or 1, power of attorney, litigation status, a signed statement that a bidder is not subject to suspension or that any of its directors or officers have not been involved with a bidder or supplier who is suspended or subject to suspension among others.



Although Tonlex Investment Limited did not submit a signed statement that they had not been subject to suspension or that any of its directors or officers had not been involved with a bidder or supplier who was suspended or subject to suspension, they were not disqualified at the preliminary evaluation stage of the bidding process, rendering the award of the contract to them irregular.

vii. Contract for Completion of the Construction of Kalomo District Hospital Phase three (3) and Associated External Works - Delayed Site Handover

On 17th October 2024, the Ministry of Health engaged Trymate Zambia Limited for the construction of Kalomo District Hospital phase three (3) and associated external works at a contract sum of K33,211,023 VAT inclusive with a completion period of twelve (12) months commencing on 1st November 2024 and ending on 31st October 2025.

The scope of works included completion of the construction of six (6) low-cost houses, male ward, female ward, children's ward, drainage and external works which involved substructure, concrete work, blockwork and brickwork, roofing, carpentry, joinery and ironmongery, structural steel works, metal work, plumbing installation, electrical installation, floor and wall finishing, glazing, painting and decorations, soil drainage, stormwater drainage, road and parking areas, landscaping, dish drain and apron, and construction of sewer ponds and associated works.

The payment terms included the following:

- The Advance Payment shall be: Maximum of 25% of the contract sum, upon submission of an acceptable insurance advance payment bond of equal amount. The advance payment shall be recovered in instalments at each certified interim payment certificate (IPC) payment stage, commencing when the physical progress has reached 20% and fully recovered when the certified works have reached 80 percent.
- Payments shall be adjusted for deductions for advance payments and retention. the employer shall pay the contractor the amounts certified by the project manager within 28 days of the date of each certificate. if the employer



makes a late payment, the employer shall pay interest on the late payment in the next payment.

As at 31st December 2024, the contractor had been paid amounts totalling K8,302,756 representing twenty (25) percent of the contract sum.

General Conditions of Contract 20.1 states that, the employer shall give possession of all parts of the site to the Contractor. If possession of a part is not given by the date stated in the PCC which also states the site possession date shall be fourteen (14) days after contract signing, the employer shall be deemed to have delayed the start of the relevant activities, and this shall be a compensation event.

However, the site was handed over to the contractor on 24th January 2025, ninety-eight (98) days after the contract was signed, resulting in delayed implementation of the contract.

viii. Construction of Computer Laboratory and Library at Roan Antelope General Hospital – Poor Workmanship

On 5th March 2015, the Ministry of Infrastructure engaged Chovu Chovu Brothers to construct a computer laboratory and library at Roan Antelope General Hospital in Luanshya District at a contract sum of K1,665,904 VAT inclusive for a period of sixteen (16) weeks commencing on 5th March 2015 and ending on 6th June 2015.

The scope of works included earth work, footing, box and slab construction, super structure, roofing, plumbing, plastering, fitting of doors, window frames and glasses, tiling and painting.

As at 31st May 2025, the contractor had been paid amounts totalling K1,461,146 leaving a balance of K204,758.

A review of the non-destructive concrete test report dated 23rd December 2024 by TAC Base Enterprise engaged by the Ministry revealed that the structural integrity of the building was weak and declared unsafe for use.

In this regard, the K1,461,146 paid to the contractor after the issuance of inspection certificates by the Buildings Department under the Copperbelt Province was questionable.

A physical inspection carried out on 14th April 2025 revealed that the contractor had abandoned the site with outstanding works valued at K175,585 comprising floor tiling (K108,125) and plumbing (K67,460).

Further, there was poor workmanship in that the floor was disintegrating, bottom and top beams supporting the first floor were cracked and warped, first floor concrete slab was weak leading to vibration and water percolation on the ceiling of the ground floor. See pictures below.



Disintegrated floor



Cracked and Warped Bottom and Top Beams



Water Percolation

b. Cross-cutting Issues on Contracts

In addition to the contracts mentioned above, the following cross-cutting observations were made:

i. Failure to Remit VAT to ZRA

The Value Added Tax (VAT) Amendment Act No. 12 of 2017 read together with the Treasury and Financial Management Circular No. 6 of 2017 directed all institutions which were appointed as tax agents to withhold VAT from payments to suppliers of goods and services and remit the VAT withheld to the Zambia Revenue Authority.



The Ministry withheld VAT in amounts totalling US\$11,084,273.18 from two (2) contracts, and K15,401,323 from eight (8) contracts during the period under review. See table 4a and 4b below.

Table 4a: Failure to Remit VAT (in United States Dollars)

Project Details	Contractor	Contact sum US\$	Amount Paid US\$	VAT US\$
Contract for Decommissioning, Redesign, Rehabilitation and Installation of Essential Equipment for the Cancer Treatment Centre in Lusaka (Lot 1)	Siemens Healthineers	30,814,227.31	7,703,556.83	1,062,559.56
Construction of King Salman Bin Abdulaziz Specialist Hospital in Lusaka	Zhong Ding International Engineering Company of Saudi Arabia in Joint Venture with Wah Kong Enterprises (Zambia) Limited	151,107,257.22	62,635,703.12	10,021,713.62
Total		181,921,484.53	70,339,259.95	11,084,273.18

Table 4b: Failure to Remit VAT (in Zambian Kwacha)

No.	Project details	Contractor	Contact sum K	Amount Paid K	VAT K
1	Construction of Cancer Treatment Centers in Ndola	AVIC International Limited	305,961,228	45,369,823	6,257,907
2	Constructing of Mongu District Hospital under phase three (3)	Tonlex Investment Limited	29,883,052	7,470,763	1,030,450.00
3	Contract for the Construction of Mufulira District Hospital Phase One and Associated External Works	Sanes General Dealers	21,612,773	5,403,193	1,981,959
4	Construction of Mkushi District Hospital Phase three (3) and Associated External Works	Stoutone Investments Limited	33,900,000	15,081,305	911,214.00
5	Construction of Luangwa District Hospital Phase three (3) and Associated External Works	PLADOC Engineering Limited	26,258,813	6,564,783	1,050,356
6	Completion of Kalomo District Hospital and Associated External Works – Phase II	Hemmings Investments Limited	39,859,912	9,964,978	1,594,396
7	Construction of Ikelenge District Hospital Phase 1 and Associated External Works	Stoutone Investment Limited	31,000,000	7,750,000	1,068,966
8	Completion of the Construction of Mwinilunga District Hospital Phase One and Associated External Works	Sanes General Dealers	23,363,067	10,606,364	1,506,075
	Total		511,838,845	108,211,209	15,401,323

However, the withheld VAT had not been remitted to ZRA as at 31st August 2025.



ii. Delayed Completion of the Projects

Physical inspections carried out between 7th April 2025 and 30th April 2025 revealed that nine (9) projects with contract sums totalling K520,338,846 had delayed completion periods ranging from 59 to 510 days. See table 5 below.



Table 5: Delayed Completion of the Projects

No.	Project details	Contractor	Contract sum	Start date	End date	Days delayed	Payments to Date	Status/Ooustanding Works
1	Contract for Construction of the Cancer Treatment Centre in Ndola	AVIC International Limited	305,961,228	8 th June 2023	Revised to 31 st March 2025.	59	127,721,584	• First Floor Slab • Beams FormWork • Staircases • Roofing • External Works
2	Constructing of Mongu District Hospital under phase three (3)	Tonlex Investment Limited	29,883,052	4/3/2024	4/11/2024	133	7,470,763	• Second fix electrical works • Covering of manholes • Toilet seats and bathtubs • Tiling of bathrooms • Roads and parking area • Erecting of 100,000 litres water tank • Geysers • Boreholes • Final painting of 6 houses
3	Contract for the Construction of Mufulira District Hospital Phase One and Associated External Works	Sanes General Dealers	21,612,773	5/3/2024	31/12/2024	90	5,403,193.29	• Electrical wiring • Floor & wall tiring • Ceiling board • Carpentry & Joinery • Iron mongery • Window gazing • painting and decorating • Road works & parking • Installation of manholes & covers • Completion of soakways



No.	Project details	Contractor	Contract sum	Start date	End date	Days delayed	Payments to Date	Status/Oustanding Works
4	Construction of Mkushi District Hospital Phase three (3) and Associated External Works	Stoutone Investments Limited	K33,900,000	3/5/2024	31/12/2024	90	15,081,305.09	• Electrical wiring • Floor & wall tiring • Painting & decor • Sanitary fittings • Door & iron mongery • Window gazing • Driveway pavement works • Drainages • Electrical substation • Borehole & tank stand • Water reticulation • Sewer System • Landscaping
5	Construction of Luangwa District Hospital Phase three (3) and Associated External Works	PLADOC Engineering Limited	26,258,813.28	5/3/2024	5/9/2024	90	6,564,783.32	• Painting • Ceiling board • Carpentry • floor & tiring • Pumping • Septic tanks • External Works • Electrical Installation • Road & parking areas • Landscaping • Construction of electrical substation • Installation of standby generator • Water reticulation



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No.	Project details	Contractor	Contract sum	Start date	End date	Days delayed	Payments to Date	Status/Ooustanding Works
6	Completion of Kalomo District Hospital and Associated External Works – Phase II	Hemmings Investments Limited	39,859,912	31/5/2024	31/01/2025	84	9,964,978	• Painting • Flooring • Plumbing • Ceiling • Electricity fittings • Carpentry & Joinery • External Works • Drainage Works • Iron mongery • Road Works • Parking areas • Landscaping • Oxidation ponds • Boundary wall fence • Pathways
7	Construction of Ikelenge District Hospital Phase 1 and Associated External Works	Stoutone Investment Limited	31,000,000	9/1/2024	1/7/2025	61	14,356,305	• Carpentry • Joinery • Iron mongery • Pumbing installation • Electricity installation • Floor and wall finishes • Glazing • Painting & decorating • Roofing • Structural steel works • Metal works • Roads and parking area • Water reticulation • Covered pathways • Bore drilling • Septic tanks & manholes • Storm water drainage • Dish drains and spones • Procurement of Motor Vehilce



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No.	Project details	Contractor	Contract sum	Start date	End date	Days delayed	Payments to Date	Status/Ongoing Works
8	Completion of the Construction of Mwinilunga District Hospital Phase One and Associated External Works	Sanes General Dealers	23,363,067	3/5/2024	5/12/2024	278	10,606,364	• Carpentry • Joinery • Iron mongery • Pumping installation • Electricity installation • Floor and wall finishes • Glazing • Painting & decorating • Roofing • Structural steel works • Metal works • Roads and parking area • Water reticulation • Covered pathways • Bore drilling • Septic tanks & manholes • Storm water drainage • Dish drains and spongs • Procurement of Motor vehicle
9	Completion of Mwense District Hospital Phase 1 and 3 - Delayed Completion of Works	Sindaziwiza Enterprises	8,500,001	15/05/2023	15/11/2023	510	5,309,021.65	• Installation of extractor in the kitchen • Washing basins • X -ray door • Floor • Wall tiles • Plumbing
Total			520,338,846					



iii. Failure to Claim Liquidated Damages

According to the General Conditions of Contracts, liquidated damages for the whole of the works are a percentage of the final contract price per day. The maximum amount of liquidated damages for the whole of the works is a percentage of the final contract price as provided for in the respective contracts.

A review of the records revealed that four (4) contracts expired and the Ministry had not claimed liquidated damages totalling K26,766,324 for periods ranging from 29 to 278 days contrary to the provisions in their respective contracts. See table 6 below.

Table 6: Failure to Claim Liquidated Damages

No.	Project details	Contractor	Contract Sum K	Amount of Liquidated Damages	Days Project Delayed
1	Construction of Cancer Treatment Centers in Ndola	AVIC International Limited	305,961,228	18,051,712	59
2	Constructing of Mongu District Hospital under phase three (3)	Tonlex Investment Limited	29,883,052	2,988,305	133
3	Construction of Mkushi District Hospital Phase three (3) and Associated External Works	Stoutone Investments Limited	33,900,000	3,390,000	243
4	Completion of the Construction of Mwinilunga District Hospital Phase One and Associated External Works	Sanes General Dealers	23,363,067	2,336,307	278
Total				26,766,324	

iv. Questionable Inclusion of Works Already Done by Previous Contractors

Section 67 (1) and (2) of the Public Procurement Regulations of 2022 provides that a requisition for the procurement of works shall be accompanied by a complete, precise and unambiguous description of the works required, in the form of a statement of requirements.

However, a review of contracts, progress reports, IPCs, bill of quantities and closure of account reports for previous cancelled contracts revealed that some works that were awarded to three (3) new contractors included works that were completed by previous contractors. Consequently, works in amount totalling K24,000,524 were included in new contracts making the inclusion of such works questionable.



Further, there was no evidence that site inspections were conducted by the Ministry prior to the engagement of these contractors. See table 7 below.

Table 7: Works Done by Previous Contractors

No.	Project details	Contractor	Contract Sum K	Value of works done by Previous Contractor K	Payments to New Contractor K
1	Contract for Completion of the Construction of Mongu District Hospital Phase 3 and Associated External Works	Tonlex Investment Limited	29,883,052	21,783,862	7,470,763
2	Construction of Luangwa District Hospital Phase three (3) and Associated External Works	PLADOC Engineering Limited	26,258,813	4,343,490	6,564,783
3	Completion of Kalomo District Hospital and Associated External Works – Phase II	Hemmings Investments Limited	39,859,912	3,016,556	9,964,978
Total			96,001,777	29,143,908	24,000,524

v. Failure to Avail Performance Security

Regulation No. 184 (1) of the Public Procurement Regulations of 2022 states, “A procuring entity shall request from a bidder a performance security for all contracts for goods, works and non-consulting services that exceed the simplified bidding threshold set out in the second schedule, to ensure the suppliers obligations to fulfil the contract.”

Contrary to the Regulation, the Ministry engaged two (2) contractors at contract sums of K33,900,000 (Stoutone Investments Limited) and K23,363,067 (Sanes General Dealers) without performance security guarantees. As at 31st August 2025, performance security guarantees were not availed for audit. See table 8 below.

Table 8: Performance Security not Availed for Audit

No.	Project Details	Contractor	Contract sum K	Value of Bond K
1	Construction of Mkushi District Hospital Phase three (3) and Associated External Works	Stoutone Investments Limited	33,900,000	3,390,000
2	Completion of the Construction of Mwinilunga District Hospital Phase One and Associated External Works	Sanes General Dealers	23,363,067	2,336,306
Total			57,263,067	5,726,306



vi. Failure to Avail Insurance Documents

Clause 13.1 of the General Conditions of Contract stipulates that the contractor should provide, in the names of the employer and the contractor, insurance cover from the start date to the end of the defect liability period to cover loss or damage to works, plant, materials, equipment, property and personal injury or death in connection with the contract.

Contrary to the Provision, five (5) contracts in amounts totalling K134,328,728 did not have insurance cover as at 31st August 2025. See table 9 below.

Table 9: Insurance not Availed

No.	Project details	Contractor	Contract sum K
1	Contract for Completion of the Construction of Mongu District Hospital Phase 3 and Associated External Works	Tonlex Investment Limited	29,883,052
2	Contract for the Construction of Mufulira District Hospital Phase One and Associated External Works	Sanes General Dealers	21,612,773
3	Construction of Luangwa District Hospital Phase three (3) and Associated External Works	PLADOC Engineering Limited	26,258,813
4	Construction of Kalomo District Hospital Phase three (3) and Associated External Works	Trymate Zambia Limited	33,211,023
5	Completion of the Construction of Mwinilunga District Hospital Phase One and Associated External Works	Sanes General Dealers	23,363,067
Total			134,328,728

vii. Questionable Pricing of Preliminaries

General Conditions of Contracts stipulated that the Bill of Quantities shall contain priced items for the works to be performed by the contractor. The Contractor will be paid for the quantity of work accomplished at the rate in the Bill of Quantities for each item.

In addition, the bill of quantities stipulated that all preliminary and general items shall be priced item by item except, the ones that are marked not applicable.

Contrary to the contract provisions, the bill of quantities for three (3) contracts included preliminaries valued at K5,780,391 that were not priced item by item making the values for preliminaries questionable. See table 10 below.



Table 10: Pricing of Preliminaries

No.	Project Details	Contractor	Contract sum K	Amount for Preliminaries K
1	Construction of Mkushi District Hospital Phase III and Associated External Works	Stoutone Investment Limited	33,900,000	2,000,000
2	Completion of Kalomo District Hospital and Associated External Works – Phase II	Hemmings Investments Limited	39,859,912	1,574,500
3	Construction of Ikelenge District Hospital Phase I and Associated External Works	Stoutone Investment Limited	31,000,000	2,205,891
	Total			5,780,391

viii. Discrepancy between Total Bill of Quantities and Contract Sum

Regulation 100 (4) of the Public Procurement Regulations of 2022 states, “An evaluation committee shall notify bidders of any arithmetical corrections and request them to agree, in writing, to the correction and any bidder who does not accept the correction of an arithmetical error shall be rejected and their bid security may be forfeited.”

Contrary to the regulation, the evaluation committees made arithmetical corrections to the Bill of Quantities (BoQ) in respect of three (3) projects resulting in the adjustment of contract sums without informing the successful bidders of the adjustments. See table 11 below.

Table 11: Discrepancy between Total Bill of Quantities and Contract Sum

No.	Project details	Contractor	Contract Sum K	Bid Sum K	Corrected BoQ K	Adjustment K
1	Construction of Mkushi District Hospital Phase three (3) and Associated External Works	Stoutone Investment Limited	33,900,000	36,521,191	36,521,191	2,621,191
2	Construction of Kalomo District Hospital Phase three (3) and Associated External Works	Trymate Zambia Limited	33,211,023	35,553,498	42,211,811	9,000,788
3	Contract for the Completion of the Construction of Choma District Hospital Phase 3 and Associated External Works	Nchifer Enterprises Limited	32,256,727	33,009,598	33,009,598	752,871



c. Management and Support Services Programme - Headquarters - Unauthorised Transfers of Funds to Third Party Account

Section 32(5) of the Public Finance Management Act No.1 of 2018, states, “A transfer of public money shall not be made between accounts at the same bank or different banks without the written approval of the Secretary to the Treasury.”

Contrary to the Act, amounts totalling K26,996,309 were transferred from the Treasury Single Account to the Third-Party Account without authority from the Secretary to the Treasury.

d. Management of Payroll and Staff Related Matters

i. Recruitment of 4,029 Health Workers

During the period under review, the Ministry through the Civil Service Commission recruited 4,029 health workers. The candidates were selected using the existing database of the applicants for the 2023 recruitment with priority given to those who had volunteered during the cholera outbreak.

The selection criteria was as follows:

- Zambian citizens aged between 18 and 45 years and holders of Green National Registration Card (NRC)
- Grade twelve (12) school certificates holders with five (5) O’ levels credit or better including English language
- Registered with Nursing and Midwifery Council of Zambia (NMCZ) or Health Professions Council of Zambia (HPCZ) and possess a valid Practicing Licence where applicable

The following were observed:

• Recruitment of Candidates with Unverified NRC Numbers

A review of the records of the successful candidates revealed that eleven (11) candidates had NRC numbers with district codes that were not on the approved list by the National Registration Office.



During the period under review, the officers were paid salaries in amounts totalling K374,010.

- **Recruitment of Officers Above 45 Years**

Section 8 (b) of the Terms and Conditions of Service for the Public Service of 2023 states, “No person below the age of eighteen (18) years or above the age of forty-five (45) years shall be appointed on probation.”

Contrary to the Conditions of Service, the Ministry recruited five (5) officers aged between 46 and 47 years who were paid salaries in amounts totalling K258,440 during the period under review.

- **Recruitment of Non-Compliant Candidates**

The Ministry recruited 197 officers who were not registered with Nursing and Midwifery Council of Zambia (NMCZ) or Health Professions Council of Zambia (HPCZ) or had no valid practicing licences.

- **Failure to Replace Candidates who did not Report**

On 27th January 2025, the Ministry notified the selected candidates to report for duty by 28th February 2025.

However, 186 candidates who did not report for work had not been replaced as at 31st August 2025.

- **Failure to Comply with Treasury Authority - Misaligned Positions on Payroll**

A comparison of the positions on the Treasury Authority to the positions created on the payroll system revealed that eighteen (18) officers were introduced on the payroll on positions that were different from those on the approved Treasury Authority.



ii. Administration of Terminated Officers

• Officers Terminated from Payroll without Documentations

Sections 37, 38 and 40(a) of the Terms and Conditions of Service for the Public Service provides that a responsible officer can terminate the payment of a salary on account of death, resignation, retirement or dismissal.

Contrary to the provision, a total of 111 officers were terminated from the payroll without supporting documentation making it not possible to ascertain the reasons for their termination. The officers had been paid salaries in amounts totalling K5,709,562 prior to their termination. See table 12 below.

Table 12: Officers Terminated from Payroll

Location	No. of Officers	Amount K
Headquarters	98	5,275,228
Copperbelt	13	434,334
Total	111	5,709,562

• Delayed Termination of Deceased Officers

Sections 37, 38 and 40 (a) of the Terms and Conditions of Service for the Public Service provides that a responsible officer can terminate the payment of a salary on account of death, resignation, retirement or dismissal.

A review of the payroll and other records revealed that three (3) officers were terminated from the payroll due to death. However, there were delays ranging from three (3) to twelve (12) months in terminating the officers' salaries resulting in the irregular payment of amounts totalling K203,709.

As at 31st August 2025, the amounts irregularly paid to the deceased had not been recovered.

• Payment of Salaries to Employees on Unpaid Leave

During the period under review, five (5) officers who were on unpaid leave for periods ranging from one (1) year to three (3) years were maintained on the payroll and irregularly paid salaries in amounts totalling K540,020.



As at 31st May 2025, the officers had been terminated from the payroll, salaries irregularly paid had not been recovered.

- **Irregular Payment of Salaries to Separated Officers**

Public Service Management Division (PSMD) Circular No. B1 of 2019 (d) states that employees who are separated from employment by way of resignation, dismissal or discharge should be terminated from the payroll with effect from the date of resignation, dismissal or discharge.

During the period under review, two (2) officers were dismissed from the service due to absenteeism.

Contrary to the provision, the officers were maintained on the payroll for periods ranging from one (1) to thirty-six (36) months after their dismissal and irregularly paid salaries in amounts totalling K52,129.

Further, fourteen (14) officers who had resigned were maintained on the payroll for periods ranging from three (3) to twelve (12) months and irregularly received salaries in amounts totalling K2,302,837.

As at 31st August 2025, the salaries paid had not been recovered.

- **Irregular Payment of Salaries to Officers with Expired Contracts**

Clauses (a) and (i) of the standard contract of service for officers in the public service stipulates that a contract period shall be specified in the contract, and it shall be terminated by either party by giving a three (3) months' notice.

Contrary to the contract terms, salaries in amounts totalling K12,811,197 were paid to sixty-two (62) officers whose contracts had expired. See table 13 below.

Table 13: Irregular Payment of Salaries to Officers without Valid Contracts

No.	Location	No. of Officers	Amount K
1	Headquarters	45	10,940,249
2	Copperbelt	14	1,156,039
3	Lusaka	1	73,151
4	Western	2	641,758
	Total	62	12,811,197



- **Irregular Payment of Allowances to Retirees**

The Public Service Management Division Circular No. B26 of 2022, states that retired employees that served on permanent and pensionable terms of appointment that are retained on the payroll pending payment of pension benefits shall be entitled to receive basic salary and housing allowances.

Contrary to the Circular, the Ministry retained six (6) retirees on the payroll for periods ranging from two (2) to five (5) months and irregularly paid them hardship, commuted night duty, infectious health risk, health shift and transport allowances in amounts totalling K345,472.

- **Officers on Payroll but not on Staff Return**

Regulation 78 (1) and (3) of the Public Finance Management (General) Regulations, 2020, provides that a public body should ensure that the payroll is verified and reconciled by responsible office holder from an accounting unit and human resources and administration respectively. A reconciliation under sub-Regulation (1) should include a head count of staff each month regarding the payroll expenditure.

Further, Treasury and Financial Management Circular No. 9 of 2020 provides that the Controlling Officer should ensure that a reconciliation between the staff establishment register and staff assignment and reconciliation of staff assignment to staff return is done monthly.

Contrary to the regulations, 597 officers who were on the payroll and paid salaries in amounts totalling K87,046,230 were not on the staff returns. Consequently, it was not possible to ascertain their duty stations or whether they were providing any service to the Government. See table 14 below.

Table 14: Officers on Payroll and not on Staff Return

Location	No. of Officers	Amount K
Headquarters	364	54,679,857
Copperbelt	222	30,448,895
North-Western	11	1,917,478
Total	597	87,046,230



- **Misplacement of Payroll Area**

Cabinet Office Circular No. 13 of 2019 requires Controlling Officers to ensure that all employees under their respective Ministries, Provinces and Spending Agencies are placed in their designated duty stations.

Contrary to the Circular, 2,179 officers drew salaries in amounts totalling K319,260,487 from stations they were not operating from. See table 15 below.

Table 15: Misplacement of Payroll Area

No.	Location	No. of Officers	Amount K
1	Headquarters	162	21,610,660
2	Central	332	51,573,333
3	Copperbelt	288	36,090,761
4	Eastern	316	51,767,513
5	Luapula	215	32,773,246
6	Lusaka	79	8,642,914
7	Muchinga	125	17,404,743
8	Northern	46	9,040,418
9	North-Western	148	19,430,225
10	Southern	323	49,597,178
11	Western	145	21,329,496
	Total	2,179	319,260,487

iii. Irregular Payment of Allowances

- **Payment of Housing Allowance**

Cabinet Office Circular No. B2 of 2010 (2) (b) requires that housing allowance should only be paid to employees who are not accommodated by Government and that employees accommodated in a standard house should not qualify for the payment of housing allowance.

Contrary to the Circular, housing allowance in amounts totalling K782,601 was paid to fifty two (52) officers who were accommodated in institutional houses. See table 16 below.



Table 16: Payment of Housing Allowance

Location	No. of Officers	Amount K
Headquarters	37	561,303
Copperbelt	1	15,895
North-Western	14	205,403
Total	52	782,601

- Irregular Payment of Hardship Allowances**

Section 170 of the Terms and Conditions of Service for the Public Service read together with the Public Service Management Circular No. B 2 of 2010 requires that an officer serving in an area declared to be a rural or remote area receives hardship allowance at the rate as may be determined by the Government from time to time.

During the period under review, the approved rate for rural hardship allowance was prescribed at 20% basic salary while remote hardship allowance was at 25%.

Contrary to the Circular, 107 officers whose workstations were not designated for payment of rural hardship allowance were irregularly paid amounts totalling K1,250,219. See table 17 below.

Table 17: Irregular Payment of Rural Hardship Allowance

Province	No. of Officers	Amount K
Central	52	697,018
Copperbelt	3	39,035
North-Western	52	514,166
Total	107	1,250,219

Further, three (3) officers under Copperbelt Province whose workstations were not designated for payment of remote hardship allowance were irregularly paid amounts totalling K50,291 during the period under review.



- **Payment of Infectious Health Risk Allowance - Headquarters**

Public Service Management Division Circular No. B. 6 of 2020 introduced Infectious Health Risk Allowance to be paid through payroll to all health personnel at the rate of two percent (2%) of monthly basic pay.

Contrary to the Circular, ninety (90) officers who were not health personnel were irregularly paid infectious health risk allowance in amounts totalling K220,340.

iv. Administration of Bounced Salaries

- **Salaries Paid to Deserted Officers – Northwestern Province**

Terms and Conditions of Service for the Public Service No. 60 (a) and (b) states that, “An officer who is absent from duty without leave for a continuous period of ten (10) or more working days shall be liable to dismissal. An officer shall not be paid a salary for the period he or she is absent from duty without leave unless he or she produces satisfactory evidence justifying such absence.”

Contrary to the Terms and Conditions of Service, three (3) officers who were absent from duty for periods ranging from one (1) to twelve (12) months without permission were irregularly paid salaries in amounts totalling K69,635.

- **Running Deductions on Voided Accounts**

During the period under review, Ministry of Finance and National and Planning to settled third-party obligations such as NAPSA, NHIMA and loans amounting to K2,085,432 (Statutory Obligations – K702,339, and Other obligations – K1,383,093) for 138 employees whose accounts were voided. See table 18 below.



Table 18: Deductions on Voided Accounts

No.	Location	No. of Officers	Statutory Obligations K	Other Deductions K	Total Amount K
1	Headquarters	36	105,348	34,675	140,023
2	Central	3	3,590	514	4,104
3	Copperbelt	8	226,926	15,792	242,718
4	Lusaka	91	366,475	1,332,112	1,698,587
		138	702,339	1,383,093	2,085,432

v. Failure to Deduct Statutory Contributions - Pension Contributions

Section 14 (1) of the NAPSA Act No. 40 of 1996 states, “A contributing employer shall pay to the Scheme a contribution in respect of an employee in his employment consisting of the employer's contribution and the employee's contribution at the prescribed percentage.”

Contrary to the Act, salaries in amounts totalling K1,829,034 were paid to 143 officers without deducting NAPSA or Pension contributions in amounts totalling K137,178 for periods ranging from three (3) to twelve (12) months. See table 19 below.

Table 19: Failure to Deduct Statutory Contribution (Pension) from Eligible Officers

Province	No. of Officers	Amount K	Deductions K
Copperbelt	12	587,727	44,080
Southern	131	1,241,307	93,098
Total	143	1,829,034	137,178

e. Clinical Care and Diagnostics Services

The Zambia Medicines and Medical Supplies Agency (ZAMMSA) Act No. 9 of 2019 stipulates that the functions of ZAMMSA among others are to procure, store and distribute medicines and medical supplies and ensure timely availability of medicines and medical supplies in public health facilities.

In this regard, during the period under review, ZAMMSA procured various drugs and medical supplies for delivery to various facilities in the provinces.

The following were observed:



i. Undelivered Drugs – Western Province

Drugs and medical supplies costing K587,781 dispatched by ZAMMSA during the period under review had not been delivered to six (6) stations as at 31st July 2025. See table 20 below.

Table 20: Undelivered Drugs

District	Station	Amount K
Mongu	Mongu DHO	497,894
	Mongu District Hospital	36,963
	Lewanika Urban Health Centre	9,693
	Sefula Rural Health Centre	9,693
Mulobezi	Mulobezi District Hospital	9,692
Sioma	Sioma DHO	23,846
Total		587,781

ii. Supply of Drugs with Short Shelf Life

Section 5 (d) of the Zambia Medicines and Medical Supplies Agency (ZAMMSA) Act No. 9 of 2019 states, “The function of the Agency is to ensure timely availability of medicines and medical supplies in public health facilities.”

A review of delivery notes and expiry dates of drugs and laboratory commodities at seven (7) stations revealed that ZAMMSA delivered commodities worth K2,102,410 with short shelf life. A further review of the stock control cards revealed that some of the commodities expired before they could be utilised. See table 21 below.

Table 21: Short Dated Drugs and Medical Supplies

Province	District	Institution	Amount of Drugs K	Amount of Laboratory Commodities K	Total Amount K	Period before expiry (shelf life) Months
North Western	Manyinga	Manyinga DHO	-	95,161	95,161	1
	Solwezi	Solwezi Urban Clinic	156,469	1,260,525	1,416,994	1 to 5
	Kalumbila	Kalumbila DHO	-	308,700	308,700	1 to 2
	Mufumbwe	Mufumbwe DHO	-	128,625	128,625	1
	Mwinilunga	Mwinilunga DHO	-	77,175	77,175	
	Kabompo	Kabompo Hub	68,284	-	68,284	1 to 3
Lusaka	Lusaka	Lusaka PHO	7,471		7,471	1 to 6
	Total		232,224	1,870,186	2,102,410	



iii. Unaccounted for Drugs and Medical Supplies

Regulation 16 of the Public Finance Management (Public Stores) Regulations of 2022 requires a stores officer to write in both figures and words the entries relating to quantities and prices of public stores supplied in local purchase orders, delivery notes, invoices, daily registers, stock receipt cost sheets and any other documents approved by the Secretary to the Treasury.

Contrary to the Regulation, various drugs and medical supplies costing K1,815,303 delivered by ZAMMSA were not accounted for at three (3) stations in that there were no disposal details such as stock control cards and supply vouchers to show how and where the supplies were used. See table 22 below.

Table 22: Unaccounted for Drugs and Medical Supplies

Province	District	Station	Amount K
Northwestern	Solwezi	Mary Begg Hospital	1,223,167
		Progress Hospital	299,476
Western	Mongu	Lewanika General Hospita	292,660
Total			1,815,303

f. Contracts for the Provision of Customs and Clearing Services-Primetime Freight and Customs Broker

On 19th May 2017, the Ministry engaged Primetime Freight and Customs Brokers for the provision of Customs and Clearing Services for goods at the rate of 2.35% of the Value for Duty Purpose (VDP) for a period of three (3) years commencing on 19th May 2017 and ending on 20th May 2020.

During the period from January 2020 to December 2023, Primetime Freight and Customs Brokers provided customs and clearing services for Pharmaceuticals, Medical Equipment and non-medical goods with a Value for Duty Purpose (VDP) in amounts totalling K3,964,697,477 from which it charged a total of K108,464,627 as customs clearing charges.

As at 31st May 2025, the Ministry had paid a total of K13,931,146 towards the charges leaving a balance of K94,533,481.

The following were observed:



i. Questionable Extension of Contract

In a letter dated 1st August 2023, Primetime Freight and Customs Brokers notified the Ministry that the last contract Prime Time had with the Ministry expired on 19th May 2020. However, due to the Covid-19 pandemic at the time, Primetime Freight and Customs Brokers were verbally requested to continue rendering their services to the Ministry while arrangements to officially re-engage them were being carried out internally.

The extension of the contract by the Ministry was questionable, as it was a verbal contract. Further, there was no evidence that Primetime Freight and Customs Brokers was formally engaged to provide the services in line with Section 77 (1) of the Public Procurement Act No. 8 of 2020.

ii. Failure to Compute Interest Owed

The GCC and SCC 6.5 of the Contract provides that interest is to be payable on delayed payments. The interest is to be paid for each day delayed within 15 days after the due date, which is 30 days after presentation of the invoice.

An examination of the list of invoices making up the outstanding balance of K94,533,481 revealed that some invoices had been outstanding since January 2020.

It was however, observed that the Ministry of Health had not computed and provided for the interest debt payable on the outstanding amount of K94,533,481 owed to Primetime Freight and Customs Brokers as of May 2025.

iii. Questionable Instruction to Pay a Debt without Supporting Invoices

On 9th May 2024, the Permanent Secretary - Administration wrote to the Director General at ZAMMSA informing him that Primetime Freight and Customs Brokers had been providing clearing and forwarding services to the Ministry for the period 2020 to 2023 and that no payments were made towards the services. The Permanent Secretary stated that ZAMMSA owed Primetime Freight and Customs Brokers amounts totalling K64,470,596 and requested ZAMMSA to clear the bill with immediate effect.



An internal memo dated 14th August 2024, from the Director Supply Planning at ZAMMSA to the Interim Director General- ZAMMSA indicated that an analysis conducted on the outstanding bills revealed that part of the invoices for the bill related to the year 2020 when ZAMMSA had not yet commenced the procurement function while the rest of the invoices related to Covid tests, reagents and vaccines and other donations which were all Ministry procurements and not under ZAMMSA.

It was further observed that ZAMMSA acknowledged invoices in amounts totalling K3,153,913 from the total bill of K64,470,596 making the instruction by the Permanent Secretary to ZAMMSA to pay the above stated debt to Primetime Freight and Customs Brokers questionable.

As at 31st May 2025, there was no evidence that the Ministry of Health and ZAMMSA had reconciled on who was to pay the bills totalling K64,470,596 to Primetime Freight and Customs Brokers.

g. Contracts for the Provision of Customs and Clearing Services - Primetime Freight and Customs Broker - Questionable Award of Contract

On 3rd May 2024, the Ministry engaged Prime Time Investment Limited for the provision of customs and clearing services at a contract sum of K96,341,069 VAT Inclusive with a contract duration of three (3) years commencing on 2nd May 2024 and ending on 31st May 2027.

The payment terms included:

- i. Advance Payment: Ten (10) percent of the Call-off order Price shall be paid within thirty (30) days of signing the Call-off Order against a simple receipt and a bank guarantee for the equivalent amount and in the form provided in the bidding documents or another form acceptable to the procuring entity.
- ii. On Delivery: Eighty (80) percent of the Call-off order Price shall be paid on receipt of the Goods and upon submission of the documents specified in GCFA Clause 12.



- iii. On Acceptance: The remaining ten (10) percent of the Call-off order Price shall be paid to the Service Provider within thirty (30) days after the date of the acceptance certificate for the respective delivery issued by the procuring entity.

As at 31st December 2024, the supplier had been paid amounts totalling K13,931,146.

A review of the Evaluation Report for the Provision of Customs and Clearing Services revealed that the Ministry invited sealed bids from eligible bidders through the Zambia Electronic Government Procurement System (National Competitive Bidding). The tender closed and opened on 7th December 2023. See table 23 below.

Table 23: Bid Sums

Name of Bidder	Bid Sum K	Bid Securing Declaration Form	Duration
Webzed Shipping and Logistics Limited	10,000	Yes	3 Years
Hello Logistics Limited	1,196	Yes	3 Years
Prime Time Investment Limited	96,341,068	Yes	3 Years

The evaluation of tenders took place from 5th February 2024 to 9th February 2024. Arising from the preliminary evaluation, Prime Time Investment Limited was responsive and proceeded to technical evaluation.

A Price Reasonableness Analysis (PRA) was undertaken in line with the Section 12 (4) of the Public Procurement Act No. 8 of 2020 and Section h 2 (a) of the Circular No. 4 of 2021.

According to the Evaluation Report, the customs clearing services was not in the market index issued in January 2024 by the Zambia Public Procurement Authority (ZPPA) and a Historical Price Reasonableness Analysis was undertaken as shown in table 24 below.

Table 24: Historical Analysis

Description	Service Provider (Primetime Investments Limited)				
Customs and Clearing Services	Customs and Clearing Services (Contract No. MoH/ORD/12/16)	Current Proposed Cost	Difference	Percentage	Remarks
Unit Cost	ZMW 108,464,627.07	ZMW 96,341,08.92	ZMW 12,123,559.67	11.00%	Recommended for award

A review of procurement documents revealed that the provision of customs clearing services was awarded to Primetime Investments Limited at an estimated tender sum of K96,341,069.



However, management did not avail for audit the contract for the previous customs and clearing services to validate the price reasonableness analysis conducted.

In addition, the variation in the bid prices was questionable in that the lowest bid was K1,196 and the highest was K96,341,068.

As at 31st July 2025, the solicitation document and notice of award were not availed for audit rendering the award of the contract questionable.

h. Irregular Engagement of Service Provider on a Three-Year Contract

Regulation No.191 (1) of the Public Procurement (General) Regulations of 2022 states, “A procuring entity may use a running contract for goods, works or services which shall run for a maximum period of one year— (a) where the items are needed “on call”, but where the precise quantity and timing of the requirements cannot be defined in advance; or (b) to reduce procurement costs or lead times for items which are needed repeatedly or continuously over a period of time, by having them available on a “call off” basis.”

Contrary to the Regulation, the Ministry entered into a three (3) year running contract with Prime-Time Investment Limited instead of one (1) year prescribed by the regulations, rendering the engagement process irregular.

i. Management of Third-Party Account – Headquarters

Government Third Party Accounts are deposit accounts where clients pay for services provided by the Government. The Third-Party Account at the Ministry of Health is maintained to cater for student placement deposits, receive deposits for purchase of bidding documents by vendors, and receive funds from the Ministry of Finance and National Planning (MoFNP) and Cabinet Office to implement Government programmes and events, outside the Ministry’s budget.

During the period under review, funds in amounts totalling K30,827,872 were received in the account from student placement fees, sale of tender documents, funding from MoFNP, transfers from Treasury Single Account (TSA), Cabinet Office and other sources. See table 25 below.



Table 25: Receipts in the Third-party Account

No.	Details	Amount K
1	Tenders	30,261
2	Placement Fees	385,743
3	Other Sources	9,617,890
4	Transfers from TSA	20,793,978
	Total	30,827,872

In addition, on 1st January 2024, amounts totalling K14,680,965 comprising of Student placement fees of K14,532,308 and tender document fees of K148,657 were brought forward from the previous year, bringing the total available funds to K45,508,837. As at 31st December 2024, amounts totalling K42,690,764 had been spent leaving a balance of K2,818,073.

The following were observed:

i. Lack of Expenditure Ledgers - Placement Fees

During the period under review, amounts totalling K385,743 were received as placement fees from forty-five (45) institutions while an amount of K14,532,308 was brought forward from the previous year bringing the total placement fees to K14,918,051.

However, there were no expenditure ledgers at the Ministry to establish how the funds were used.

ii. Questionable Payments - Data Collection on Budget Execution

On 11th June 2024, a payment of K624,594 was made to twenty-two (22) officers to undertake data collection on budget execution for quarters one (1) and two (2) of 2024.

However, a scrutiny of the payment voucher revealed that details of the officers who were being paid to undertake this assignment including their account numbers were not provided, making the payment questionable.



j. Management of Equipment

i. Lack of Equipment in Facilities

Annex 9 of the Standard Equipment List stipulates the equipment to be found in health facilities in order to provide quality health services. A visit to ten (10) facilities in seven (7) districts revealed that various essential equipment such as X-ray machines, dental chairs and industrial ironers were lacking. See table 26 below.

Table 26: Lack of Equipment

Province	District	Facility	Equipment Lacking in Facilities
Northern	Lupososhi	Chunga Rural Health Centre	Resustaire, autoclaving and suction machines, Doppler, delivery pack, thermometer, Bp machine, oxygen unit and standard delivery beds.
	Mungwi	Mabula Rural Clinic	Standard delivery bed, Resustaire and Doppler
	Kasama	Kasama Police Clinic	Resustaire and Doppler
		Musenga Mini Hospital	Sewing Machine, Meat inspection kit and Squirt gun
		Nkole Mfumu Mini Hospital	Sewing Machine
		Milima Mini Hospital	Industrial Ironer, Laundry Press, Sewing Machine, Lovibond Comparator, Measuring jar, Meat inspection kit, Rodent control apparatus, Squirt gun, vector control sprayer, Water level meter, Tape measure
	Chilubi	Chilubi Health Centre	Oxygen unit, Resustaire, suction, Bp machine, Doppler and autoclaving machines.
Western	Mulobezi	Mulobezi District Hospital	Washing industrial machine and presser, Mortuary unit and Kitchen equipment
Lusaka	Rufunsa	Chinyunyu and Chifundo Health Centres, and St. Lukes Mission Hospital	Dental Chair and X-Ray machine
Muchinga	Mpika	Chilonga Mission Hospital	CT Scan and MRI Machine

ii. Non-Functional Equipment

A scrutiny of the asset registers and physical inspections carried out at twelve (12) stations in nine (9) districts revealed that various medical equipment such as washing machines, tumble dryers and industrial ironers were non-functional during the period under review. As at 31st August 2025, the position had not changed. See table 27 below.



Table 27: Non-Functional Equipment

Province	District	Station	Equipment
Western	Mongu	Lewanika General Hospital	Ultrasound Machine, 2 Washing Machines, 2 Tumble Dryers, Industrial Ironer and Mobile x-ray machine.
	Mwandi	Mwandi District Hospital	Washing Machine, Tumble Dryer and Industrial Ironer.
	Mulobezi	Sichili Mission Hospital	2 Washing Machines, 2 Tumble Dryers and Industrial Ironer.
	Sesheke	Yeta District Hospital	2 Washing Machines, 2 Tumble Dryers and Industrial Ironer.
	Shangombo	Shangombo District Hospital	2 Washing Machines, 2 Tumble Dryers and Industrial Ironer.
Eastern	Lundazi	Lundazi District Hospital	2 Washing Machines, 2 Tumble Dryers and Industrial Ironer.
	Petauke	Petauke Urban Clinic	Vaccine fridge
		Minga Mission Hospital	2 Washing Machines, 2 Tumble Dryers and Industrial Ironer.
		Petauke District Hospital	Portable Ultrasound Machine, 2 Washing Machines, 2 Tumble Dryers and Industrial Ironer.
		Petauke General Hospital	Digital Fluoroscopy x-ray machine
North-western	Kalumbila	Shiinda HC	Vaccine fridge.
Muchinga	Mpika	Chilonga Mission Hospital	3 electrical cooking pots, washing machine and drier machine had not been working since 2021. 2 dental chairs, non-functional baby resuscitators, delivery beds and autoclave machine.

k. Management of Drug Storage

i. Failure to Store Drugs under the Required Conditions

Sections 4.2.1 and 4.3.1 of the National Health Care Standards of 2020 require the dispensary room and bulk store to have adequate shelves, pallets, working surfaces and a pedal bin among other requirements. The storage conditions (both the room



and medicine fridge) must be temperature regulated with updated temperature chart(s).

Contrary to the standard, nine (9) dispensaries and bulk stores inspected in two (2) districts revealed that they were not temperature regulated thereby exposing drugs to unfavourable conditions that could cause damage or reduction in potency and shelf life of the drugs. See table 28 below.

Table 28: Drugs Not Stored in Required Conditions

Province	District	Station	Finding
Northern	Lupososhi	Chungu Health Centre	The pharmacy had no air conditioner, had inadequate space for storing drugs and had no pallets as some carton boxes containing drugs were put on the floor.
Lusaka	Chilanga	Chilanga Bulk store.	There was no air-conditioner in the pharmacy
		Mundengwa Mini hospital, ZNS BB, Malcomaano HP, Munyeu, Mt Makulu HP, Mwembeshi maximum and Paramilitary Pharmacies	The pharmacies had no air conditioners.

ii. **Drugs Stored Under Unregulated Temperatures – Eastern Province**

Storage guideline No. 2 of the Standard Operating Procedures Manual (SOP) of 2021 for Essential Medicines Logistics Improvement Program (EMLIP HYBRID) states, “Extreme heat and exposure to direct sunlight can degrade essential medicines and dramatically shorten shelf life. Temperatures in the storeroom should not exceed 25-degree Celsius.”

Physical verification conducted in March 2025 and scrutiny of temperature charts, in storerooms at seventeen (17) facilities in five (5) districts, revealed that contrary to the guideline the facilities had maximum temperatures ranging from 27 to 32 degrees Celsius. See table 29 below.



Table 29: Room Temperatures for stores

No.	Station	Name of Facility	Description of Storeroom	Recommended Max Temperature Limit (Degree Celcius)	Highest Temperature Recorded (Degree Celcius)	Variance (Degree Celcius)
1	Lundazi DHO	Lundazi Urban Clinic	Lab	25	30	5
		Kakumba Rural HC	Pharmacy	25	29	4
		Chijemu RHC	Pharmacy	25	31	6
		Nyangwe HP	Pharmacy	25	30	5
		Muchereka HP	Pharmacy	25	28	3
2	Chipata DHO	Kapata	Dispensary	25	34	9
		Mchini	Dispensary	25	27	2
3	Katete DHO	Katete DHO	Pharmacy	25	30	5
		Chibolya Clinic	Pharmacy & lab	25	28	3
		Kagoro HP	Pharmacy	25	27	2
4	Petauke DHO	Minga Hospital	Pharmacy	25	32	7
		Chisenjere HP	Pharmacy	25	32	7
		Zuze HP	Pharmacy	25	29	4
5	Chipangali DHO	Chipangali DHO	Pharmacy	25	28	3
		Kasenga RHC	Pharmacy	25	27	2
		Kesenga Minihospital	Pharmacy	25	30	5
		Mshawa RHC	Pharmacy	25	31	6

I. Management of Blood Bank Services - Low Staffing Levels – Northern Province

The Zambia National Blood Transfusion Service (ZNBTS) is centrally coordinated but sufficiently decentralized to render services to all hospitals. Each Provincial Blood Transfusion Centre (PBTC) has the capability to recruit blood donors, collect, process, test, store and distribute blood and blood components units to all transfusing facilities for purposes of blood transfusion therapy on patients.

Clause 2.3.2 (c) of the National Health Care Standards of 2020 states, “The facility shall have a projected staff establishment that should be reasonable for the scope of service. The facility shall work toward meeting at least 80% of its staff establishment at a minimum.”

During the period under review, the Zambia National Blood Transfusion Service (ZNBTS) operated fourteen (14) centres in Northern province. A physical verification of staff at the Provincial Blood Transfusion Centre (PBTC) revealed that seventeen (17) out of the twenty-four (24) approved positions were filled representing 71% staffing level, falling below the required minimum threshold of 80%, as stipulated in the standards.

As at 31st August 2025, the vacant positions were not filled. See table 30 below.



Table 30: Vacant Positions

No	Approved Position	No. of Approved Positions	Filled Positions	Vacant Positions
1	Head PBTC	1	1	0
2	Deputy Head PBTC	1	1	0
3	Registered Nurses	10	6	4
4	Lab Technicians	5	2	3
5	Data Clerk	1	1	0
6	Drivers	5	5	0
7	General Worker	1	1	0
	Total	24	17	7

m. Facilities Operating without Health Professions Council of Zambia (HPCZ) Accreditation Licences

Section 55 (1) of the Health Professions Act No. 24 of 2009 states, “The Council shall, where a health facility meets the requirements for accreditation, grant full accreditation to the health facility for a period of one year.”

Contrary to the Act, seventy-five (75) facilities at four (4) stations were operating without accreditation licenses during the period under review. See table 31 below.

Table 31: Facilities without Accreditation Licences

Province	District	Number of Facilities
Eastern	Chipata	24
	Katete	35
	Lundazi	15
Northwestern	Solwezi	1
	Total	75

n. Management of Medical Waste – Poor Disposal of Medical Waste

Section 23 of the National Health Care Standards of 2020 on Environment, Health and Safety requires a health facility to have proper management of waste. In particular, the facility should have a functional and licensed incinerator, secured rubbish pit and peddle bins among others.

Contrary to the standard, physical inspections carried out in March 2024 at seven (7) health facilities in seven (7) districts revealed that the facilities did not have functional incinerators and secured rubbish pits. Consequently, medical waste such as used

injections and gloves were being indiscriminately disposed of in unsecured pits. See table 32 below.

Table 32: Facilities Lacking Proper Waste Disposal

Province	District	Station	Finding
Northern	Chilubi	Chiluba RHC	Unsecured pit and Non-functional incinerator.   <i>Unsecured Pit</i> <i>Non-functional Incinerator</i>
	Kasama	Kasama Police RHP	 <i>Unsecured Pit</i>
	Mbala	Tulemaane RHC	Unsecured pit
	Mungwi	Mabula RHP	Unsecured pit
Lusaka	Kafue	Kafue Estate HC	Medical waste such as used injections were indiscriminately disposed of as it was openly burnt from the holding bay. 
Northwestern	Kalumbila	Kakaindu and Shiinda Health Facilities	The facilities were disposing medical waste through open air burning. 
Muchinga	Mpika	Chilonga Mission Hospital	The incinerator was not functional and the institution had no waste service contract or a secured rubbish pit.

In addition, out of 229 facilities in Lusaka Province, eighty-one (81) facilities operated without incinerators. See table 33 below.



Table 33: Facilities without Incinerators

District	No. of Facilities in the District	No. of Facilities with incinerators	No. of Facilities without incinerators
Lusaka	88	76	12
Chilanga	34	20	14
Chongwe	38	20	18
Kafue	22	13	9
Rufunsa	30	11	19
Luangwa	17	8	9
Total	229	148	81

o. Weaknesses in Management of Vehicle Service Centre

In 1999, the Ministry of Health established the Vehicle Service Centres (VSC) to service and repair vehicles, marines, motorcycles and other related machines for Provincial Health Offices (PHOs) in order to cut down on costs incurred when using private garages.

An examination of records and physical inspections of equipment at VSCs in Northern, Eastern and North Western provinces revealed that key equipment was not functional and staff had not been trained to manage the equipment. In particular, the following were observed:

i. Construction and Extension of Vehicle Service Center (VSC) – Stalled Project - Kasama PHO

In July 2016, the Ministry of Health engaged Ministry of Infrastructure and Urban Development to provide labour for the extension of the VSC at a total cost of K832,410 with a completion period of twelve (12) months commencing in July 2016 and ending in July 2017.

The scope of works included extension of workshop with office and change rooms. As at 31st January 2024, amounts totalling K312,434 had been paid towards the project, leaving a balance of K519,976.

A physical verification carried out in February 2025 revealed that the contractor was not on site and the project had stalled at 44% completion more than seven (7) years after the expected completion date. The outstanding works included ceiling board installation, flooring, fitting of interior and exterior doors, glazing, plastering,

painting and decoration, roofing, window and door frame installations, electrical work, and plumbing works. See pictures below.



Stalled Vehicle service center-Northern Province

p. Fleet Management

i. Failure to Provide White books for Movable Assets

Section 41 (1) of the Public Finance Management Act of 2018 places the responsibility to manage public assets and stores of the Head of expenditure on controlling officers.

Contrary to the Act, three (3) stations did not provide white books for thirty-seven (37) motor vehicles making it difficult to ascertain the ownership of the vehicles. See table 34 below.

Table 34: Vehicle Without White Books

Province	Station	No. of Motor Vehicles
Northern	Kasama PHO	14
Eastern	Katete DHO	8
	Petauke DHO	15
Total		37

ii. Failure to Insure Motor Vehicles and Motor Bikes

Cabinet Office Circular Minute No. CM10 of 2023 directed all Controlling Officers to ensure that all motor vehicles and bikes under their charge are comprehensively insured.

Contrary to the circular, nine (9) motor vehicles and forty-nine (49) motor bikes at four (4) stations whose values could not be ascertained had not been insured as at 31st August 2025. See table 35 below.



Table 35: Uninsured Motor Vehicles and Bikes

Province	Station	No. of Motor Vehicles	No. of Motor bikes
Western	Mongu DHO	6	21
	Mulobezi DHO	0	1
	Mwandi DHO	0	4
Lusaka	Luangwa DHO	3	23
Total		9	49

q. Management of Non-Moveable Assets - Failure to Secure Title Deeds

Section 41 (4) of the Public Finance Management Act No. 1 of 2018 stipulates that, a Controlling Officer shall ensure that all public properties under the controlling officer's charge are secured with title deeds.

Contrary to the Act, one (1) PHO and ten (10) DHOs in Central and Northern provinces did not secure title deeds for parcels of land on which 278 properties with unknown values were located.

r. Management of Liabilities

i. Failure to Withhold and Remit VAT to ZRA

The Value Added Tax (VAT) Amendment Act No. 12 of 2017 read together with the Treasury and Financial Management Circular No. 6 of 2017 directed all institutions which were appointed as tax agents to withhold VAT from payments to suppliers of goods and services and remit the VAT to the Zambia Revenue Authority.

Contrary to the Act and circular, five (5) stations in Northern and Northwestern provinces did not withhold VAT in amounts totalling K78,506 from payments made to various suppliers that supplied goods and services costing K520,551 during the period under review.



ii. Failure to Remit Withheld Tax

• Value Added Tax (VAT) - Headquarters

Treasury Financial Management Circular No. 6 of 2017 states that the Accountant General was appointed by Zambia Revenue Authority (ZRA) to be a tax collecting agent on withholding value added tax and tax arrears.

Contrary to the Circular, VAT in amounts totalling K1,865,110 from various suppliers of goods and services had not been remitted to ZRA as at 31st August 2025.

• Pay As You Earn (PAYE) - Choma PHO

Income Tax Act Chapter 323 of the Laws of Zambia requires that tax be deducted from personal emoluments and remitted to the Zambia Revenue Authority (ZRA).

Contrary to the Act, PAYE in amounts totalling K292,044 was deducted by Choma PHO from ten (10) officers on the payment of commutation of leave days and settling in allowance had not been remitted to ZRA as at 31st August 2025.

• Payment to Suppliers without Tax Clearance Certificates

Section 89 (1) of the Public Procurement Act No. 8 of 2020 stipulates that a bidder is eligible to participate in a procurement if he is licensed, in good standing with the professional body to which he is aligned where applicable and has fulfilled his obligation to pay taxes and social security contributions.

Contrary to the Act, three (3) stations procured goods and services costing K179,825 from various suppliers who had not submitted tax clearance certificates from the Zambia Revenue Authority (ZRA). See table 36 below.

Table 36: Payments to Suppliers without Tax Clearance Certificates

Station	No. of Transactions	Amount K
Solwezi PHO	12	89,020
Mwinilunga DHO	16	66,105
Kalumbila DHO	2	24,700
Total	30	179,825



- **Failure to Obtain Clearance from ZRA before Payment**

Treasury and Financial Management Circular No. 7 of 2023 requires that all line Ministries and Statutory Bodies obtain clearance from the Zambia Revenue Authority (ZRA) before payments are made to suppliers.

Contrary to the Circular, three (3) stations in Lusaka and Muchinga provinces made payments in amounts totalling K1,110,993 to various suppliers for procurement of goods and services without obtaining clearance from ZRA.

s. Management of Outstanding Obligations

As at 31st December 2024, the Ministry had outstanding obligations in amounts totalling K1,900,061,685 in respect of other personal emoluments (K720,296,402) and suppliers of goods and services (K1,179,765,283) at twenty two (22) stations.

t. Infrastructure Development

In order to facilitate equity of access to quality health care services, the Ministry of Health set out to increase access to health care services through construction and rehabilitation of health facilities.

During the financial period under review, amounts totalling K30,650,000 were received for infrastructure development by seven (7) Provincial Health Offices. In addition, amounts totalling K35,939,074 were brought forward from the previous year bringing total available funds to K66,589,074.

As at 31st December 2024, a total amount of K40,781,490 had been spent leaving a balance of K25,807,584. See table 37 below.



Table 37: Funding for Infrastructure

Province	Opening Balance K	Funding K	Total K	Expenditure K	Unspent K
Central	4,273,592	180,000	4,453,592	2,493,405	1,960,187
Eastern	7,460,660	100,000	7,560,660	6,713,102	847,558
Copperbelt	- 6,056	15,450,000	15,443,944	9,906,494	5,537,450
Luapula	177,023	9,200,000	9,377,023	9,375,042	1,981
Lusaka	2,859,338		2,859,338	2,443,842	415,497
Muchinga	5,516,157		5,516,157	2,550,456	2,965,701
Northern	1,353,596	5,520,000	6,873,596	761,894	6,111,702
North Western	5,237,984	100,000	5,337,984	1,197,333	4,140,651
Southern	3,354,425		3,354,425	2,689,300	665,125
Western	5,712,355	100,000	5,812,355	2,650,622	3,161,733
Total	35,939,074	30,650,000	66,589,074	40,781,490	25,807,584

The following were observed:

i. Delayed Completion of Projects - Copperbelt, Lusaka and Central Provinces

Physical verification of selected projects carried out in March 2025 revealed that the projects had delayed and some had been abandoned as shown in table 38 below.



Table 38: Delayed and Abandoned Projects

Institution	District	Project	Contractor	Contract Period	Contract Date	Contract Sum K	Payment to Contractor K	Scope of Works	Observations
1. Copperbelt Province									
Kitwe Teaching Hospital	Kitwe	External Painting and Related Maintenance Works (Lot 3)	Luanshya Engineering, Construction and Contracting Company	12 Weeks (Commencing on 08.01.24)	26.12.23	1,000,048	437,744	Painting of external wall surfaces with weatherproof exterior emulsion, removal of broken glasses, supply and fitting of 4 mm plain glass and plastering of brick masonry.	As at 26 th March 2025, the contractor was on site with works at 50% completion. The outstanding works included completion of painting, removal of broken glasses, supply and fitting of 4 mm plain glass and plastering of brick masonry.
Kitwe Teaching Hospital	Kitwe	Installation of False Roofs to Zambezi Ward (Lot 1c)	Pine Commercial Services	Eight (8) Weeks (Commencement date 10.01.24)	05.01.24	1,283,601	469,061	Fitting of thirteen (13) metal trusses, roofing, and supply and fitting of rainwater gutters.	As at 26 th March 2025, fourteen (14) months after the expected completion date, works were still in progress.



Institution	District	Project	Contractor	Contract Period	Contract Date	Contract Sum K	Payment to Contractor K	Scope of Works	Observations
Kitwe Teaching Hospital	Kitwe	Installation of False Roofs to Kitchen (Lot 1d)	Yusamat Investment Ltd	Eight (8) Weeks (Commencement date 10.01.24)	05.01.24	875,113	457,932	Fitting of thirteen (13) metal trusses, roofing, and supply and fitting of rainwater gutters.	As at 26 th March 2025, fourteen (14) months after the expected completion date, works were still in progress. The outstanding works included priming trusses and base plates, fitting of roofing sheets and rainwater gutters.
Kitwe Teaching Hospital	Kitwe	Installation of False Roofs to Chambishi Block (Lot 1a)	Nimwithu Real Estates and General Dealers	08 Weeks (Commencement date 20.01.24)	26.12.24	930,908	141,235	Fitting of thirteen (13) metal trusses, roofing, and supply and fitting of rainwater gutters.	As at 26 th March 2025, thirteen (13) months after the expected completion date, works were still in progress. The outstanding works included fitting of roofing sheets and water gutters.



Institution	District	Project	Contractor	Contract Period	Contract Date	Contract Sum K	Payment to Contractor K	Scope of Works	Observations
2. Lusaka Province									
Katoba Rural Health Centre	Chongwe	Construction of Maternity Annex at Katoba Rural Health Centre	Kalikonga Enterprises Ltd	Twelve weeks from 21.08.24 to 21.11.24	08.08.24	1,943,966	1,083,431	Superstructure and substructure, roofing, metal work, carpentry, joinery, iron monger, plumbing and electrical installations, floor, wall and ceiling installations, painting and decorating, glazing, and drainage	As of April 2025, four (4) months after the expected completion date, the contractor was not on site. The outstanding works included painting and decorating, glazing, plastering, carpentry, plumbing and electrical fittings, laundry bay, construction of drainage. See pictures below.  <i>Incomplete Katoba RHC</i>



Institution	District	Project	Contractor	Contract Period	Contract Date	Contract Sum K	Payment to Contractor K	Scope of Works	Observations
3. Central Province									
Ipongo Rural Health Center	Chibombo	Construction of Maternity Annex at Ipongo Rural Health Center	Lewdan Investments Limited	Three months from 29.07.24 to 30.10.24	29.07.24	1,994,581	498,645	Sub and super structure, concrete works, roofing, carpentry, joinery and ironmongery, structural steel, metal work, plumbing and electrical installation, finishing, glazing painting and decorating, drilling and equipping of borehole	As at 11 th February 2025, three (3) months after the expected completion date, the outstanding works included roofing, metal work, carpentry and joinery, ironmongery, plumbing installations, electrical  installations, floor, wall and ceiling finishing, glazing painting and decorating, water reticulation and drainage.



Institution	District	Project	Contractor	Contract Period	Contract Date	Contract Sum K	Payment to Contractor K	Scope of Works	Observations
Nampundwe RHC	Shibuyun ji	Construction of Maternity Annex at Nampundwe RHC	Bestyet General Dealers	Three (3) months from 29.07.24 to 30.10.24	29.07.24	1,310,740	327,685	Sub and super structure, roofing, carpentry, joinery and ironmongery, metal work, plumbing and electrical installation, glazing painting and decorating, drilling and equipping borehole.	As at 11 th February 2025, three (3) months after the expected completion date, the outstanding works included ceiling board fitting, glazing, flooring and painting.  <i>Incomplete Maternity Annex</i>



ii. Stalled Projects

A review of contracts entered into by the Ministry during the period from 2014 to 2024, with total contract values of K1,084,382,079 and US\$157,736,999.61 revealed that 120 contracts had stalled and expired as at 31st December 2024. Out of the contracted sums, payments totalling K125,338,155 and US\$245,338.40 had been made to the contractors.

As at 31st August 2025, the Ministry had not prepared final accounts and the projects had stalled. It was therefore not clear whether or not the contractors owed the Government for money paid for but from which no benefit had been derived. See details in table 39 below for fifteen (15) sampled projects.



Table 39: Stalled Projects

No.	Project Name	District Name (where the project is)	Name of contractor	Contract Start Date	Contract End Date	Percentage Work Done 2024	Contract Value 2024 K	Amount Paid as at end 2024 K
1	Upgrading of Ndeke Village Hospital	Kitwe	Raymond Construction Ltd	7/14/2014	7/6/2015	70%	7,228,493.64	5,182,462.10
2	Construction of Computer Laboratory and Library at Roan Schools of Nursing	Luanshya	Chovu Chovu Brothers	3/15/2015	12/1/2017	95%	1,665,903.84	1,485,154.64
3	Construction of Kitchen and Dining at Community Health Assistants training School (CHATS)	Ndola	Tripple Vee Property Investments Ltd	8/16/2016	7/8/2017	75%	1,957,756.36	857,433.50
4	Construction of the Psychiatry Annex at Ndola Teaching Hospital	Ndola	Jearmy Enterprises Ltd	2/15/2015	7/7/2016	75%	14,600,000.00	11,244,907.82
5	Completion of Mwense District Hospital Children's ward	Mwense District	Richtone Engineering Limited	9/21/2020	4/18/2021	85%	481,997.36	397,178.99
6	Completion of Mwense District Hospital female ward	Mwense District	Inspired Civils and Suppliers Limited	9/21/2020	4/18/2021	85%	456,911.24	413,574.22
7	Completion of Mwense District Hospital phase I & III	Mwense District	Sindaziwiza Enterprises Limited	6/6/2023	20/09/2024 Revised	75%	8,500,000.92	5,309,021.65
8	Completion of Kawambwa District Hospital Phase I	Kawambwa	JKMM General Dealers Limited	6/6/2023	15/09/2024 Revised	98%	10,264,610.00	5,643,732.39
9	Construction of Bangweulu General Hospital	Lupososhi	Sunshare Construction Limited	1/8/2018	1/8/2022	40%	154,174,340.72	56,853,927.88
10	Construction of staff house at Dambwa North	Livingstone	Lontinos General Dealers	NA	NA	85%	352,091.58	276,247.57



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No.	Project Name	District Name (where the project is)	Name of contractor	Contract Start Date	Contract End Date	Percentage Work Done 2024	Contract Value 2024 K	Amount Paid as at end 2024 K
11	Construction of Katetaule Health Post	Luano	Praise Comfort Limited	30.09.2019	12/30/2020	45%	1,208,279.00	744,366.00
12	Construction of Tumbwe Health Post	Luano	Zone Six Enter Prises Ltd	30.12.20	12/30/2020	25%	1,232,484.00	386,360.00
13	Completion of a Health Post at Mutenda	Ngabwe	Waona Construction and Transport Ltd	30.01.19	1/30/2019	85%	466,954.75	367,154.00
14	Construction of a Dining hall and kitchen at Chibombo College of Health Sciences	Chibombo	Balombwana Enterprises Ltd	30.01.16	12/28/2016	85%	1,137,875.00	393,409.00
15	Construction of Office Block at Kafue General Hospital	Kafue	Davisbet Enterprises	07.05.24	11/7/2024	75%	1,792,697.00	1,226,284.00
	Total						205,520,395.41	90,781,213.76

iii. Failure to Maintain Properties

Physical inspections carried out at nine (9) stations in Muchinga, Lusaka, Central, Northwestern and Eastern provinces revealed that various infrastructure such as clinics, health centres and staff houses were poorly maintained in that the clinics had broken ceilings, worn out verandas, no running water in the bathrooms, cracked walls, broken sewer pipes, leaking roofs and broken glass panes. See pictures below.



Broken ceiling – Kapata Urban Clinic Chipata



Solwezi Teachers College Clinic – Poorly Maintained

iv. Facilities at Solwezi Teachers Training College Clinic

Section 1.3.2 of the National Health Care Standards of 2020 states that every health facility should have adequate reception areas with a secure records room/server room.

In addition, Section 1.3.5 of the National Health Care Standards of 2020 states that the health facility should have adequate number of accessible toilets for the scope of services with a recommended ratio of 1 toilet per 25 people. There should be separate toilets for female clients, male clients and staff. The toilets should be accessible to people with special needs.

A physical verification revealed the following:

- **Inadequate Space**

Solwezi Teachers Training College Clinic had one (1) room used as an outpatient department, records room, pharmacy, dispensary and observation room resulting in patient cases not being treated with confidentiality. See pictures below.



Room with patient records, pharmacy dispensary, outpatient and observation bed

- **Inadequate Toilets¹**

The clinic only had one (1) toilet for both male and female patients and had no running water. Further, the toilet was not accessible to people with special needs. See pictures below.



Single toilet without running water being used by both male and female patients

24 Head: 51 Ministry of Transport and Logistics

24.1 Mandate

The Ministry is mandated to formulate and implement Governments' air, road and water transport policies as well as regulate the transport and logistics sector to enhance the sectors' contribution to sustained socio-economic growth and development for the benefit of the people of Zambia as provided for in the Government Gazette Notice No. 1123 of 2021.



24.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a budget provision of K504,757,058 was made to cater for the operations of the Ministry against which amounts totalling K375,912,077 were released resulting in under funding of K128,844,981.

As at 31st December 2024, the Ministry spent amounts totalling K370,127,732 leaving a balance of K5,784,345. See table 1 below.

Table 1: Budget, Funding and Expenditure

No.	Program/ Sub Program Name	Aproved Budget K	Funding K	Variance K	Expenditure K	Unspent Funds K
1	Air, Road, Maritime and Railway Transport Development	388,172,671	326,276,652	(61,896,019)	325,198,683	1,077,969
2	Government Asset Management	15,673,731	6,520,894	(9,152,837)	6,184,552	336,342
3	Government Printing Services	38,211,162	11,623,357	(26,587,805)	11,514,514	108,843
4	Pontoon Services	23,172,288	10,335,371	(12,836,917)	10,599,341	(263,970)
5	Management and Support Services	39,527,206	21,155,803	(18,371,403)	16,630,642	4,525,161
	Total	504,757,058	375,912,077	(128,844,981)	370,127,732	5,784,345

24.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31st December 2024 revealed the following:

a. Air, Road, Railway and Maritime Transport Development Programme - Concessional Agreement – Walvis Bay Port

On 20th March 2007, Namibia and Zambia, signed an MoU (“MoU1”), where Namibia granted land to Zambia, in extent of 30,140 square meters in order for Zambia to develop a dry port at Walvis Bay Port.

Further, on 12th January 2009, the Government of Zambia, through the Ministry of Communications, Transport, and Logistics, signed a 25-year concession agreement with African Union Financial Services (Private) Limited of the Republic of South Africa, for renting 28,000 square metres of the Walvis Bay Dry Port on a Build-Operate-Transfer (BOT) basis. The purpose of the Memorandum was for the designing, constructing, commissioning and maintenance of the Inland Port facilities (Dry Port) at Walvis Bay by African Union Financial Services (Private) Limited.



It was also observed that on 24th April 2009, the Namibian Port Authority and African Union Financial Services (Private) Limited entered into a fifty (50) years lease agreement whereby the Tenant was to pay monthly rental charge of N\$7.00 per square meter in respect of the premises, excluding rates, charges, assessments or any other form of taxation.

Clause 8.1 of the agreement between the Government of Zambia and African Union Financial Services (Private) Limited provided that termination could occur where the parties have mutually decided to terminate the Memorandum of Understanding. In line with the clause, on 25th July 2023, Government of The Republic of Zambia terminated the Memorandum of Understanding for Concessional Agreement with African Union Financial Services and appointed Zambia Cargo Logistics Company to take over the operations of the Zambian Dry Port at Walvis Bay in Namibia. The new Concessionaire was to develop the dry port facility land and buy Port handling equipment and construct permanent warehousing facilities.

The following were however observed:

i. Failure by Concessionaire to Implement Responsibilities

An enquiry with management revealed that the Concessionaire, African Union Financial Services (Private) Limited, did not fulfil all of its responsibilities outlined in the MOU at the time the concession was terminated as shown in table 2 below.

Table 2: Failure by Concessionaire to Implement Responsibilities

Clause No.	Responsibility of AUFS	Status as of December 2024
2.1.1	Source all the finances required to build and operate the project at its own risk and cost.	No documentary evidence was availed to show that Concessionaire shared its financial capacity to develop the Dry Port with the Ministry.
2.1.2	Prepare all the required plans.	



Clause No.	Responsibility of AUFS	Status as of December 2024
2.1.3	Seek the signed approval of the relevant Namibia Port Authority agencies for various plans.	No documentary evidence was availed to show that Concessionaire shared plans to develop the Dry Port with the Ministry.
2.1.4	Submit to the Ministry of Communications and Transport Steering Committee the Namibia approved plans for records purposes only	
2.1.5	Source and provide all experts and expertise	
2.1.6	Complete the construction stage within the project time	
2.1.7	Provide maintenance services in order to keep the inland Port facilities (Dry Ports) in running condition throughout the concession period.	No documentary evidence availed to show that Concessionaire provided maintenance services on the condition of the Dry Port facilities with the Ministry.
2.1.10	Share with the Government (The Zambia Port Authority once established) all relevant data available with the concessionaire in terms of finance, volume of traffic etc, upon Government's request.	The Zambia Ports Authority had not been established at the time of audit in August 2025 There was no evidence that was availed to show that the Concessionaire shared relevant data available in terms of finance and volume of traffic with either the Ministry or any other relevant government authority. In this regard the completeness of the income due from the concessionaire during the period of operation could not be independently verified.



Clause No.	Responsibility of AUFS	Status as of December 2024
2.1.12	Provide at no cost. Shared transient office facilities for the following government agencies such as the Zambia Police Service and/ or Namibian Police Service, the Government Road Transport Agencies, Revenue Authority (Customs and Excise Dept) etc	Further review of the operations of AUFS / AUC revealed that the Concessionaire was operating from building whose ownership could not be established as at 31 st December 2024.

ii. Unsettled Port Rental Charges Accumulated by Previous Concessionaire

Clause 7.1 of the lease agreement between the Namibian Port Authority and the African Union Financial Services (Private) Limited stipulates that the Tenant was to pay monthly rental charge of N\$7.00 per square meter in respect of the premises, excluding rates, charges, assessments or any other form of taxation.

Further, Clause 6 of the agreement between the Government of Zambia and the African Union Financial Services (Private) Limited provided that the Concessionaire shall handover the asset free from any liabilities, debts, pledge or encumbrances.

However, a review of financial records revealed that at the time of termination of the concession on 25th July 2023, African Union Financial Services was owing Namibia Port Authority amounts totalling US\$1,636,301.40 (N\$29,453,424.80) which accumulated during the period of the concession.

iii. Unremitted Concession Fees

Clause 2.1.11 of the agreement between the Government of the Republic of Zambia and African Union Financial Services (Private) Limited provided that the Concessionaire was to pay to Government of Zambia 2% of annual turnover of the company within 90 days of completion of the audited financial statements.



According to the documents availed for audit, the Concessionaire, through a third party company named Africa Union Cargo Zambia Limited, paid to the Government of Zambia a total of US\$103,893.43 as 2% of annual turnover for the period from 2012 to 2020.

However, it was observed that the Concessionaire did not remit concession fees for periods ranging from 2009 to 2011 and 2021 to 2022.

Further, there was no evidence to confirm if the Concessionaire produced and submitted to the Government of Zambia audited financial statements to confirm the accuracy of the remitted Concession Fees.

iv. Unauthorised Transfer of Lease to Third Party

On 27th December 2017, African Union Financial Services (Private) Limited wrote to the Government of Zambia requesting that the lease agreement be transferred to Africa Union Cargo Zambia Limited. It was however observed that African Union Financial Services (Private) Limited transferred its lease agreement rights and obligations to Africa Union Cargo Zambia Limited without consent of either the Zambian Government or Namibian Port Authority.

v. Unconfirmed Existence of African Union Financial Services (Private) Limited

A review of records at the Ministry of Transport and Logistics revealed that African Union Financial Services (Private) Limited was registered in 2003 and domiciled in Johannesburg, Republic of South Africa.

A further review of a letter from Namibian Port Authority dated 28th October 2021 addressed to the Zambian High Commissioner in Namibia and subsequent e-search of the company details revealed that African Union Financial Services (Private) Limited was liquidated.

However, management at the Ministry of Transport and Logistics could neither confirm the existence of the company nor confirm the liquidation as at the time of audit.



vi. **Irregularities in Management of Unsettled Port Charges Accumulated by Previous Concessionaire**

A review of financial records revealed that as of December 2024, the Ministry of Transport and Logistics paid amounts totalling K40,486,354.65, equivalent to US\$1,531,965.92 and N\$29,453,424.80 to the Namibian Port Authority towards liquidation of the outstanding rental arrears owed by African Union Financial Services (Private) Limited with the understanding that the money would be recovered from the Concessionaire.

However, the following were observed:

- **Loss as a Result of Liquidating Utility Bills on Behalf of African Union Financial Services (Private) Limited**

A comparison of the concession income against the outstanding bills paid on behalf of African Union Financial Services (private) Limited resulted in a net loss to the Zambian Government in amounts totalling US\$1,428,072.49. See table 3 below.

Table 3: Net Loss Due to Liquidation of Utility Bills on Behalf of African Union Financial Services (Private) Limited

No.	Description	Amount in US\$
1	Utility Bills Accrued by AUFS at the time of Termination now settled by the Government	1,531,965.92
2	Concessional fees Received by Government over 14 years of Dry Port operation by AUFS	(103,893.43)
3	Net Loss from Concession fees against Utility Bills paid	1,428,072.49

As can be seen from the table above, this was contrary to clause 6 of the MOU, which provided that the Concessionaire shall handover the asset free from any liabilities, debts, pledge or encumbrances.

- **Failure to Claim Refund**

On 12th February 2024, the Ministry of Transport and Logistics wrote to the Ministry of Justice to commence the debt collection proceedings



against African Union Financial Services (private) Limited in order to recover the K40,486,355 (N\$29,453,424.80 equivalent) paid by the Zambian government in respect of outstanding rental charges accumulated by the Concessionaire. In this regards, the Ministry of Justice engaged the Ministry of Foreign Affairs and International Cooperation to assist in serving the Demand Letter but has not received feedback.

As at 31st August 2025, the Ministry had not received refund from African Union Financial Services (Private) Limited.

vii. Failure to Develop and Construct Port Facilities

A review of the agreement between the Zambian government and African Union Financial Services (Private) Limited revealed that the purpose of the Memorandum (agreement) was for the designing, constructing, commissioning and maintenance of the Inland Port facilities (Dry Port) at Walvis Bay by African Union Financial Services (Private) Limited on a Build-Operate-Transfer (BOT) basis.

Further, clause 2.1.9 of the agreement provided that the Concessionaire was to transfer back to the Government of Zambia, at the end of the concession period all the Inland Port facilities (Dry Ports) in running condition.

However, a physical inspection of the Port facility conducted in July 2025 revealed that although the Concession was terminated in July 2023, fourteen (14) years after it was operationalised, the Concessionaire did not undertake any development of the Port facility.

b. Contract for Supply, Delivery and Installation of (01, No) Computer to Plate Machine for Government Printing Department

On 4th December 2024, the Ministry Procurement Committee, through direct bidding awarded a contract to Kalideck Pty Limited of South Africa for the supply, delivery and installation of one (1) Computer-to-Plate Machine (CTP) for the Government Printing Department.



On 21st February 2025, the Ministry and Kalideck Pty Limited signed the contract for a sum of K4,576,000 (equivalent to ZAR3,200,000.00 South African Rand; converted at ZMW1.43 per Rand).

The contract terms and conditions included among others, the following:

- Delivery period of four (4) months from date of contract signing;
- Contract shall come into force upon signature of the contract by the parties;
- Payments shall be made in Kwacha equivalent within 30 days on supplier's request supported by an invoice and client acceptance and that payment should be 100%; and
- Provision of Performance Security by the supplier in the form of Bank Guarantee/Bond of up to K1,000,000 in Zambia Kwacha.

The following were observed:

i. Questionable Payment of 50% Advance Before Contract Signing

Section 70 (3) of the Zambia Public Procurement Act No. 8 of 2020 states, “A decision to award a contract by the approvals authority shall not constitute a contract.”

Further, Clause 38.1 of the General Conditions of Contract states, “The contract shall come into force upon signature of the contract by the parties.”

Contrary to the Act and Clause, a review of financial records revealed that on 16th December 2024 the Ministry made a 50% advance payment amounting to K2,437,280 (ZAR1,704, 391.61) to the supplier before the contract signing date of 21st February 2025 and delivery of the machine.

ii. Failure to Seek Authority from the Attorney General

Section 4 (1) of the Public Procurement Act No. 8 of 2020 states, “A procuring entity shall, before entering into an international procurement agreement, obtain the approval of the Authority and the Treasury and once the approval is given, seek the advice of the Attorney-General.”

Contrary to the regulation, there was no evidence to confirm that the Ministry obtained relevant authority before entering into an international procurement agreement.



c. Contract for Supply of Pontoon Rehabilitation Materials - Pontoon Services Programme

On 27th February 2025, the Ministry engaged Menov Trading Limited for the supply of various pontoon rehabilitation materials at a total contract price of K1,868,254 at 4% TOT inclusive with a delivery period of two (2) to four (4) weeks from date of contract signing.

The contract terms and conditions included among others, the following:

- 25% Advance payment of the total contract sum;
- Insurance cover of all goods against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery;
- Warranty period of one (1) year;
- Provision of Advance Payment Security and Performance Security by the Supplier in the form of Bank Guarantee/Bond of up to K1,000,000 in Zambia Kwacha.

The materials were intended for use on rehabilitation of three damaged Pontoons with multiple leakages stationed at Watopa, Mbesuma and Lukulu water crossing points.

The scope of repair works included the following:

- Rehabilitation of leaking floaters and rumps
- Repair of guard rails
- fabricating inspection lids and chambers.

The following were observed:

i. Irregular Payment to Supplier Before Contract Signing

Section 70 (3) of the Zambia Public Procurement Act No. 8 of 2020 states, “A decision to award a contract by the approvals authority shall not constitute a contract.”

Clause 38.1 of the General Conditions of Contract states, “The contract shall come into force upon signature of the contract by the parties.”

Contrary to the Act and contract terms, a review of financial records revealed that on 31st December 2024, the Ministry irregularly paid K1,843,217 to the supplier before the contract signing date of 27th February 2025.



ii. Failure to Repair Pontoons

An enquiry with management and review of records revealed that the Ministry received all the procured materials for rehabilitation of Pontoons on 3rd January 2025 and distributed them as shown in table 4 below.

Table 4: Materials Procured for the Repair of Pontoons

No.	Item Description	Quantity	Allocation		
			Mbesuma	Lukulu	Watopa
1	2500 X 1220 X 4.5mm MS Plate	101	48	23	30
2	2500 X 1220 X 6mm MS Plate	70	10	30	30
3	2500 X 1220 X 6mm Chequer Plate	35	14	5	16
4	2500 X 1220 X 20mm MS Plate	1	1	0	0
5	2500 X 1220 X 30mm MS Plate	1	0	0	1
6	152 X 76 X 6mm U Channel 6m long	59	30	13	16
7	100 X 50 X 5mm U Channel 6m long	100	38	24	38
8	32mm diam X 2mm thick black pipe	47	12	17	18
9	32mm diam X 6m long Round Bar	2	2	0	0
10	100mmdiam X 3mm thick X 6m long pipe	2	0	0	2
11	M20 X 80mm HT Bolts and Nuts	1610	560	500	550
12	M20 HT Flat Washers	3220	1120	1000	1100
13	3.25mm MS (6013) Welding Electrodes	1050	420	270	330
14	9 inch cutting disc	650	225	200	225
15	Honda GenweldGX 390 6KVA HS 200				
16	Welder Generator	1			

However, as at 15th July 2025, the three (3) pontoons had not been repaired and were being used to ferry people whilst with multiple damages, such as broken guard rails, leaked bases, leaking floaters and rumps and damaged lids and chambers, thereby pausing a danger to the public. See pictures below:



Damaged rails - Watopa Pontoon



Damaged base - Lukulu Pontoon



d. Management and Support Services Programme

i. Failure to Remit Deducted Pay As You Earn

The Income Tax Act, Chapter 323 of the Laws of Zambia requires that Pay as You Earn (PAYE) be deducted from officers' emoluments and remitted to the Zambia Revenue Authority (ZRA).

Contrary to the Act, amounts totalling K602,803 deducted as PAYE from twenty five (25) officers were not remitted to ZRA.

ii. Allowances and Imprest Management

- Irregular Payment for Accountable Imprest**

Regulation 94 (3) of the Public Finance Management (General) Regulations of 2020 states that "accountable imprest is issued as payment to facilitate purchase of goods and services whose value cannot be ascertained at the time the payment for which the imprest holder is required to submit receipts after the purchase of those goods and services."

Contrary to the regulation, accountable imprest in amounts totalling K99,960 were irregularly issued to an officer to procure goods whose values could be ascertained.

Further, a scrutiny of invoices issued by the supplier revealed that the supplier charged a total VAT amount of K14,888. However, a search on the Zambia Revenue Authority website revealed that the TPIN No.1007616493 was registered in an individual's name of Gymen Mwenge and not Ontheedge General Dealers.

Therefore, the VAT charge of K14,888 claimed by and paid to the supplier was irregular.

- Holding of Workshops without Cabinet Authority**

Cabinet Office Circular Minute dated 24th November 2016 requires that authority be obtained from the Secretary to the Cabinet for government departments to use private facilities where conference facilities are unavailable or insufficient in terms of capacity.

Contrary to the Circular, amounts totalling K628,004 involving seven (7) transactions were paid for using private conference facilities to hold workshops and meetings without authority from the Secretary to the Cabinet.



e. Payroll Management

i. Non-Compliance with Disciplinary Procedures Regarding Absenteeism Without Leave

Section 63 (a) of the Terms and Conditions of Service for the Public Service states, “An officer who is absent from duty without leave to do so for a continuous period of ten (10) or more working days, shall be liable for dismissal.” Further, Section 18 (a) of the Disciplinary Code and Procedures for Handling Offences in the Public Service of 2023 states, “A Dismissal is when an employee on final warning commits another offence or for the first time offence of absenteeism for periods of ten (10) or more days.”

During the period under review, four (4) officers were absent from duty for a continuous period of more than ten (10) working days without leave between 15th July 2023 and 18th December 2024.

Despite the provisions, the concerned officers, who had already received final warnings, were issued additional warnings instead of being dismissed as required by the above regulations and were paid salaries in amounts totalling K300,866.

ii. Officers in Integrated Default Positions

According to the Payroll Management and Establishment Control (PMEC), an Integration Default Position 9999999 is a position that is automatically created on the system when one is terminated /separated from the payroll. In addition, an Integration Default Position is a non-funded position created on the system to maintain employees who have since separated with the public service by way of either retirement, death, resignation, dismissal or unpaid leave, meant to retain the separated employee on the system for record purposes only.

During the period under review, it was observed that there were two (2) officers occupying integrated default positions and were paid salaries in amounts totalling K45,027 as at 31st December 2024.



25 Head: 52 Ministry of Water Development and Sanitation

25.1 Mandate

The Ministry is mandated to provide policy guidance on water resources management and development and ensure access to safe water supply and sanitation.

25.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K2,434,855,849 was made to cater for the operations of the Ministry against which amounts totalling K1,077,704,245 were released resulting in an underfunding of K1,357,151,604.

As at 31st December 2024, amounts totalling K1,023,095,043 had been spent leaving a balance of K54,609,202. See table 1 below.

Table 1: Budget, Funding and Expenditure

Programme	Budget Estimates K	Supplementary Budget K	Total Approved Budget K	Funding K	Underfunding K	Total Expenditure K	Unspent Funds K
Water Resource Management and Development	537,763,486		537,763,486	194,550,130	343,213,356	182,799,803	11,750,327
Water Supply and Sanitation	1,544,660,254		1,544,660,254	639,234,414	905,425,840	626,895,920	12,338,494
Management and Support Services	50,821,118	301,610,991	352,432,109	243,919,701	108,512,408	213,399,320	30,520,381
Grand Total	2,133,244,858	301,610,991	2,434,855,849	1,077,704,245	1,357,151,604	1,023,095,043	54,609,202

25.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations revealed the following:

a. Water Resource Management Development

i. Unfavourable Programme Performance

A review of the revised Ministry Annual Work Plan and Budget for the financial year ended 31st December 2024 revealed that the Ministry had an unfavourable performance of 53% on the programme. This was despite the Ministry having unspent funds of K11,750,327 under this programme. See table 2 below.



Table 2: Status of Implementation of Programme Activities

No.	Activity Description	Target	Implementation Status	Unimplemented Activities	Percentage Achieved
1	Maintenance of 770 Dams (<i>funds transfered to Provincial Offices</i>)	770	341	429	44
2	Rehabilitation of 20 Dams in 84 drought affected districts in 8 Provinces	20	6	14	30
3	Feasibility Study for 40 small and 2 large dams	42	42	0	100
4	Expedite Construction of 28 dams planned in 2024	28	16	12	57
5	Undertake Emergency Needs Assessment for human and animal consumption	1	1	0	100
6	Construction of watering points - 150 for livestock and 75 for wildlife (<i>15 watering points being implemented under commercial bores contracts</i>)	225	172	53	76
7	Immediate Rehabilitation of 6 sets of existing Drilling Rigs	6	4	2	67
	Programme Total	1092	582	510	53

ii. Failure to Operationalise Water Development Trust Fund

Section 155 (1) of the Water Resource Management Act No. 21 of 2011 states, “there is hereby established the Water Development Trust Fund which shall be managed by trustees”. Further, subsection (2) states, “The Minister shall draw up and register under the relevant law a trust deed to provide for the regulation and management of the Fund.”

The objective for the creation of the trust fund was to ensure that the moneys in the Fund should be used for the development, conservation and management of water resources.

In line with the Act, in July 2020, the Ministry begun the process of establishing the Water Development Trust Fund through a Trust Deed to guide operationalisation of the Trust Fund. In this regard, between January 2021 and December 2024, the Ministry allocated and disbursed a total amount of K47,999,988 to the Water Development Trust Fund bank account to facilitate the operationalisation of the Trust Fund. See table 3 below.

Table 3: Disbursements to Water Development Trust Fund

Year	Funding K
2021	12,000,000
2022	11,999,996
2023	11,999,996
2024	11,999,996
Total	47,999,988



It was however observed that despite the Ministry having disbursed a total amount of K47,999,988 to the Water Development Trust Fund bank account to facilitate the operationalisation of the Fund, as at 31st July 2025, the Trust Fund had not been operationalised.

iii. Contracts for Construction and Rehabilitation of Dams

During the period from 12th May 2023 to 4th September 2023, the Ministry awarded twenty-two (22) contracts for construction and rehabilitation of dams under the Water Resource Management and Development programme at a total contract sum of K223,777,624 with a revised completion date of 31st August 2025.

As at 31st December 2024, Interim Payments Certificates (IPCs) in amounts totalling K126,964,511 had been issued out of which amounts totalling K123,060,155 had been paid to the contractors leaving a balance of K3,904,356. See table 4 below.

Table 4: Payments on Contracts for Construction and Rehabilitation Projects

Activity	No. of Contracts Awarded	Contract Sum K	Issued IPCs K	Paid IPCs K	Un paid IPCs K
Construction of Dams	16	188,174,391	104,126,066	102,375,347	1,750,719
Rehabilitation of Dams	6	35,603,234	22,838,446	20,684,809	2,153,637
Total	22	223,777,624	126,964,511	123,060,155	3,904,356

A review of records and physical inspection of selected projects carried out in April 2025 revealed the following:

- **Failure to Recover Advance Payments from Terminated Contracts**

Clause 49.3 of the General Conditions of Contract stipulates that the advance payment shall be repaid by deducting proportionate amounts from payments otherwise due to the contractor.

On 27th August 2024, the Ministerial Procurement Committee terminated four (4) contracts with total contract sum of K48,350,852 on which amounts totalling K15,416,300, inclusive of advance payments of K12,087,713, had been paid for certified works.



It was however observed, that although management encashed the Advance Payment Guarantees from the various insurance companies in August 2024 for the four (4) terminated contracts, the claimed amount of K12,087,713 had not been paid to the Ministry by the insurance companies as at 31st July 2025. See table 5 below.

Table 5: Failure to Recover Advance Payments from Terminated Contracts

Project Name	Name of Contractor	Name of Insurance Company	Amount not Paid K
Construction of Mbaswa Dam	GNM Projects Limited	Indigo Insurance Company	3,226,661.08
Construction of Chief Mpande Dam	Brenum Zambia Limited	Indigo Insurance Company	2,694,752.50
Construction of Changula Dam	Myrex Business Solutions	Savenda General Insurance	2,291,782.84
Construction of Luinga Dam	KDF Engineering Limited	Discover Insurance	3,874,516.58
Total			12,087,713.00

- **Failure to Extend Advance Payment Guarantees and Performance Bonds on Six (6) Extended Contracts**

Clause 49.1 states “The Employer shall make advance payment to the Contractor of the amounts stated in SCC by the date stated in SCC, against provision by the Contractor of an Unconditional Bank Guarantee in a form and by a bank acceptable to the Employer in amounts and currencies equal to the advance payment. The Guarantee shall remain effective until the advance payment has been repaid but the amounts of the Guarantee shall be progressively reduced by the amounts repaid by the Contractor.

There were six (6) contracts whose completion periods were revised, resulting in the expiry of the respective performance bonds. It was observed that the Advance Payment Guarantees and Performance Bonds in respect of these contracts expired between August and December 2024.

Contrary to the contract provision, as at 31st July 2025, the guarantees and bonds had not been extended. See table 6 below.



Table 6: Failure to Extend Advance Payment Guarantees and Performance Bonds

No	Name of Contractor	Project Name	District	Contract Cost	Start Date	End Date	Extended Date	25% Advance Payment (IPC-01)	Total IPCs Paid	Advance Payment Expiry Date	Percentage of Work Done as of May 2025
1	Construction for Africa	Construction of Siakalinda Dam	Siavonga	20,942,158.60	15.08.2023	14.08.2024	13.08.2025	5,235,539.65	12,219,447.33	15.08.2024	85%
2	Lubways Enterprises	Construction of Chibwe Ntolo Dam	Pemba	10,309406.27	16.08.2023	15.08.2024	14.08.2025	2,577,351.57	2,977,351.57	22.08.2024	57%
3	Sable Transport	Construction of Kawawa Dam	Kasenengwa	11,362,588.60	18.08.223	17.08.2024	16.08.2025	2,840,647.15	6,719,597.50	15.08.2024	95%
4	Reliance Limited	Construction of Hajamba Dam	Pemba	10,579,596.72	23.08.2023	22.08.2024	21.08.2025	2,644,899.18	2,727,370.67	22.08.2024	60%
5	Creative Team Construction	Construction of Chisuta Dam	Chikankata	11,818,869.61	16.08.2023	15.08.2024	14.08.2025	2,954,717.40	1,927,996.47	28.08.2024	38%
6	Visher Supplier Limited	Constructon of Siambelele Dam	Zimba	9,719,75.59	15.08.2023	14.08.2024	13.08.2025	2,429,868.90	3,938,676.95	20.08.2024	75%
	Total			74,732,095.39				18,683,023.85	41,177,472.90		



- **Failure to Recover Amounts Owed on Final Closure of Accounts**

Clause 59.2 of the Contracts between the Ministry and the contractors' states that as soon as is practicable after a notice of termination under Sub-Clause 59.1 (Termination by Client) has taken effect, the Project Manager shall assess the value of the works, goods and contractor's documents, and any other sums due to the contractor for work executed in accordance with the Contract.

A review of records revealed that final accounts in respect of four (4) terminated contracts were prepared by the Ministry which indicated that the contractors owed the Ministry amounts totalling K5,881,022 in unclaimed advance payments. However, as of July 2025, the amounts had not been recovered by the Ministry. See table 7 below.

Table 7: Failure to Recover Amounts Owed on Final Closure of Accounts

Project Name	Name of Contractor	Contract Cost	25% Advance payment(IPC-01)	IPC-02	IPC-03	Total Amount Paid	% Completion Stage	Amount owed at Closure of Account(K
Construction of Mbaswa Dam	GNM Projects Limited	12,906,644.30	3,226,661.08	745,141.95		3,971,803.03	15%	2,545,977.23
Construction of Chief Mpande Dam	Brenum Zambia Limited	10,779,010.00	2,694,752.50			2,694,752.50	27.32%	193,302.50
Construction of Changula Dam	Myrex Business Solutions	9,167,131.34	2,291,782.84	357,140.98		2,648,923.82	20%	490,347.52
Construction of Luang'a Dam	KDW Engineering Limited	15,498,066.32	3,874,516.58	1,517,572.67	708,731.23	6,100,820.48	23.41%	2,651,395.09
Total		48,350,851.96	12,087,713.00	2,619,855.60	708,731.23	15,416,299.83		5,881,022.34

b. Water Supply and Sanitation

The objective of the programme is to improve access to water and sanitation services as well as improving good hygiene practices by all segments of the population. During the period under review, the programme had two (2) sub programmes namely Water Supply and Sanitation.

i. Programme Performance

A review of the Ministry's revised Annual Work Plan and Budget for the financial year ended 31st December 2024 revealed that the Ministry had an unfavourable performance of 25% on the programme. This was despite the Ministry having unspent funds of K12,338,494 under this programme. See table 8 below.



**Table 8: Failure to Implement Planned Activities Under Emergency
Drought Response**

No.	Description of Activity	Planned Targets	Implemented Status	Unimplemented Activities	Percentage Achieved
1	Rehabilitation of 500 non-functional boreholes to mechanised solar water schemes in five provinces	500	0	500	0%
2	Construction of 1,500 new piped water schemes equipped with solar systems	1500	424	1076	28%
3	Construction of 110 new commercial boreholes for five Water Utilities	110	136	0	124%
4	Non Revenue Water Reduction Interventionse	1	0	1	0%
5	Procure water treatment chemicals for 11 Commercial Utility Companies	11	0	11	0%
6	Installation of 22 standby water pumping system	22	0	22	0%
7	Construction of 250 sanitation facilities in Public Institutions	250	45	205	18%
Total		2394	605	1815	25%

ii. Contracts for Construction and Rehabilitation Projects Procured in 2023

A review of records revealed that, during the year 2023, the Ministry awarded seventy-six (76) contracts for various construction and rehabilitation works under Water Supply and Sanitation program with total contract sum of K469,955,124 and a revised completion date of 31st December 2024.

As at 31st December 2024, Interim Payments Certificates (IPCs) in amounts totalling K175,992,253 had been issued out of which amounts totalling K158,443,581 had been paid to the contractors leaving a balance of K17,548,672. See table 9 below.

Table 9: Contracts for Construction and Rehabilitation of Water Supply and Sanitation Projects Procured in 2023

No.	Activity	Actual Number Procured	No. of Contracts Awarded	Total Contract Sum K	Value of Issued IPCs K	Advance Payment K	Paid IPCs K	Unpaid IPCs K
1	Upgrading/Mechanisation of 410 existing boreholes to piped water schemes	410	21	222,323,694.64	75,545,850.83	54,180,909.99	16,594,437.65	4,770,503.19
2	Construction of 500 boreholes Equipped with hand pumps	500	11	48,963,195.16	13,607,925.39	12,240,798.76	1,367,126.63	-
3	Construction of 18 Piped Water Schemes	18	6	12,963,864.99	8,722,274.42	3,240,966.25	3,604,564.17	1,876,744.00
4	Construction of 155 waterborne sanitation facilities in 10 provinces of Zambia	155	18	122,696,396.19	45,429,766.32	29,813,242.82	12,251,368.90	3,365,154.60
5	Rehabilitation of 1270 boreholes	1270	20	63,007,972.77	32,686,436.01	15,447,667.19	9,702,498.82	7,536,270.00
Total			76	469,955,123.75	175,992,252.97	114,923,585.01	43,519,996.17	17,548,671.79



The following were observed.

- **Delayed Completion of Projects**

A review of records revealed that as of July 2025, out of the seventy-six (76) projects, twenty-seven (27) were completed, twelve (12) were terminated and thirty-seven (37) contracts had not been completed seven (7) months after the expected revised completion dates.

As at the time of audit in May 2025, the uncompleted works ranged between 0% to 95%.

In 2023, the Ministry paid advance payments in amounts totalling K17,263,687 to six (6) contractors in line with the terms of their respective contracts for which works should have commenced not later than 16th October 2023. However, as at 31st July 2025, it was observed that, despite having received advance payments, the contractors had not commenced any works on site. See table 10 below.

Table 10: Failure to Commence Construction Works

Contractor	Project Details	Contract Amount K	Advance Payment K	Start Date	End Date	Progress/ Current Status
Stepchat Enterprise Limited	Upgrade/Mechanization of 15 existing boreholes to piped water schemes in rural growth centres in Western Province -Lot 6	8,343,394	2,085,848	18.08.2023	18.08.2024	Works not Commenced
	Rehabilitation and maintenance of Sixty (60) boreholes in North-Western Province-Lot 16	2,942,201	735,550	10/12/2023	10/11/2024	Works not Commenced
Nande Venture Limited	Upgrade/Mechanization of 24 existing boreholes to piped water schemes in rural growth centres in Eastern Province - Lot 12	10,668,020	2,667,005	6/9/2023	6/9/2024	Works not Commenced
	Upgrade/Mechanization of 24 existing boreholes to piped water schemes in rural growth centres in Eastern Province- Lot 13	9,843,881	2,460,970	18-08-2023	18-08-2024	Works not Commenced
Carpricon Innovations Limited	Upgrade/Mechanization of 24 existing boreholes to piped water schemes in rural growth centres in Central Province - Lot 15	10,017,876	2,504,469	21-08-2023	21-08-2024	Works not Commenced
	Upgrade/Mechanization of 22 existing boreholes to piped water schemes in rural growth centres in North Western Province -Lot 19	9,069,744	2,267,436	19-09-2023	19-09-2024	Works not Commenced
Bengwave Investment Limited	Upgrade/Mechanization of 13 existing boreholes to piped water schemes in rural growth centres in Western Province-under Lot 7	5,603,331	1,400,833	5/10/2023	5/10/2024	Works not Commenced
United Chemolide Industries (Z) Limited	Upgrade/Mechanization of 20 existing boreholes to piped water schemes in rural growth centres in Muchinga Province-under Lot 20	10,414,967	2,603,742	10/10/2023	10/10/2024	Works not Commenced
Totten Infrastructure Ltd	Rehabilitation and maintenance of Fourty (40) boreholes in Muchinga Province-Lot 20	2,151,336	537,834	10/13/2023	10/12/2024	Works not Commenced
Total		69,054,750	17,263,687			



- **Failure to Recover Funds on Terminated Contracts**

Clause 59.2 of the General Conditions of Contract provides that as soon as is practicable after a notice of termination under Sub-Clause 59.1 (Termination by Client) has taken effect, the Project Manager shall assess the value of the works, goods and contractor's documents, and any other sums due to the contractor for work executed in accordance with the contract.

During the period under review, twelve (12) contracts were terminated by the Ministry due to the contractors' failure to fulfil their contractual obligations. A review of records indicated that the Final Accounts for the twelve (12) terminated contracts were concluded on 31st December 2024, establishing that the contractors collectively owed the Government a total of K20,575,847. However, despite the final accounts having been concluded, the Ministry had not initiated any action to recover the outstanding amounts from the contractors as at 31st July 2025. See table 11 below.



Table 11: Terminated Contracts

Province	Programme/Project Name	Name of Contractor	Contract Amount K	Advance Payment K	Final Account Amount K	Remarks
Western	Upgrade/Mechanization of 15 existing boreholes to piped water schemes in rural growth centres in Western Province under the contract No. MWDS/PSU/02/2023 under Lot 6	Stepheat Enterprise Limited	8,343,393.96	2,085,848.49	2,085,848.49	Contractor owing to the client.
	Upgrade/Mechanization of 13 existing boreholes to piped water schemes in rural growth centres in Western Province under the contract No. MWDS/PSU/02/2023 under Lot 7	Bengwave Investment Limited	5,603,330.70	1,400,832.68	969,046.13	Contractor owing to the client.
Eastern	Upgrade/Mechanization of 24 existing boreholes to piped water schemes in rural growth centres in Eastern Province under the contract No. MWDS/PSU/02/2023 under Lot 12	Nande Venture Limited	10,668,019.65	2,667,004.91	2,667,004.91	Contractor owing to the client.
	Upgrade/Mechanization of 24 existing boreholes to piped water schemes in rural growth centres in Eastern Province under the contract No. MWDS/PSU/02/2023 under Lot 13	Nande Venture Limited	9,843,881.00	2,460,970.25	2,460,970.25	Contractor owing to the client.
Central	Upgrade/Mechanization of 24 existing boreholes to piped water schemes in rural growth centres in Central Province under the contract No. MWDS/PSU/02/2023 under Lot 15	Carpricon Innovations Limited	10,017,876.00	2,504,469.00	2,504,469.00	Contractor owing to the client.
North Western	Upgrade/Mechanization of 22 existing boreholes to piped water schemes in rural growth centres in North Western Province under the contract No. MWDS/PSU/02/2023 under Lot 19	Capricon Innovations Limited	9,069,744.20	2,267,436.05	2,267,436.05	Contractor owing to the client.



Muchinga	Upgrade/Mechanization of 20 existing boreholes to piped water schemes in rural growth centres in Muchinga Province under the contract No. MWDS/PSU/02/2023 under Lot 20	United Chemolide Industries (Z) Limited	10,414,967.20	2,603,741.80	1,506,475.24	Contractor owing to the client.
Northern	Borehole Siting, Drilling, Supply and Installation of 60 Hand Pumps in Northern Province under the contract No. MWDS/PSU/W/04/2023 under Lot 1	Capricorn Innovation Ltd	7,468,759.76	1,867,189.94	1,867,189.94	Contractor owing to the client.
Western	Borehole Siting, Drilling, Supply and Installation of 50 Hand Pumps in Western Province under the contract No. MWDS/PSU/W/04/2023 under Lot 3	Capricorn Innovation Ltd	6,996,052.80	1,749,013.20	1,749,013.20	Contractor owing to the client.
Western	Rehabilitation and maintenance of ninety five (95) boreholes in Western Province-Contract No MWDS/PSU/W/004/2023 Lot 5	Nkanmu Investments Limited	4,900,037.78	1,225,009.45	1,225,009.45	Contractor owing to the client.
Muchinga	Rehabilitation and maintenance of Forty (40) boreholes in Muchinga Province-Contract No MWDS/PSU/W/004/2023 Lot 20	Totten Infrastructure Ltd	2,151,336.00	537,834.00	537,834.00	Contractor owing to the client.
North Western	Rehabilitation and maintenance of Sixty (60) boreholes in North-Western Province-Contract No MWDS/PSU/W/004/2023 Lot 16	Stephcat Enterprise Ltd	2,942,200.80	735,550.20	735,550.20	Contractor owing to the client.
Grand Total					20,575,846.86	



In particular, the following observations were made on contracts for the construction of Chisuta Dam in Chikankata District, Mbaswa Dam in Serenje District, Chibwe Ntolo Dam in Pemba District and Luingá Dam in Ikelenge District:

○ **Construction of Chisuta Dam in Chikankata District of Southern Province**

On 16th August 2023, the Ministry engaged Creative Team Construction and General Dealers Limited for the construction of Chisuta Dam in Chikankata District at a contract sum of K11,818,870 VAT inclusive with a contract period of twelve (12) months from the date of signing the contract. The Contractor took possession of the site on 15th September 2023.

The scope of works included site clearing, excavation of core trench and back fill, earth works, excavation of spill way including foundation trenches, and reinforced concrete construction spillway drop structures.

The Contract also provided for the following:

- Clause 49.1 Advance Payment shall be 25% of the contract sum against an advance payment guarantee from a bank or Insurance Company and shall be paid to the contractor no later than 30 days after contract signing.
- Clause 50.1 The Performance Security amount shall be 10% of Contract sum for bank Guarantee or 10% of the Contract sum for Performance Bond.

The following were observed:

◎ **Failure to Renew Advance Payment Guarantee and Performance Bond**

On 29th August 2023, Discover Insurance Company granted and issued Creative Team Construction and General Dealers Limited an Advance Payment Guarantee of K2,954,717 and a Performance Bond K1,181,887 which were valid until 28th August 2024. As a result, the Ministry paid the contractor an advance payment of K2,954,717 upon receipt of the



guarantee from Discover Insurance Company and the contractor mobilised and carried out foundational works until December 2023. A further review of payment vouchers and payment certificates revealed that as of 31st December 2024, the contractor had been paid K4,882,714 representing 41.3% of the contract sum. See table 12 below.

Table 12: Amounts Paid to Creative Team Construction and General Dealers Limited to Date

Type of Payment	Amount Paid K
25% Advance Payment	2,954,717
Interim Payment Certificate No. 2	991,611
Interim Payment Certificate No. 3	936,386
Total	4,882,714

The contract expired on 15th August 2024 but was extended to 14th August 2025. However, there was no evidence that the Advance Payment Guarantees and Performance Bonds which expired on 28th August 2024 were extended as at 31st July 2025.

© **Project Physical Status:**

A physical inspection of the construction works carried out in April 2025 and inquiries with management and project supervisors revealed that 38% of the works had been completed and the contractor was not on site.

Works done included site establishment, site clearing, excavation of core trench, backfilling and compaction of core trench, construction of concrete sill, excavation of the spillway channel, construction of access road and supply of low flow pipe on site which had not been installed. Further, it was observed that the embankment was washed away. See the picture below.



Washed Away Embankment Under Construction



○ **Construction of Mbaswa Dam in Serenje District of Central Province**

On 15th August 2023, the Ministry engaged GNM Project Limited for the construction of Mbaswa Dam in Serenje District at a contract sum of K12,906,644 VAT inclusive with a contract period of twelve (12) months from the date of signing the contract. The Contractor took possession of the site on 14th September 2023.

The scope of works included earthworks, concrete (structure), outlet pipelines (including special and fittings) and ancillary works.

The Contract also provided for the following:

- Clause 20.1 Site possession dates shall be within twenty-eight (28) days of contract signing.
- Clause 49.1 Advance Payment shall be 25% of the contract sum against an advance payment guarantee from a bank or Insurance Company and shall be paid to the contractor no later than 30 days after contract signing.
- Clause 50.1 The Performance Security amount shall be 10% of Contract sum for bank Guarantee or 10% of the Contract sum for Performance Bond.

The following were observed:

◎ **Failure to Recover Advance Payment Guarantee and Performance Bond**

On 29th August 2023, Indigo Insurance Company granted and issued GNM Project Limited an Advance Payment Guarantee of K3,226,661 and a Performance Bond of K1,290,664 which were valid until 30th September 2024. As of August 2024, the contractor had been paid K3,971,803 representing 30.8% of the contract price.

On 27th August 2024, the Ministerial Tender Committee approved a recommendation to terminate the contract and wrote to Indigo Insurance Company on 29th August 2024 for the encashment of the Advance Payment Guarantee of K3,226,661 and Performance Bond of



K1,290,664 bringing the total amount claimed to K4,517,325. However, there was no response from the insurance company and no payment had been received as of August 2025.

© **Project Physical Status:**

A physical inspection carried out in April 2025 on the construction works and inquiries with management and project supervisors revealed that 15% of works had been completed and the contractor was not on site. Works done included site establishment, construction of access road, site clearing and excavation of the core trench. See pictures below.



Incomplete Embankment- Side section

Incomplete Embankment- Mid section

○ **Contract for the Construction of Chibwe Ntolo Dam in Pemba District of Southern Province**

On 16th August 2023, the Ministry engaged Lubways Enterprise Limited for the Construction of Chibwe Ntolo Dam in Pemba at a contract sum of K10,309,406 VAT inclusive with a contract period of twelve (12) months from the date of signing the contract. The Contractor took possession of the site on 15th September 2023.

The scope of works included earthworks, concrete (structure), outlet pipelines (including special and fittings) and ancillary works.

The contract also provided for the following:

- Clause 49.1 Advance Payment shall be 25% of the contract sum against an advance payment guarantee from a bank or insurance company and shall be paid to the contractor no later than 30 days after contract signing.



- Clause 50.1 The Performance Security amount shall be 10% of Contract sum for bank Guarantee or 10% of the Contract sum for Performance Bond.

The following were observed:

- ◎ On 29th August 2023, Discover Insurance Company granted and issued Lubways Enterprise Limited with an Advance Payment Guarantee for K2,577,352 and a Performance Bond for K1,030,940.63 valid until 22nd August 2024. A review of financial records revealed that the contractor had been paid K5,534,801 as at 31st December 2024 representing 39.8% of the contract price.

Although the contract was extended to 14th August 2025, the Advance Payment Guarantees and Performance Bonds which expired on 22nd August 2024 had not been renewed as at 31st July 2025.

- ◎ **Project Physical Status:**

A physical inspection of the construction works carried out in April 2025 and inquiries with management and Project supervisors revealed that 57% of works had been completed and the contractor was not on site.

Works done included site establishment, site clearing, excavation of core trench, backfilling and compaction of core trench, construction of concrete sill, excavation of the spill way channel, partial construction of the dam embankment and construction of site access road.

- **Contract for the Construction of Luingá Dam in Ikelenge District – North Western Province**

On 15th August 2023, the Department of Water Resource Development under the Provincial Administration, through the Ministry engaged KDW Engineering Limited for the construction of Luingá Dam in Ikelenge District at a contract sum of K15,498,066 (VAT inclusive), with a completion period of twelve (12) months from 15th September 2023 to 15th September 2024. According to Clause 49.1 of the contract, 25% of the contract sum was to be paid as an advance upon provision of an advance



payment guarantee from a bank or insurance company, while Clause 50.1 required performance security amounting to 10% of the contract sum.

On 16th August 2023, Discover Insurance Company issued both the advance payment guarantee and a performance bond valued at K1,548,807, each valid until 15th August 2024. Based on this, the Ministry paid K3,874,517 as advance payment, and the contractor took possession of the site on 15th September 2023.

However, on 24th November 2023, after completing only 20% of the work, the contractor requested a suspension of works due to heavy rainfall in the district. The request was approved on the condition that the contractor would remobilise by 25th March 2024, in readiness for resumption in April 2024. Despite this, the contractor failed to resume works.

Following multiple reminders and engagements that yielded no results, the Ministerial Tender Committee approved the termination of the contract on 7th August 2024. At the time of termination, the contractor had been paid a total of K6,100,820 based on the advance and interim payment certificates 2 and 3, despite having only completed 23.41% of the works. The basis for payments that were over and above the executed works remained unclear. Subsequently, on 9th August 2024, the Ministry wrote to the guarantor requesting enforcement of the advance payment guarantee and performance bond. However, there was no response, and both security instruments expired on 15th September 2024. At the time of expiry, only K907,013 had been recovered from the advance, leaving an unrecovered balance of K2,967,504.

As of 30th June 2025, no additional recoveries had been made on the excess payment relative to actual works completed, and no action had been taken against the guarantor or officers who certified works that were not executed.



26 Head: 54 Ministry of Infrastructure, Housing and Urban Development

26.1 Mandate

The Ministry is mandated to provide supervision over the designing, procurement, construction, maintenance, rehabilitation and management of public infrastructure and housing as well as urban development as per Government Gazette Notice No. 1123 of 2021.

26.2 Budget Provision, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K662,369,238 was made to cater for various activities out of which amounts totalling K438,534,322 were released, resulting in an underfunding of K223,834,916. See table 1 below.

Table 1: Budget, Funding and Expenditure

Programme	Budget K	Releases K	Underfunding K	Expenditure K	Variance K
Public Infrastructure	389,688,572	264,744,956	(124,943,616)	240,032,430	24,712,526
Property Management Services	13,444,115	7,168,459	(6,275,656)	7,159,851	8,608
Housing Development	101,927,234	68,499,778	(33,427,456)	68,499,775	3
Government Asset Management	92,890,632	48,778,032	(44,112,600)	48,730,694	47,338
Management and Support Services	64,418,685	49,343,097	(15,075,587)	49,234,315	108,783
Total	662,369,238	438,534,322	(223,834,916)	413,657,064	24,877,258

As at 31st December 2024, amounts totalling K413,657,064 had been spent leaving a balance of K24,877,258.

As a result of the underfunding, activities such as upgrade and redevelopment of informal settlements, procurement of assets (CAPEX), maintenance of public infrastructure, construction of homes for the aged and the vulnerable totalling K206,182,044 could not be implemented.

26.3 Audit findings

An examination of accounting and other records maintained at the Ministry for the financial year ended 31st December 2024 revealed the following:

a. Audit of Annual Performance Information

A review of the Ministry's performance against the annual targets set out in the operational plan revealed that, out of forty three (43) targeted outputs, eleven (11) were achieved in full, seventeen (17) were partially achieved and fifteen (15) were



not achieved. The annual targets not achieved included construction of medium and low-cost houses, informal settlement upgrade, inspections of mission under rehabilitation and construction of homes for the aged among others.

b. Property Management Services Programme

i. Valuation of Properties

• Lack of Approved Valuation Surveying Fee Structure

Section 48 of the Zambia Institute of Valuation Surveyors Act No. 9 of 2023 states, “A valuation surveyor shall, for professional services rendered, charge fees that the Council may, with the approval of the Minister, by statutory instrument, prescribe.”

During the period under review, the Ministry collected valuation fees in amounts totalling K1,582,193 from various clients for purposes such as market value for accounting, mortgage and insurance. However, the fees charged had not been approved by the Minister as guided by the Act.

• Unsupported Valuation Reports

A review of the Systems Description for Collection of Valuation Fees provides that, before a valuation report is issued to a client, the Valuation Unit prepares and issues a quotation to the client detailing the service fees and designated details for payment. The client deposits or transfers the quoted amount to the specified Government account. The client thereafter provides a proof of payment (deposit slip or transfer confirmation) to the Valuation Unit which upon verification, issues an official GRZ receipt to the client.

An inspection of valuation records processed during the period under review revealed that seventeen (17) clients were issued with valuation reports without supporting quotations and official GRZ receipts.

ii. Properties Management

• Under Collection of Revenue

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total revenue provision of K5,703,014 was made against which amounts totalling K3,397,787 were collected resulting in an under collection of K2,305,227. See table 2 below.



Table 2: Budget and Actual Collections of Revenue

No.	Type of Revenue	Estimated collections K	Actual collections K	Variance K
1	Valuation fees	1,500,020	1,582,193	82,173
2	Rent on GRZ premises	3,300,000	1,361,704	(1,938,296)
3	Proceeds from sale of property	466,965	434,620	(32,345)
4	Flower sales	130,009	18,770	(111,239)
5	Damage to GRZ property	6,020	-	(6,020)
6	Preventive maintenance	300,000	500	(299,500)
	Total	5,703,014	3,397,787	(2,305,227)

- **Non-Collection of Rentals**

Section 11 (1) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer is responsible for planning and controlling of revenue collection and expenditure of public funds appropriated under that controlling officer’s control.”

Further, Part 4 (a) of the Lease Agreements between the Ministry and tenants states, “If the rent hereby reserved or any part thereof shall be un-paid for twenty-one (21) days after becoming payable (whether formally or not) or if any covenants on the tenants’ part contained shall not be performed or observed, it shall be lawful for the landlord at any time to re-enter upon the demised premises or any part thereof in the name of the whole and thereupon the lease hereby created shall absolutely cease and determined but without prejudice to the rights of action of the landlord in respect of any breach of the covenants and stipulations on the part of the tenant.”

A review of records maintained for eighteen (18) districts revealed that the Ministry leased out 212 properties to tenants during the period under review. As at 31st December 2024, amounts totalling K1,772,261 had not been collected for periods ranging from two (2) to twelve (12) months.

In addition, the Ministry had not renewed twenty-four (24) lease agreements with tenants resulting in non-collection of rentals in amounts totalling K698,604 as at 31st December 2024.



- **Poor Management of Receivables - Contract with Sand-Ridge Associates Limited**

On 8th December 2023, the Ministry signed a contract with Sand-ridge Associates Limited for provision of property management services at the new Government Complex at a contract sum of K301,215 per month VAT exclusive for a period of one (1) year effective from the date of signing.

The property manager was responsible for the following:

- To demand and collect rentals due from the tenants and to have the same remitted directly to the Ministry.
- To collect service charges which were to be deposited in the service charge account maintained by the property manager and payments from the same account shall be approved by the Property manager.
- To settle water, refuse collection, security and sanitation and electricity bills in common areas.
- To maintain the value of the complex and its physical condition.

As at 31st December 2023, the contractor had failed to collect amounts totalling K1,944,877 (K1,859,985 and K84,892) in respect of service charges and rentals from Government and private institutions. The amounts had been outstanding for periods ranging from two (2) to eighteen (18) months.

Further, a review of the annual report for the New Government Complex for the period from 1st January to 31st December 2024 revealed the following:

- **Failure to Collect Rentals from Private Tenants**

As at 31st December 2024, the Property manager had not collected rentals in amounts totalling K257,197 from five (5) private institutions occupying spaces at the New Government Complex. The rentals had been outstanding for periods ranging from four (4) to fifteen (15) months as tabulated in table 3 below.



Table 3: Outstanding Rentals for Private Tenants

No.	Name of Institution	Amount K	No. of Months
1	Civil Servants and Allied Workers Union of Zambia	6,394	4
2	ZAMNET Communications Systems	7,122	12
3	ZANACO Banking Hall and ATM	198,668	10
4	Lusaka Dry Cleaners & Steam Laundry	17,609	6
5	Kalumbila Multipurpose Co-operative Ltd	27,404	15
	Total	257,197	

○ **Failure to Collect Service Charges**

The Property manager did not collect service charges amounting to K2,610,761 (Government institutions – K2,516,318 and private institutions – K94,443) as at 31st December 2024. The amounts had been outstanding for periods ranging from two (2) to twenty-one (21) months. See table 4 below.

Table 4: Outstanding Services Charges

No.	Name of Institution	Category	Amount K	No. of Months
1	IFMIS Business Support Unit	Government	62,056	9
2	Gender Division	Government	57,543	3
3	Ministry of Foreign Affairs - Great Lakes Region	Government	21,279	3
4	Ministry of Commerce Trade and Industry	Government	10,696	3
5	Ministry of Information and Broadcasting	Government	606,494	21
6	Ministry of Mines and Minerals	Government	162,803	5
7	Ministry of Sport, Youth and Child Development	Government	112,126	3
8	Ministry of Labour and Social Security	Government	1,188,801	20
9	The Judiciary	Government	92,010	10
10	Road Transport and Safety Agency	Government	622	4
11	Ministry of Energy	Government	184,853	18
12	Ministry of Small and Medium Enterprise Development	Government	17,037	2
13	Civil Servants & Allied Workers Union of Zambia	Private	1,944	4
14	ZAMNET Communications Systems	Private	1,502	11
15	ZANACO Banking Hall & ATM	Private	39,673	6
16	Lusaka Dry Cleaners & Steam Laundry	Private	1,503	6
17	Kalumbila Multipurpose Co-operative Ltd	Private	7,821	15
18	Bloom Concepts Ltd	Private	42,000	14
	Total		2,610,761	

● **Lack of Tenancy Agreements**

Section 18 (1) of The Landlord And Tenant (Business Premises) Act No.193 states, “Where under this Act the court makes an order for the grant of a new tenancy, then, unless the order is revoked under subsections (2) and (3), or the landlord and the tenant agree not to act upon the order, the landlord shall be bound to execute or make in favour of the tenant, and the tenant shall be bound



to accept, a lease or agreement for a tenancy of the holding embodying the terms agreed between the landlord and the tenant or determined by the court in accordance with the provisions of this Act; and when the landlord executes or makes such a lease or agreement the tenant shall be bound, if so required by the landlord, to execute a counterpart or duplicate thereof.”

An examination of payment records, lease agreement files and the rented properties register revealed that, although the Ministry collected amounts totalling K69,230 in form of rentals from thirty-four (34) tenants who were occupying shops at Mufulira works yard, during the period under review the tenants had not been included on the rented property database and they did not have signed lease agreements with the Ministry.

In this regard, the basis on which the rentals were charged and the amounts payable by each tenant could not be ascertained.

- **Dormant Revenue Stream from Property Under Execution Stay**

Regulation No. 10 (2) (a) of the Public Finance Management (General) Regulations of 2020 stipulates that revenue collectors are required to collect, receipt and post revenue received by a public body as fees or other public money, to appropriate accounts.

A physical inspection conducted on 25th July 2025 at Kwacha House in Lusaka revealed that five (5) tenants, had not signed lease agreements with the Government since January 2010 and were carrying out business without paying rentals for fifteen (15) years. Inquires made with staff revealed that the tenants had filed an appeal in the courts of law to restrain the Ministry from collecting rentals and evicting them. The matter had not been concluded as at 31st July 2025 and amounts totalling K3,085,500 had not been collected. See table 5 below.

Table 5: Dormant Revenue Stream from Property Under Execution Stay

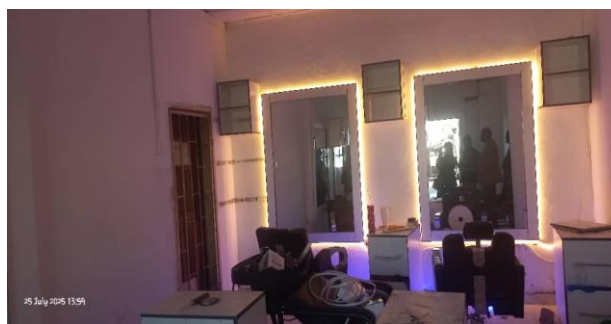
No.	Tenant Name	Occupancy Status	Monthly Rental K	No. of Months	Amount owed K
1	M.M. Copier Electronics	Occupied	4,000	187	748,000
2	Keshimaria Investment Limited	Occupied	4,000	187	748,000
3	Suzgo Trading	Occupied	1,500	187	280,500
4	Systematic Restaurant	Occupied	6,000	187	1,122,000
5	Lance Computers	Occupied	1,000	187	187,000
	Total				3,085,500

As at 31st August 2025, copies of the signed and stamped stay of execution order by the court pausing the collection of rent had not been availed for audit.

- **Conversion of Rented Space Without Authority**

Section (i) of the Tenancy Agreements between the Ministry and the various tenants at SEDB House, Cairo road south end states, “The tenant covenants with the landlord not to assign, underlet or part with or share the possession of or mortgage charge or otherwise encumber the demised premises or any part thereof without the previous consent in writing of the landlord which consent shall not be unreasonably withheld.”

A physical inspection of leased properties carried out on 25th July 2025 at SEDB House revealed that Interns Association of Zambia who signed a lease agreement with the Ministry had sublet the premises to a third party who was carrying out rehabilitation works to convert the space into a barbershop without prior authority from the Ministry. See picture below.



Office Space Converted into a Barbershop Without Prior Authority

In addition, a review of the rental income ledger revealed that Interns Association of Zambia did not make any rental payments in 2024 resulting in



arrears amounting to K36,000. Further, as at 31st July 2025, the outstanding rental amount had accumulated to K57,000.

- **Low Title Deeds Ratio: Titled Government Properties to Total Government Properties**

Section 41 (4) of the Public Finance Management Act No.1 of 2018, states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds.”

Contrary to the Act, a scrutiny of the Government asset register revealed that out of 2,539 properties belonging to the Government, 569 had title deeds while 1,970 were not titled as of August 2025, representing a title deed to property ratio of 22%. This made the properties vulnerable to disputes or claims by others.

- c. **Public Infrastructure, Housing Development and Government Asset Management Programmes – Failure to Withhold and Remit VAT to ZRA**

The Value Added Tax (VAT) Amendment Act No. 12 of 2017 read together with the Treasury and Financial Management Circular No. 6 of 2017 directed all institutions which were appointed as tax agents to withhold VAT from payments to suppliers of goods and services and remit the VAT withheld to the Zambia Revenue Authority.

Contrary to the Act and Circular, a review of contracts under the departments of Public Infrastructure, Housing and Urban Development and Preventive and Maintenance Services revealed that amounts totalling K39,480,427 were paid to nineteen (19) contractors towards Interim Payment Certificate (IPC) No. 1 as advance payments without VAT in amounts totalling K5,445,577 being withheld and remitted to ZRA.

In addition, the advance payment recoveries made from subsequent IPCs were calculated based on the VAT exclusive amounts and not the VAT inclusive amounts paid to the contractors. This meant that the contractors had been irregularly paid VAT and as at 31st July 2025, the VAT had not been recovered.

- d. **Personal Emoluments - Recruitment in Excess of Authorised Positions**

Section 21 (d) of the Public Finance Management (General) Regulations of 2020 stipulates that any recurrent expenditure estimates for personal emoluments should be



supported by details from the Establishment Register for posts which shall be considered part of the estimates and shall show the number of posts, grades and salary scales that have been costed in the estimated amount.

Further, Treasury and Financial Management Circular No. 9 of 2020 provides that a Controlling Officer should ensure that a reconciliation between the staff establishment register and staff assignment and reconciliation of staff assignment to staff returns are done monthly.

However, a comparison of the payroll filled-up positions against the Establishment Register revealed that the Ministry had excess recruitment of six (6) positions which were not supported by the Establishment Register or treasury authority and were paid salaries in amounts totalling K529,128. See table 6 below.

Table 6: Excess Positions on Payroll

Salary Scale	Payroll	Establishment Register	Over Recruitment	Monthly Gross Salary	Amount Paid K
B	63	61	2	6,327	151,848
H	63	59	4	7,860	377,280
Total	126	120	6	14,187	529,128

The following were observed:

i. Failure to Fill Vacant Positions

It was observed that twenty (20) positions which had been vacant for periods ranging from one (1) to twelve (12) months had not been filled as of August 2025.

ii. Misplacement of Payroll Area

Cabinet Office Circular No.13 of 2019 requires Controlling Officers to ensure that all employees under their respective Ministries, Provinces and Agencies are placed in their duty stations as directed by the Service Commission or the responsible officer and that any employee who shall not be at their duty stations by 30th September 2019 would be removed from the payroll.

Contrary to the Circular, eleven (11) officers were misplaced in that the districts where they drew their salaries in amounts totalling K802,154 were different from where they operated from.



e. Failure to Avail Beneficial Ownership Information

Treasury and Finance Management Circular No. 15 of 2024 states, “Controlling Officers shall ensure that all procurement related payments are accompanied by certified, updated and accurate beneficial ownership information.”

Contrary to the Circular, amounts totalling K14,275,637 were paid to ten (10) contractors, that had not complied with the requirement to disclose information on the beneficial ownership. See table 7 below.

Table 7: Contracts Without Beneficial Ownership Information

No.	Contractor	Date Contract Signed	Contract Amount K	Total Payments K	Beneficial Ownership Status
1	Zamchin Construction Company	8/28/2024	25,092,961	6,273,240	Not Compliant
2	Jotech Mining Logistics Limited	9/5/2024	17,250,129	4,312,532	Not Compliant
3	Classic Express	9/16/2024	908,053	857,560	Not Compliant
4	Diamond Palace Construction	9/24/2024	2,691,583	346,383	Not Compliant
5	Horizon General Contrators	9/30/2024	4,554,612	243,310	Not Compliant
6	Luanshya Engineering Limited	11/4/2024	2,799,779	699,945	Not Compliant
7	Case Construction	11/12/2024	511,077	293,941	Not Compliant
8	Rockfield Contractors	11/12/2024	352,963	321,379	Not Compliant
9	New Techsha Developments	12/8/2024	736,229	407,251	Not Compliant
10	PET-GYB Limited	12/23/2024	2,080,380	520,095	Not Compliant
Total				14,275,637	

27 Head: 80 Ministry of Education

27.1 Mandate

The mandate of the Ministry is to formulate and implement policy on early childhood, primary and secondary, university education, teacher training, licensing and enforcement of standards. The goal is to increase equitable access to quality education and skills training to enhance human capacity for sustainable national development.

27.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K23,730,397,585 was made to cater for operations of the Ministry against which amounts totalling K23,241,870,706 were released resulting in an underfunding of K488,526,879. See table 1 below.



Table 1: Budget and Funding

No	Programme Name	Approved Budget K	Supplementary Budget K	Total Authorised K	Total Released K	Under Funding K
1	Early Childhood Education	528,985,748	-	528,985,748	446,304,685	- 82,681,063
2	Primary Education	13,302,545,500	392,187,651	13,694,733,151	13,694,733,091	- 60
3	Secondary Education	5,519,230,733	169,205,777	5,688,436,510	5,431,691,044	- 256,745,466
4	Adult and Youth Literacy	5,369,365	-	5,369,365	5,369,358	- 7
5	Management and Support Services	1,805,119,711	-	1,805,119,711	1,766,838,047	- 38,281,664
6	University Education	2,007,753,100	-	2,007,753,100	1,896,934,481	- 110,818,619
	Total	23,169,004,157	561,393,428	23,730,397,585	23,241,870,706	- 488,526,879

As at 31st December 2024, amounts totalling K22,832,020,430 had been spent leaving a balance of K409,850,276.

27.3 Audit Findings

An examination of accounting and other records maintained at Ministry Headquarters (HQ), Provincial Education Offices (PEOs), selected District Education Offices (DEOs) and Teacher Training Colleges revealed the following:

a. Primary Education

i. Management of Home-Grown School Meals - Lack of Feeding Shelters (Sinazongwe DEO)

The Government of the Republic of Zambia acknowledges that school feeding is integral in providing a good education and enhancing education outcomes among learners. In this regard, the Home-Grown School Meals (HGSM) in partnership with World Food Program (WFP) is being implemented over the years, providing diverse and nutritious food to an estimate of 1.6 million learners in over 4,300 schools in 59 targeted districts in the ten (10) Provinces.

The objective is to enhance the learners' nutrition while encouraging them to remain in school.

During the period under review, the District Education Office received a total of K3,273,537 for the School Feeding Programme. As at 31st December 2024, K3,173,320 had been spent leaving a balance of K100,217.

Section 7.4 of the implementation guidelines under the home-grown school meals programme states, "when learners start to eat, they must be guided and controlled in order to conduct the feeding in an orderly and hygienic manner. Learners must only feed inside a feeding shelter while sitting. Learners are not supposed to



move about the school grounds while feeding or feed from around the school ground.”

Contrary to the Guidelines, a physical inspection carried out in July 2025 revealed that there were no feeding shelters and chairs at Mweeya, Mayanda, Airport and Maamba Mine Primary Schools.

ii. Failure to Avail Contract for Communication Towers – Kandemba Primary School- North-Western Province

Section 73 (1) of the Public Finance Management Act of 2018 stipulates that the Auditor General and an office holder, agent or specialist consultant authorised by the Auditor General, shall in the performance of duties under the Constitution, or any other law (a) have access to all the books, records, returns, reports, other documents and financial management systems, in electronic or any other form, relating to the accounts of public bodies as the Auditor General considers necessary.

A physical inspection conducted at Kandemba Primary School in July 2025 revealed the presence of two (2) communication towers within the school premises, owned by Infratel and MTN Zambia Limited. However, the contract agreement with MTN Zambia, as well as related bank statements and receipt books, were not availed for audit.

iii. Failure to Maintain Properties – Primary Schools

The Guidelines for the utilisation of funds in schools under the education for all policy Clause 3.10 permits the use of grant funds for purposes of maintenance, rehabilitation and construction of school infrastructure.

However, physical inspections of buildings carried out in selected schools revealed that there was no regular maintenance of properties resulting in most structures deteriorating in state. In particular, the following were observed:



Table 2: Failure to Maintain Properties

No	District	Name of School /Institution	Observations
Muchinga Province			
1.	Lavushimanda	Konja Primary School	The roof for a 1 x 2 classroom block was dilapidated as it was partially caved-in and was supported by poles placed on the floor. However, the classroom block was still in use despite posing a safety risk to learners and teachers. See Pictures below.  <i>Improvised roof support</i>
Luapula Province			
2.	Nchelenge	Kashikishi Primary	- Roof trusses in some classrooms were either rotten or broken posing potential danger to the learners and teachers. - There were cracks on some of the classroom walls. - The roof in the early childhood classroom block had leakages. - Some classroom floors had developed multiple holes. See picture below.  <i>Broken and rotten trusses</i> <i>Cracks on the wall</i> <i>Water Marks on walls</i> <i>Holes in the floor</i>
Southern Province			
3.	Livingstone	Light of Hope Community School	One (1) classroom had a blown off roof and the structure had not been rehabilitated. See pictures below.  <i>Blown off Roof</i>



No	District	Name of School /Institution	Observations
Western Province			
4.	Mulobezi District	Sichili Primary School	- Cracks had developed on the walls and floors. - The windowpanes were broken in the classrooms and the roof was leaking. - The staff houses are dilapidated.  <i>Dilapidated classroom blocks</i>
5.		Sichili Secondary School	- Dilapidated classrooms block in that the doors were broken, cracked walls and floors, leaking roof etc. - Dilapidated head teacher's office. - Dilapidated staff houses. See picture below.  <i>Dilapidated classroom blocks</i>
6.	Sioma District	Sioma Primary School	The classrooms had cracked walls and the floor was worn-out and 1x2 classroom was dilapidated.  <i>Dilapidated 1 x 2 classroom block</i>
7.	Shang'ombo District	Shang'ombo Primary School	The classrooms had worn-out floors. The school was using 1x3 make shift classrooms made of pole and mud and without doors, window panes and the roof is damaged.  <i>Broken windows</i>

b. Secondary Education

i. Management of Home - Grown School Meals

A review of the implementation of the programme in selected secondary schools revealed the following:



- **Southern Province – Kazungula DEO**

- **Unutilised Funds**

During the period under review, Kazungula District Education Office received funds totalling K2,454,766 towards the Home-grown school meals programme. In addition, there was a balance brought forward of K2,128,025 from the year 2023 bringing the total available funds to K4,582,790.43.

As at 31st December 2024, amounts totalling K615,888 had been spent leaving a balance of K3,966,903.

- **Underperformance**

During the period under review, Kazungula District Education Office had a target to feed 60,000 learners under home grown school meals (HGSM).

However, a review of the progress report revealed that only 21,302 learners benefited from the programme resulting in underperformance of 65%.

- **Western Province – Lack of Supportive Infrastructure for HGSM Programme – Mongu and Kalabo DEO**

Clause 4.3 of the National Strategy on Home Grown School Meals (HGSM) (2020-2024) stipulates that Schools, in close cooperation with the community, shall provide the required infrastructure necessary for the HGSM programme, guided by standard designs for kitchens, serving points, feeding shelters, WASH facilities and waste disposal.

Contrary to the Requirement, 434 schools in two (2) Districts which received 868 tonnes of white maize did not have the requisite infrastructure for the smooth implementation of the HGSM programme.

- ii. **Inadequate Bed Spaces**

Chapter 3.10.2 (i)(ii) of the Guideline for Utilization of Fund in School - Education for all policy states that rehabilitation involves rehabilitation of Classrooms, dormitories, teachers houses, offices, laboratories, drainages, water



tanks, water pipes, desks and other school furniture; and any other activity relating to school rehabilitation.

During the period under review, eight (8) schools in four (4) provinces had a total number of 6,043 pupils in boarding. However, physical inspections of the school dormitories revealed that the schools had 3,707 bunker bed spaces resulting in a deficit of 2,336 bed spaces. Further, it was observed that a number of pupils resorted to either sharing with other pupils while some opted to sleep on the lockers. See table 3 below.

Table 3: Schools with Inadequate Bunker Beds

Province	Districts	School	Number of Learner	Bed Spaces Available	Bed Space Deficit
Northern	Mungwi	Kanyanta Stem Boarding Secondary School	1,071	352	719
	Lupososhi	Lupososhi Stem Boarding School	352	190	162
	Senga Hill	Mambwe Mission Secondary School	108	12	96
Copperbelt	Masaiti	Masangano Boarding School	482	120	362
	Mpongwe	Mpongwe South Boarding	784	736	48
		Mpongwe Boarding	790	634	156
Muchinga	Chinsali	Kenneth Kaunda Secondary School	1,534	850	684
Eastern	Chipata	Chizongwe Technical Secondary School	922	813	109
Total			6,043	3,707	2,336

iii. Use of Uncertified Food Handlers – Copperbelt Province

Section 15 of the Food Safety Act No.7 of 2019 prohibits handling of food without a certificate of compliance or health inspection report to prevent the spread of food borne diseases due to contamination.

Physical inspections carried out at six (6) schools revealed that contrary to the requirement, sixteen (16) kitchen personnel handling food for the 1,444 pupils did not have the food handlers' certificates during the period under review. See table 4 below.



Table 4: Schools with Uncertified Food Handlers

District	School	No. of Food Handlers	School Population
Lufwayanma	Lumanto Combined school	3	160
Masaiti	Masangano Boarding	2	120
Ndola	Fatima Girls	6	410
	George Secondary School	2	124
	Cheshire Special School	1	32
Mpongwe	Ibenga Girls Boarding	2	598
Total		16	1,444

iv. Lack of Specialised Rooms

Chapter 10 of the Ministry of Education Standards and Evaluation Guidelines of 2015 stipulates that when starting a new school, upgrading a school, handing or taking over of a school and twinning schools there must be the following specialised rooms, depending on subject areas of specialisation offered by the school:

- Science laboratories,
- Computer laboratories,
- Home economics,
- Art and design,
- Design and technology,
- Music, and
- Room for other practical subject areas.

Physical inspections carried out and inquiries made with management at 198 schools in six (6) provinces revealed that the schools did not have specialised rooms such as science laboratories, art rooms, home economics rooms and computer laboratories.

v. Poor State of Specialised Rooms - Northern Province

Section 41 (1) of the Public Finance Management Act No. 1 of 2018 states, “A Controlling Officer is responsible for the management of public assets and stores of the Head of expenditure.”



Further, Section 4.6.1 of the Ministry of Education Strategic Plan 2022 to 2026 stipulates that the Ministry will improve learning achievements through employing various models of learning to enhance the quality and relevance of education for learners to ensure they acquire the required competences for the 21st Century.

Contrary to the Act and Strategic Plan, physical inspections carried out in July 2025 revealed that specialised rooms in two (2) STEM schools in Mungwi and Lupososhi districts were in a poor state due to vandalism, substandard fittings and lack of necessary materials, among others.

vi. Failure to Collect Boarding Fees

During the period under review, boarding fees in amounts totalling K4,617,000 were expected to be collected by two (2) schools from 1,539 pupils.

As at 31st August 2025, amounts totalling K3,484,741 had been collected leaving a balance of K1,132,259. See table 5 below.

Table 5: Uncollected Fees

Province	School	No. of Pupils	Fees Expected K	Collected Fees K	Uncollected Fees K
Western	Sikongo Boarding	399	1,197,000	1,190,000	7,000
Muchinga	Chinsali Boarding	1140	3,420,000	2,294,741	1,125,259
Total		1539	4,617,000	3,484,741	1,132,259

vii. Irregular Use of Revenue at Source – North-Western Province

Section 28 (2) of the Public Finance Management Act No. 1 of 2018, requires that all monies received by an accounting officer or any office holder responsible for the collection of money should be deposited not later than the next business day following the day of receipt, unless otherwise directed by the Secretary to the Treasury.

Contrary to the Act, amounts totalling K80,252 generated from Production Unit (PU) and the sale of salvage materials from the rehabilitation of a classroom block at Kawumbu (K52,752) and Manyama (K27,500) Secondary Schools were not deposited with the bank but were instead utilised at source.



viii. Unaccounted for Funds – Management of General Certificate of Education (GCE) Funds – Matero Boys Secondary School- Lusaka Province

Regulation 134 (1) of the Public Finance Management (General) Regulations, 2020 states, “An office holder who collects revenue is required to bring to account, on a daily basis the total collections received.”

During the period 8th November 2024 to 7th March 2025, Matero Boys Secondary School, an approved General Certificate of Education (GCE) examination centre, collected various fees in amounts totalling K763,070 relating to the July 2025 GCE examinations. These included examination fees, administration fees, practical subject fees, and tuition fees. See table 6 below.

Table 6: GCE Fees Collected

Description	Amount K
GCE Examination Fees	334,200
General Administration Fees	251,600
Practical Subject Fees	129,800
Tuition Fees	47,470
Total	763,070

However, as at 31st August 2025, funds amounting to K763,070 had not been accounted for in that supporting documentation such as deposit slips, revenue cash books, and expenditure details were not availed for audit.

Further, with regard to the GCE Examination Fees, which were required to be remitted to the Examination Council of Zambia (ECZ), no evidence was provided to show that the funds were either deposited into a designated ECZ bank account or retained as cash-on-hand.

ix. Unaccounted for Funds for General Certificate of Education (GCE) and External Candidates – Manyama Day Secondary School – Kalumbila - North-Western Province

During the period under review, Manyama Secondary School had seventy seven (77) pupils under General Certificate of Education (GCE) and sixteen (16) Grade nine (9) External candidates. The school received funds totalling K56,025 from GCE and Grade nine (9) external candidates.



However, the funds were not accounted for in that there were neither receipts, deposit slips nor cash found on hand.

x. Infrastructure Development – Incomplete Projects

• Delayed Completion of School Infrastructure – Kalanga Day Secondary School - Mansa District

In August 2013, the Ministry engaged Melcast & Geotech Joint Venture for the construction of Kalanga Day Secondary School at a contract sum of K41,404,000 with a revised completion period of 10 years 4 months, commencing in August 2013 and ending on 31st December 2023.

The scope of works and amount paid to the contractor could not be ascertained at the time of audit as Management could not avail the contract and other records.

However, a physical inspection of the school infrastructure carried out in March 2025 revealed that the infrastructure was incomplete and the contractor was not on site. It was observed however, that the school was operational and in use. Inquiries with management revealed that the school was opened in 2020.

Although the school was in use, the structure was incomplete with the following works outstanding as detailed in table 7 below.



Table 7: Outstanding Works

Bill No.	Bill Name	Type of Work	Progress
No.4	Construction of Teachers' Houses x 18	Carpentry and Joinery	80% Complete
		Plumbing and Mechanical	80% Complete
		Electrical Installations	70% Complete
		Floor, Wall and Ceiling Finishes-Wall Plaster	80% Complete
		Glazing	80% Complete
		Painting	60% Complete
No.10	Construction of Ablution Block for	Carpentry and Joinery	80% Complete
		Painting Works	60% Complete
No.12	Construction of Science Laboratory (1 x 2)	Carpentry and Joinery	60% Complete
		Plumbing and Mechanical Installations	40% Complete
		Electrical Works	90% Complete
		Floor, Wall and Ceiling Finishes	90% Complete
		Painting and Decorating	90% Complete
No.12	Construction of Home Economics (1 x 2)	Plumbing and Mechanical Installations	80% Complete
		Electrical Works	95% Complete
No.15	Construction of Assembly/Sports Hall	Carpentry and Joinery	95% Complete
		Electrical Works	90% Complete
		Floor, Wall and Ceiling Finishes	90% Complete
		Painting and Decorating	90% Complete
No.17	Construction of Auxiliary Houses x 4	Roofing Works	0% Complete
		Carpentry and Joinery	0% Complete
		Metal Works-Window Frames	0% Complete
		Plumbing and Mechanical	0% Complete
		Electrical Installations	0% Complete
		Floor, Wall and Ceiling Finishes-Wall Plaster	0% Complete
		Glazing	0% Complete
		Painting	0% Complete
No.18	Construction of Computer Lab 1 x 3	Plumbing and Mechanical Installations	0% Complete
		Electrical Works	90% Complete
		Painting and Decorating	90% Complete
No.19	Drilling and Equipping Borehole, submersible Pump, Installation of	Plumbing Installation	50% Complete
		Stand and Tanks Installation	60% Complete
		Borehole Protection	60% Complete
No.20	External Works	Class Room Court Yard Wall Fence	0% Complete
		Driver and Walk Ways	30% Complete
		Screen Wall Fence	0% Complete
		Sports Fields	50% Complete
		Incinerator	0% Complete
		Pump House	0% Complete
		Substation	50% Complete
		Water Reticulation	70% Complete
		Electrical Reticulation	90% Complete
		Storm Water Drainage	60% Complete
		Soil Water Drainage	70% Complete

As at 31st August 2025, the position had not changed.

• **Copperbelt Province - Masangano Boarding School – Masaiti District**

On 6th March 2009, the Ministry engaged Solatech Limited for the construction of Masangano Boarding School at a contract sum of K22,449,543 (rebased) with a completion period of 112 weeks. The scope of works included construction of 4 (1x 3)classroom blocks, two learning area ablution blocks, one library, 1x2 science laboratory blocks, twenty (20) staff houses, 1x2 home economics block, one (1) tuck-shop, four (4) boys hostel blocks, two (2) girls ablution blocks, among others .As at 31st December 2024, the contractor had been paid amounts totalling K8,918,034 leaving a balance of K13,531,509.



In March 2015, the contract was terminated with the following works completed; two 1x3 classroom blocks, ablution block, three (3) staff houses, one (1) block of girls' and one (1) block of boys' hostels and ablution blocks.

As at 31st August 2025, the following works were outstanding; slab, superstructure, gable level and some structures at 80% completion.

On 21st June 2023 and 29th June 2023, the Ministry engaged Sams Investments and Chitemax Investments for the completion of staff houses, soakaway and septic tanks, boys' ablution block and sick bay at a combined contract sum of K1,654,081 for completion periods ranging from twelve (12) weeks and sixteen (16) weeks respectively.

The scope of works for Sams Investments included completion of staff house from wall plate level, and construction of septic tank and soakaway. The scope of works for Chitemax Investments included the completion of boys' ablution block from slab level and completion of sickbay from super structure level.

As at 31st December 2024, the two contractors had been paid in full.

Physical inspections of the project carried out in July 2025 revealed the following:

- **Abandoned Boys Ablution Block - Chitemax Investment**

The contractor had abandoned the project with electrical, plumbing and painting works outstanding. See pictures below.

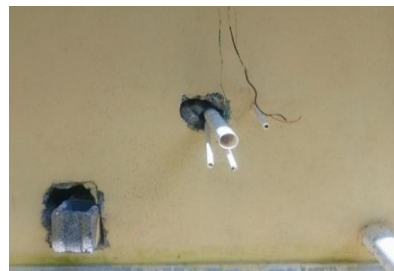


- **Abandoned Sick Bay - Chitemax Investment**

The contractor had abandoned the site with glazing, electrical, plumbing and painting works outstanding. See pictures below.



Windowpanes not fitted



Incomplete plumbing works

- **Staff Houses – Sams Investment**

Despite the contractor being paid in full, the following works were outstanding; glazing, internal plastering, floor screed, electrical, plumbing, carpentry, external drainages and septic tanks and the contractor was not on site.



Interior walls not plastered



Windowpanes not fitted

- **Lusaka Province – Construction of Additional Structure – Likasa Boys Secondary School - Kafue District**

On 15th June 2023, the school received funding amounting to K4,200,000 from the Ministry of Finance for the construction of additional structures at the school which included construction of a 1 x 3 classroom block, construction of two ablution blocks, construction of a 1 x 3 workshop block and construction of a dormitory.

The school, through the Project Implementation Committee awarded labour-based contracts to four (4) contractors to undertake the construction works. Further, on 3rd November 2023, authority was granted by the Provincial Educational Office for the contractors to undertake construction works at a combined contract sum of K669,547. See table 8 below.



Table 8: Contractors Awarded Contract for Labor Works

Lot No.	Contractor	Scope of Works	Contract Sum K	Date Contract Signed	Period
01	Merkkn Ventures Construction	Construction of 1 x 3 CRB	160,051.91	15.12.2023	12 Weeks
02	Tecon Engineering	Construction of 1 x Industrial Arts Block	263,074.99	18.12.2023	12 Weeks
03	Chinowacha LTD	Construction of 2 x Ablution Blocks	129,441.32	20.11.2023	12 Weeks
04	Blessed Crown Technical Services	Construction of 1 x Boys Dormitory	116,978.75	18.12.2023	12 Weeks
	Total		669,546.97		

As of April 2025, the school incurred expenditure in amounts totalling K3,980,626 on the project comprising Labour (K678,862) building materials (K3,231,308) and transport (K70,457).

The following were observed:

○ **Abandoned Project – 1x3 Industrial Arts Workshop**

The construction of the 1x3 Industrial Arts Workshop was awarded to Tecon Engineering at a contract sum of K263,076.

As at 31st July 2025, the contractor had been paid amounts totalling K178,891 leaving a balance of K84,184. It was however observed that construction works stalled at 80% completion stage. Inquiries revealed that the contractor abandoned the project in November 2024 due to failure by the school to have his claim for additional works of K92,800 approved by the Provincial Education Office. See picture 3 below.



Abandoned 1 x 3 Industrial Arts Workshop

The following works were outstanding:

- ⊙ Flooring,
- ⊙ Electrical Wiring,
- ⊙ Fitting windowpanes,
- ⊙ Fitting window handles,



- ⊙ Fitting doors,
- ⊙ Painting.
- **Delayed Completion of the Construction of 2 x Ablution Block**

The construction of the two (2) ablution blocks was awarded to Chinowacha Investment Limited at the contract price of K129,441 on 20th November 2023 and the whole amount was paid to the contractor. The project was expected to be completed within twelve (12) weeks after the contract was signed.

Physical inspection carried out in April 2025 revealed that works had not been completed and the contractor was not on site. The following works were outstanding:

- ⊙ Fitting of internal doors to each of the seven (7) toilets in each ablution blocks, and
- ⊙ The toilets of the two (2) ablution blocks had not been connected to the septic tank.

xi. Failure to Maintain Properties

The Guidelines for the Utilization of Funds in schools under the education for all policy Clause 3.10 permits the use of grants funds for purposes of maintenance, rehabilitation and construction of school infrastructure.

Physical inspections of buildings, plant and equipment carried out in selected schools revealed that there was no regular maintenance of properties resulting in most structures deteriorating in state. In particular, the following were observed:

Table 9: Failure to Maintain Properties

No	District	Name of School /Institution	Observations
Eastern Province			
1.	Chipata	Chizongwe Technical School	• Ceiling boards in some hostels were in a dilapidated state and required urgent attention. • The hostels had broken windowpanes and need to be replaced. • Dilapidated staff houses with old and worn-out paint, broken windowpanes and doors, worn-out roofing and damaged ceiling boards in some houses. See pictures below.



No	District	Name of School /Institution	Observations
			  <i>Bunker bed with no ladder</i> <i>Damaged Ceiling</i>   <i>Broken window panes</i> <i>Staff Houses in Dilapidated state</i>
2.	Chadiza	Chadiza Boarding School	- The bunker beds were in a dilapidated state in that some had no ladders making it a challenge for pupils on upper beds to access their bed spaces. - The hostels had broken windowpanes and needed to be replaced. - Out of six (6) electrical pots only one (1) was working hence resorting to the use of firewood. See pictures below.   <i>Broken windows</i> <i>Non-functional electrical pots</i>
3.	Chama	Chama Boarding Secondary	- Staff houses had cracks, broken windows and paint was peeling off. - The staff house and dormitory damaged by a tree that fell as a result of strong winds has remained unrepaired. See pictures below.   <i>Broken windows panes</i> <i>Damaged dormitory</i>
Muchinga Province			
4.	Chinsali	Kenneth Kaunda Secondary School	The classroom blocks were in a dilapidated state with broken windowpanes. See table below.



No	District	Name of School /Institution	Observations
			 <i>Broken windowpanes</i>
North-Western Province			
5.	Zambezi	Zambezi Boarding Secondary School	- Four (4) boys' dormitories had blown off roofs. - The classroom blocks were in a poor state in that some windowpanes were broken, the roof was leaking and paint was peeling off from walls. See pictures below.  <i>Blown off roofs at four (4) boys' dormitories</i>

• **Erratic Water Supply - Lucheche Day Secondary School - Mbala District**

The school had erratic water supply and a borehole was sunk in 2012 to provide additional water. However, the borehole became non-functional in 2016 and had not been repaired as at 31st August 2025. See picture 5 below.



Non-functional borehole at Lucheche day secondary

c. Management and Support Services

i. Failure to Collect Revenue - User Fees

During the period under review, user fees in amounts totalling K1,774,566 were expected to be collected by Mongu and Kasama colleges of education. However, amounts totalling K753,081 had been collected, leaving a balance of K1,021,485 outstanding as of July 2025. See table 10 below.



Table 10: Uncollected Revenue

Province	Station	Expected Revenue K	Amount Collected K	Outstanding Amount K
Western	Mongu College of Education	387,366	321,181	66,185
Northern	Kasama College of Education	1,387,200	431,900	955,300
Total		1,774,566	753,081	1,021,485

ii. Mongu College of Education (MOCE) - Western Province – Unauthorised Payments

Treasury and Financial Management Circular No. 14 of 2022 guides that issuance of Accountable Imprest, Standing Imprest and Special Imprest shall be issued as follows; Special and Accountable Imprest for foreign trips shall be approved by the Secretary to the Cabinet.

Contrary to the Regulation, subsistence allowance and air ticket in amounts totalling

K51,128 were made to four (4) officers and service providers for trips outside the country without authority from the Secretary to the Cabinet.

iii. Unaccounted for Salvaged Materials - Infrastructure Development - Rehabilitation of gutted kitchen at Solwezi College of Education

On 21st October 2023, the Solwezi College of Education engaged Thriotech Zambia Limited for the rehabilitation of gutted kitchen at Solwezi College of Education at a contract sum of K1,480,786. The duration of the contract was twelve (12) weeks from 4th November 2023 to 4th February 2024.

The scope of works included demolition and removals, carpentry, joinery and ironmongery, metal works, painting and decoration, drainage systems and associated electrical installation fitting, removal and replacing of existing cold room.

As at 26th April 2024, the project was completed and amounts totalling K1,405,728 had been paid to the contractor leaving a balance of K75,058 as retention.

Section 3, Part (III) of the contract description of workmanship for the rehabilitation of the gutted kitchen requires that all materials salvaged from the



demolition of the gutted kitchen remains the property of the college and is the responsibility of the contractor until handed over.

Contrary to the provision, a scrutiny of the site inventory report by the college management dated 15th June 2024 revealed that a 5,000 litres water tank and thirteen (13) IT4 iron sheets among others whose value could not be ascertained were not accounted for in that the salvaged materials were not found on site as at 31st July 2025.

d. Operational Matters - Management of Private School Accreditation Account

A review of banking records revealed that the Ministry maintains a Private School Teachers and Registration Account, which is used to retain and utilize revenues collected from application and annual registration fees. The funds are intended to facilitate the inspection of private schools and the printing of school certificates. Additionally, the funds are used to advance payments to Standards Officers under the Ministry to enable the inspection and enforcement of standards in private schools.

In this regard, during the period under review, a total amount of K627,050 was received into the account. Further, amounts totalling K3,321,779 were brought forward from the previous period bringing the total funds available to K3,948,829. As at 31st December 2024, amounts totalling K3,058,142 had been spent leaving a balance of K890,687.

The following were observed:

i. Unregistered Private Educational Institutions

Section 53 (1) of the Education Act No.23 of 2011 states, “a person who intends to operate a private educational institution shall apply to the Registrar for registration of the private educational institution in the prescribed manner and form upon payment of the prescribed fee.”

Further Section 63 (1) provides that the Minister may close a private educational institution where the private educational institution:

- a. fails to comply with the terms and conditions of registration of the institution or with any provision of this Act;
- b. is operated in a way that is detrimental to the welfare of the learners at the institution



A review of the Private Teaching Institutions Database maintained at the Ministry revealed that 689 private schools who were expected to pay registration fees in amounts totalling K377,750 had not complied and no action had been taken by the Ministry as at 31st August 2025. See table 11 below.

Table 11: Unregistered Private Schools

Classification	Quantity	Fee Per School K	Total K
Primary	640	500	320,000
Secondary	7	750	5,250
Combined	42	1250	52,500
Total	689		377,750

ii. Failure to Collect Annual Fees

Section 60 of the Education Act No.23 of 2011 states that “a private educational institution shall in each year, not later than the date prescribed by the Minister, pay to the Registrar such annual fee as may be prescribed.”

In addition, section 5 of the guidelines on Registration and Renewal of Registration for Private Learning Institutions provides that the Ministry of General Education Headquarters is to receive applications for registration or renewal of registration of private school on or before 31st October in the year preceding the year for which the registration or renewal of registration is applied. Contrary to the above Provisions, 176 private schools that were registered with the Registrar did not pay annual fees totalling K85,600 as at 31st August 2025. Further, there was no action taken by the Ministry against the erring schools. See table 12 below.

Table 12: Non-Payment of Renewal Fee

Classification	Quantity	Fee Per School K	Total K
Primary	142	400	56,800
Secondary	13	600	7,800
Combined	21	1000	21,000
Total	176		85,600



e. Management of Payroll and Personnel Related Matters

i. Schools with Treasury Authority but with no physical existence – Chadiza District – Eastern Province

A review of the payroll and Treasury Authority for the year under review revealed that five (5) schools which had Treasury Authority and payroll positions were filled by thirty-two (32) teachers who drew salaries in amounts totalling K3,531,751.

However, inspections and site visits revealed that the schools had no physical existence in the district.

In the response to the Interim Management letter dated 9th July 2025, management indicated that the Director, Payroll Management Establishment and Control has been requested to rename the schools with names of schools that physically exist and are operational but have not yet been granted Treasury Authority in order to correct the names of the schools on the payroll. See table 13 below.

Table 13: Non-Existence Schools with Treasury Authority

No.	Name of School	No of Officers	Amount K
1	Champhand Community	7	942,936
2	Kazionele	5	573,526
3	Ndaisya	4	624,171
4	Tapsya	6	117,042
5	Tefelansoni Basic School - Grade 3 (New)	10	1,274,077
	Total	32	3,531,751

However, as at 31st August 2025, the position had not changed.

ii. Unauthorised Changes to Bank Accounts/Diversion of Salaries

According to Terms and Conditions of Service 12(a) an officer on appointment to the public service shall submit to the responsible officer confirmation of date of arrival at duty station.

This is done through the completion and submission of Arrival Advice Form 81 which specifies the officers pay point and bank account details. In addition, any further changes should be supported by a written submission by the officer.

Contrary to the Terms and Conditions of Service, bank account details for five (5) officers at three (3) stations who drew salaries in amounts totalling K479,480



were changed without supporting documentation such as a completed arrival advice form (accounts form 81) to support the change in banking details. See table 14 below.

Table 14: Officers with Changed Bank Accounts

Province	Station	No of Officers	Amount K
Southern	Namwala DEO	3	293,054
Eastern	Lumezi DEO	1	97,609
	Chipata DEO	1	88,817
	Total	5	479,480

iii. Irregular Payment of Rural Hardship Allowances

The Terms and Conditions of Service for the Public Service No. 170 of 2023 states that “an officer serving in an area designated to be a rural area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time”.

Further, Public Service Management Circular No. B 2 of 2010 classifies and categorises a station as urban, rural and remote as shown in table 15 below.

Table 15: Classification and Categorisation of a Station

Classification Category	Urban	Rural	Remote
A	0 to 30Km	Between 30 and 70Km	Beyond 70Km
B	0 to 25Km	Between 25 and 70Km	Beyond 70Km
C	0 to 20Km	Between 20 and 70Km	Beyond 70Km
D	N/A	Between 0 and 15Km	Beyond 15Km

During the period under review, the prescribed rate for rural and remote hardship allowances were 20% and 25% of basic salary respectively.

Contrary to the Terms and Conditions of Service, amounts totalling K2,236,528 were paid as rural hardship allowance to 157 officers who were not eligible to receive the allowance in that their duty stations did not qualify for payment of such allowance. See table 16 below.



Table 16: Irregularly Paid Rural Hardship Allowance

Province	Station	No of Officers	Amount Paid K
Luapula	Nchelenge DEO	4	9,173
Muchinga	Mpika DEO	8	149,188
	Nakonde DEO	2	35,377
Eastern	PEO	105	1,522,132
Northern	Mungwi DEO	9	139,834
Lusaka	Lusaka DEO	2	19,633
	Kafue DEO	17	227,724
	Luangwa DEO	10	133,468
	Total	157	2,236,528

Further, it was observed that in Eastern Province forty-eight (48) officers who were eligible to receive rural hardship allowances in amounts totalling K562,701 had not been paid the allowances despite serving in workstations designated for payment of such allowances.

iv. Irregular Payment of Double Salaries -Employee number 00252102 – Lusaka Province

On 1st January 2014, a Ms Christine Lungu employee number 00252102, a Sanitary Orderly was first introduced on the payroll by an end-user under the Ministry of Education, Lusaka Province. Further, on 1st April 2024, the same employee was introduced on the payroll with employee number 433666 on the position of Class teacher under Ministry of Education North Western Province by an end-user.

Between April 2024 and December 2024, the officer drew salaries amounting to K36,371 under Lusaka Province and K99,844 under Northwestern Province through the same Bank Account No. 2012346100181 held at Woodlands Branch ZANACO Bank.

In this regard, the salary amounting to K36,371 paid to the Officer under Lusaka Province was irregular as the officer was drawing a salary under Northwestern Province where she was serving.

v. Officers with Running Deductions on Voided Accounts

Terms and Conditions of Service No. 60 (a) and (b) requires that an officer absent from duty without leave for a continuous period of ten (10) or more working days shall be liable for dismissal. Further, the officer shall not be paid a salary for the period he/she is absent from duty without leave.



To withhold an employee's salary, MPAs block the employee's bank account number on the PMEC System. Blocking is done by inputting invalid account numbers with figures such as 00000 or 9999, thereby voiding the employees bank account. Voiding has the effect of causing an employee's salary to be returned when it is being processed in the salaries payment account. However, third party obligations are still settled on a voided account.

During the period under review, the Ministry had blocked salaries in respect of seventeen (17) officers' accounts at seven (7) stations for various reasons.

However, it was observed that, despite the Ministry voiding the bank accounts of seventeen (17) officers', the employees continued being on the payroll. As a result, third-party obligations amounting to K489,549 for NAPSA, NHIMA, and other non-statutory obligations such as loans and advances, obtained while the accounts were voided, continued to be settled through the Ministry of Finance and National Planning. See table 17 below.

Table 17: Officers with Running Deductions on Voided Accounts

Province	Station	No of Officers	Amount Paid K
Central	Chibombo DEO	3	119,191
Eastern	Chama DEO	1	15,724
	Lumezi DEO	2	56,004
	Mambwe DEO	2	130,147
Northern	Kasama DEO	2	25,809
	Northern PEO	2	12,806
	Mbala DEO	5	129,868
	Total	17	489,549

Further, the Ministry had not replaced officers who were no longer rendering services due to voided bank accounts, as their position IDs were being used.

vi. Misplacement of Payroll Area

The Cabinet Office Circular No. 13 of 2019 requires Controlling Officers to ensure that all employees under their respective Ministries, Provinces and Agencies (MPAs) are placed in their designated duty stations.

Contrary to the Circular, a total of 4,575 officers at twenty-two (22) stations drew salaries in amounts totalling K561,906,620 from pay-points that were different from their physical stations.



vii. Non-Deduction of Statutory Contribution (Pension) from Eligible Officers – Southern Province

Section 15 (1) of the National Pension Scheme Authority (NAPSA) Act of 1996 as amended in 2000 stipulates that the contributing employer shall pay contributions to the Authority at the end of each month and such employer shall submit all prescribed particulars.

Further section 30 (1) of the Public Service Pensions Act stipulates that subject to the other provisions of this section, an officer or probationer shall contribute at the rate of seven and one quarter (7.25) per centum of his pensionable emoluments or at such other rate as the President may fix by statutory order in consultation with the Board following the advice of an actuary appointed by the Board.

Contrary to the Statutory Requirement, amounts totalling K2,491,030 were paid to 106 officers in fourteen (14) districts without contributions being made to pensions for months ranging from one (1) to twelve (12) months.

viii. Failure to Remit Pay As You Earn (PAYE)

The Income Tax Act, Chapter 323 of the Laws of Zambia requires that Pay As You Earn (PAYE) be deducted from officers' emoluments and remitted to the Zambia Revenue Authority (ZRA).

Contrary to the Act, PAYE relating to payments of settling-in allowance, long service bonuses and leave terminal benefits in amounts totalling K411,439 deducted from forty-four (44) officers had not been remitted to ZRA as at 31st August 2025. See table 18 below.

Table 18: Stations that did not Remit PAYE

Province	Station	No. of Officers	Amount K
North Western	PEO	15	124,251
	Mufumbwe DEO	3	19,782
Eastern	PEO	26	267,406
	Total	44	411,439



ix. Salaries Paid to Deserters

Terms and Conditions of Service for the Public Service No. 60 (a) and (b) provides that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days should be liable to dismissal. An officer shall not be paid a salary for the period he or she is absent from duty without leave unless he or she produces satisfactory evidence justifying such absence.

Contrary to the Terms and Conditions of Service, two (2) officers who were absent from duty for periods over (12) months had been paid salaries in amounts totalling K166,484 and were not separated as at 31st August 2025.

x. Unaccounted for Officers

Regulation No. 78 (1) and (3) of the Public Finance Management (General) Regulations of 2020 requires a public body to ensure that the payroll is verified and reconciled by a responsible office holder from an accounting unit and human resource and administration respectively. A reconciliation under sub regulation (1) should include a head count of staff each month with regard to the payroll.

Contrary to the Regulations, four (4) stations in three (3) provinces did not account for twenty-seven (27) officers who drew salaries in amounts totalling K252,399 during the period under review. The officers were unaccounted for in that they were neither on the staff returns nor known by management at respective stations.

xi. Irregular Payment of Officers on Integrated - Default Positions - Northern Province

According to the Payroll Management and Establishment Control (PMEC), an Integration Default Position 9999999 is a position that is automatically created on the system when one is terminated /separated from the payroll. In addition, an Integration Default Position is a non-funded position created on the system to maintain employees who have since separated with the public service by way of either retirement, death, resignation, dismissal or unpaid leave, meant to return the separated employee on the system for record purposes only.

Contrary to the Payroll Management and Establishment Control, two (2) officers at two (2) stations who were occupying Integration default positions as at 31st



December 2024 were paid salaries in amounts totalling K13,816 (Kasama DEO – K8,351 and Northern PEO - K5,465). Implying that salaries were being paid to unauthorised officers.

xii. Management of Liabilities – Failure to Settle Outstanding Obligations

As at 31st July 2025, nine (9) provinces had accrued debts in amounts totalling K677,773,422 in respect of leave terminal benefits, repatriation, and leave travel benefits, among others dating as far back as 2014. See table 19 below.

Table 19: Outstanding Bills

Province	Amount K
Central	18,083,709
Copperbelt	118,335,602
Eastern	115,329,344
Luapula	11,773,154
Lusaka	171,449,864
Muchinga	57,141,388
North Western	24,289,926
Northern	132,033,561
Southern	29,336,874
Total	677,773,422

f. Procurement of Goods and Services/Expenditure

i. Irregular Cash Withdrawals

Treasury and Finance Management Circular No.1 of 2022 guided Controlling Officers that no cash shall be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the Circular, cash totalling K770,988 involving 202 transactions was drawn as imprest by individuals to facilitate the payment of allowances instead of paying directly into the beneficiaries' bank accounts. See table 20 below.

Table 20: Irregular Cash Withdrawals

Province	District	Station	No. of Transactions	Amount K
Western	Mongu	Mongu College of Education	201	749,938
North-Western	Kalumbila	Manyama Day Secondary	1	21,050
	Total		202	770,988



ii. Questionable Facilitation of a Service Provider

According to Section 3(1) of the Public Procurement Act No. 8 of 2020, all procurement of goods, works, and services by a procuring entity shall be undertaken in accordance with procedures laid out in the Act and where the estimated value exceeds K1,000,000, the procuring entity is required to use the Open National Bidding method.

Contrary to the Act, on 7th February 2024, the Ministry of Education irregularly facilitated the engagement of Alliance Procurement and Capacity Building Limited (APCBL), a private limited company, for the provision of consulting services to public schools, colleges and universities in financial and records management, e-GP, risk management among others without subjecting the process to any form of procurement procedure.

The participation fees for the training were set as follows:

- K3,000 per participant for colleges and universities;
- K2,500 per participant for boarding and day secondary schools; and
- K1,800 per participant for basic and primary schools.

According to the 2024 Education Statistics Bulletin, there were 13,487 schools (primary - 11,464, Secondary - 2,023), nine (9) colleges of education and eight (8) public universities. In this regard, the total expected value of the participation fees was K25,692,700.

Management in their response dated 6th May 2025 stated that there was a Memorandum of Understanding (MoU) between ZPPA and APCBL in carrying out trainings.

A scrutiny of the Memorandum of Understanding (MoU) between ZPPA and APCBL revealed that the MOU was signed on 25th November 2024, ten (10) months after APCBL had already engaged public schools, and collected amounts totalling K2,808,504 as participation fees from selected schools.

Further, the payments to APCBL by the schools lacked appropriate supporting documents such as invoices and proof of performance as they were made on the strength of requests to pay and there was no confirmation that the trainings took place in that there was no documentation such as attendance lists, training reports.



iii. Failure to Obtain Clearance from ZRA before Payment

Treasury and Financial Management Circular No. 7 of 2023 stipulates that, effective March 13, 2023, all line Ministries, Government Departments, and Statutory Bodies must secure tax clearance from the Zambia Revenue Authority (ZRA) before processing any payments for goods or services.

Contrary to the Circular, payments in amounts totalling K5,735,277 were made to 517 suppliers for the procurement of various goods and services without obtaining clearance from ZRA.

iv. Failure to Withhold Tax

The Value Added Tax (VAT) Amendment Act No. 12 of 2017 read together with the Treasury and Financial Management Circulars No. 6 of 2017 and No. 7 of 2023, directed all Ministries, Government Departments and Statutory Bodies, which were appointed as tax agents to withhold VAT and other taxes owed from payments to suppliers of goods and services for onward remittance to the Zambia Revenue Authority.

Contrary to the provisions, six (6) stations procured goods and services from various VAT registered suppliers without withholding VAT in amounts totalling K681,661.

v. Irregular Engagement of Build Zambia 2064 - Supply of Agricultural Inputs and Provision of Training in Precision Farming

According to Section 3(1) of the Public Procurement Act No. 8 of 2020, all procurement of goods, works, and services by a procuring entity shall be undertaken in accordance with procedures laid out in the Act and where the estimated value exceeds K1,000,000 the procuring entity is required to use the Open National Bidding method.

However, during the period under review, selected District Education offices irregularly engaged Build Zambia 2064 to supply agricultural inputs and conduct training in Precision Farming for public schools. The engagement was based on a directive from the District Education Offices instructing each participating school to deposit K1,500 into the supplier's Indo Bank account.



As a result, a total of K2,269,500 was paid by 1,513 public schools from two (2) provinces. See table 21 below.

Table 21: Amounts Paid for Precision Farming Training and Inputs

Province	Sampled Institutions that Paid	Amount Paid K
Eastern	1,337	2,005,500
Southern	176	264,000
Total	1,513	2,269,500

The following were observed:

- Build Zambia was engaged without being subjected to any form of procurement process hence no contract was signed.
- Further, there was no evidence to confirm the delivery of services for Southern province as there were no activity reports, attendance registers, or other supporting documentation to verify that the training took place.

vi. Failure to Secure Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018, requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, fifty-seven (57) properties at fifty (50) stations whose value could not be ascertained had no title deed as at 31st August 2025 thereby making it not possible to ascertain the ownership of the property.

g. Infrastructure Development - Delayed Completion of Rehabilitation Works - Lusaka Provincial Education Office

On 8th May 2024, an amount of K529,676 was received for rehabilitation works at Provincial Education Office.

On 29th July 2024 Lusaka Provincial Education Office entered a labour-based contract with Demwemu Enterprise for rehabilitation works at a contract price of K38,738. The works had a completion period of four (4) weeks starting from 16th September 2024 to 12th October 2024.



The scope of works included; labour for tiling, replacing floor ceramic tiles, ceiling boards, fitting of forty (40) new mukwa doors and other plumbing works. The terms of payment included the following:

- Payments to be effected only when the work has been completed
- No advance payment shall be paid.
- No claim for interest or variations on the contract sum shall be considered.

As at 31st May 2025, expenditure in amounts totalling K441,951 had been incurred on the project comprising materials (K491,538) and labour (K25,000) leaving a balance of K97,725.

A physical inspection carried out in July 2025 revealed that plumbing in the ladies and gents ablution block, tiling, fitting of new ceiling boards in the PEO and PESO offices had been completed.

As at 31st August 2025, works such as fitting of ceiling boards in twenty one (21) offices and painting of the office block were outstanding despite the availability of K97,725.

h. Management of Schools

i. Failure to Comply with the Standards - Toilet to Pupil Ratio

Chapter Nineteen (19) of the Ministry of Education Standards and Evaluation Guidelines of March 2016 stipulates that schools should comply with the following Ministry standards concerning water closets and hand wash basins for primary and secondary school learners;

Girls

- 1 toilet for 20 learners;
- At least 1 incinerator;
- 1 hand basin for every 20 learners.

Boys

- 1 toilet for 25 learners;
- 1 x 60cm urinal for 25 learners;
- 1 hand basin for 25 learners.



However, physical inspections of thirty-one (31) schools in six (6) provinces revealed that the schools had a total of 230 toilets for 34,091 learners translating to an average ratio of eighty (80) learners per toilet.

ii. Inadequate Water Points and Sanitation Facilities in Schools

Section 3.2 of the Water, Sanitation and Hygiene in Schools (WinS) National Standards and Guidelines Mitigation and Localisation 2020 provides for a hand washing station for every 50 learners, a drinking tap stand for every 50 learners and 1:50 gender separated toilets.

Physical inspections carried out in seventeen (17) schools in seven (7) districts revealed that 26,203 students shared 24 taps and 76 hand washing stations against the requirement of 524 taps and hand washing stations.

iii. Payment to Suppliers Without Tax Clearance Certificates

Section 89 (1) of the Public Procurement Act No. 8 of 2020 states that a bidder is eligible to participate in a procurement if he is licensed, in good standing with the professional body to which the bidder is aligned where applicable and that bidder has fulfilled the bidder's obligation to pay taxes and social security contributions.

Contrary to the Act, goods, and services in amounts totalling K617,781 were procured from 118 suppliers who had no tax clearance certificates from the Zambia Revenue Authority (ZRA). See table 22 below.

Table 22: Irregular Engagement of Suppliers

Province	District	School	No. of Suppliers	Amount K
Lusaka	Lusaka	Matero Sec. School	2	30,450
Western	Mulobezi	Suchili Secondary School	30	130,664
		Suchili Primary School	36	265,193
		Ilute Yeta Boarding Secondary School	42	165,659
	Mwandi	Ilute Yeta Boarding Secondary School	8	25,815
	Total		118	617,781

iv. Failure to Settle Outstanding Bills

As at 31st August 2025, three (3) schools had outstanding bills in amounts totalling K2,653,821 in respect of the goods and services and utilities, some dating as far back as 2020. See table 23 below.



Table 23: Outstanding Bills

Province	District	School	Details	Amount K
Eastern	Chama	Chama Boarding	Zesco	234,930
	Chipata	Chizongwe Secondary School	Zesco	1,234,287
Southern	Livingstone	Hilcrest Secondary School	Suppliers	1,184,604
Total				2,653,821

28 Head: 80 Ministry of Education – Zambia Enhancing Early Learning (ZEEL) Project

28.1 Mandate

The objective of the Project is to improve equitable access to quality learning conditions in early childhood education in targeted areas.

28.2 Background

The Ministry of Education (MoE) received a grant amounting to US\$39.01 million from the Global Partnership for Education (GPE) towards the implementation of the Zambia Enhancing Early Learning (ZEEL) Project from 2021 to 2025.

The project will be implemented in forty five (45) most disadvantaged selected rural districts across the ten (10) provinces of Zambia. A total of 110 ECE hub Centres (with 2 ECE classrooms each) and 330 ECE satellite centres (with 1 classroom each) will be established in the targeted areas

The Project Implementation Unit (ZEPCU) coordinates, manages and oversees the day-to-day implementation of the project. It is staffed by full time officers. The Project Coordinator heads the Project Implementing Unit (PIU) and he reports to the Permanent Secretary.

28.3 Budget, Funding and Expenditure

During the period under review, a total provision of K287,139,005 (US\$ 11,485,560) was made to cater for project activities, out of which amounts totalling K262,365,354 (US\$10,489,017) representing 91.37% of the budget were released, resulting in under-funding of K24,773,651 (US\$ 996,543). See table 1 below.



Table 1: Budget (Receipts) and Funding

Component	Budget		Funding		Variance		Variance %
	K	US\$	K	US\$	K	US\$	
Balance brought forward			97,814,267.00				
Component 1	201,276,879	8,051,075	103,462,612.00	8,051,075.00	97,814,267.00	-	
Component 2	12,194,106	487,764	2,639,920.00	100,000.00	9,554,186.00	387,764.00	79.50
Component 3	15,219,465	608,779	-	-	15,219,465.00	608,779.00	100.00
Component 4	58,448,555	2,337,942	58,448,555.00	2,337,942.00	-	-	
Total Budget/Receipts	287,139,005	11,485,560	262,365,354.00	10,489,017.00	24,773,651.00	996,543.00	

As at 31st December 2024, amounts totalling K148,328,240 had been spent representing 56.53% of the total available funds and 51.66 % of the total budget

Further, out of the total K243,810,588 (US\$11,045,636) released to be spent on the programme during the period from 2022 to 2024, amounts totalling K156,998,726 (US\$7,240,268) were spent leaving a balance of K86,811,862 (US\$3,805,368) as at 31st December 2024.

Table 2: Unutilised Funds

Total Receipts from the Bank			
No.	Year	K	US\$
1	2022	55,064,154	3,354,686
2	2023	42,640,000	2,000,000
3	2024	146,106,434	5,690,950
Total		243,810,588	11,045,636
Total Expenditure			
1	2022	838,179	51,065
2	2023	7,832,307	528,234
3	2024	148,328,240	6,660,969
Total		156,998,726	7,240,268
Variance		86,811,862	3,805,368

In addition, a cumulative sum of K515,397,514.51 was committed to be spent during the period from 15th December 2021 to 31st December 2024, however, amounts totalling K156,998,727 were spent leaving a balance of K366,231,096 as at 31st December 2024. This represented 71% underutilization of the total committed funds as at 31st December 2024.



Table 3: Unutilised Budget Provisions

Component	Year	Budgeted K	Actual Funding K	Actual Expenditure K	Variance K
1	2022	36,980,074	36,980,074	-	36,980,074
	2023	111,796,923	111,796,923	-	111,796,923
	2024	201,276,879	201,276,879	125,565,704	75,711,175
2	2022	7,186,852	7,186,852	-	7,186,852
	2023	2,276,200	2,276,200		2,276,200
	2024	12,194,106	12,194,106	784,727	11,409,379
3	2022	-	-	-	7,832,308
	2023	13,415,126	13,415,126	2,151,374	11,263,751
	2024	15,219,465	15,219,465	-	15,219,465
4	2022	18,409,748	18,409,748	838,179	17,571,569
	2023	38,193,588	38,193,588	5,680,934	32,512,654
	2024	58,448,555	58,448,555	21,977,809	36,470,746
Total		515,397,515	515,397,515	156,998,727	366,231,096

28.4 Audit Findings

An examination of accounting and other records maintained during the period under review revealed the following:

a. Component 1: Delayed Completion and Commencement of Phase 1– Construction of ECE Hubs

In the annual work plans and budget for the financial year ended 31st December 2024, a total budget provision of K201,276,879 was made to cater for the construction of fifty two (52) Early Childhood Education (ECE) hubs, validation of 110 satellite centres in selected districts, rehabilitation of existing hubs, procurement of forty five (45) motor bikes and conducting of monitoring activities among others. Amounts totalling K125,565,704 were spent leaving a balance of K75,711,175 as at 31st December 2024.

A review of the Progress Report as at 28th February 2025 and the Action Plan for the period 2025 to 2026 revealed that a total of fifty two (52) hub centres were funded under phase 1 in quarter 2 of 2024 for construction of ECE hubs up to roof level and that all the 110 satellite centres were validated.



Table 4: Component 1

Sub Component	Budget K	Expenditure K	Variation K	Variance K
1.1 - Expansion of ECE Facilities	185,806,159	121,604,297	5,485,771	64,201,862
1.2 - Enhancing the Quality of ECE Environment	15,470,720	3,961,407	- 5,485,771	16,995,084
Total	201,276,879	125,565,704	-	75,711,175

During the period under review, amounts totalling K45,027,678 were disbursed to fifty-two (52) schools for the construction of ECE hubs up to roof level in second quarter of 2024.

A physical inspection of sampled ECE hubs under construction conducted in April 2025 revealed that seven (7) schools which received amounts totalling K6,206,467 delayed in completion of phase 1 and the stages of construction varied between backfilling and window level. See table 5 below.

Table 5: Delayed Constructions

No.	Name of Primary School	District	Amount Disbursed K	Date of Receipt	Status as of 30th June 2025
1	Kalongo Mwape	Nyimba District	854,011	18.06.24	Slab Level
2	Kanaji Chilanda	Kabompo	916,980	11.06.24	Window Level
3	Chizela	Mufumbwe	891,631	06.06.24	Back Filling
4	Chifuwe South	Kabompo	919,681	04.06.24	Back Filling
5	Chiundaponde	Lavushimanda	907,381	05.06.24	Window Level
6	Luangwa Primary	Luangwa	853,622	13.05.24	Slab Level
7	Mwalilia Primary	Luangwa	863,161	28.05.24	Below Window
	Total		6,206,467		

In addition, six (6) other schools which received amounts totalling K5,962,925 in December 2024 had not commenced construction work for phase 1 as of 31st July 2025 and the funds remained unspent.

Table 6: ECE Hubs - Construction Not Started

No.	School	District	Date Funds Received	Amount Funded K	Status as of 30th June 2025
1	Kalamba Primary School ECE Hub	Nalolo	30.12.2024	1,000,096	Not Started
2	Muoyo Primary School ECE Hub	Nalolo	30.12.2024	884,597	Not Started
3	Sikongo Primary School ECE Hub	Sikongo	30.12.2024	938,496	Not Started
4	Lwitadi Primary	Zambezi	31.12.2024	1,224,795.63	Not Started
5	Tanzuka Primary School ECE Hub	Sengahill	31.12.2024	957,395.63	Not Started
6	Maule Primary School ECE Hub	Sengahill	31.12.2024	957,545.63	Not Started
	Total			5,962,925	-



b. Failure to Undertake Trainings

Section 81 of Chapter 4 of the Project Appraisal Document (PAD) provides that, the overall Financial Management (FM) residual risk rating of the project is assessed as substantial because of the following identified risks: The project has decentralized expenditures at sub-national level including districts, schools and ECE levels where the Financial Management capacity is weak. The project design provides for direct disbursement of funds to primary schools and ECE centres which would enhance efficiency in the flow of funds.

Further, section 82 provides that, these risks may be mitigated by the following measures: capacity strengthening of district, school-level and ECE fiduciary capacity through training of head teachers, school management committee members and other persons involved in project implementation.

A review of payments made by the Project revealed that Financial, Procurement and Construction Management training was not provided to local community school level Project Implementation Committee members from forty-one (41) schools in twenty-one (21) districts that received funds in amounts totalling K44,672,210 for construction of ECE hubs.

The following were observed:

i. Wasteful Expenditure-Change of Site

A review of the site validation report of December 2023 indicated that due diligence was conducted in the selection of the site such that all factors that could impact on the successful development and operation of the centres had been considered.

However, a review of accounting and other records revealed that Luangwa Primary school had incurred expenditure in amounts totalling K12,463 on payment of wages to casual workers that had dug foundation trenches at a site location near Soweto Compound and was later abandoned.

Further inquiries made revealed that the abandoned site which is 5Km away from Luangwa Primary School falls under the elephant corridor. Therefore, the amount of K12,463 spent on paying casual workers' wages for labour services rendered at the abandoned site was wasteful.



ii. Obtaining Materials at Excessive Costs

On 23rd December 2024, Kalongo Mwape Primary School of Nyimba district paid Tuncay Investment of Lusaka amounts totalling K86,941 for the supply of blocks. In this regard, two (2) officers were paid subsistence allowances amounting to K5,800 to collect the blocks from Lusaka.

Further, amounts totalling K140,000 were paid to Sakapoti Enterprises for the transportation of the blocks from Lusaka to Nyimba bringing the total cost of building materials to K232,741. It was not clear why blocks were procured from Lusaka and not from surrounding districts.

iii. Failure to Procure Labour for Construction - Chizela Primary School

On 6th June 2024, Chizela Primary School of Kabompo district received K891,631 for the construction of an ECE hub. It was observed that between 8th and 14th November 2024 the school procured building materials including 575 pockets of cement, roofing materials, 11,750 blocks, ninety (90) tons of crushed stones among others at a total cost of K769,932.

However, as at 30th April 2025, the project had stalled at foundation box level despite availability of building materials as there were no funds to cater for labour costs.



Unutilized blocks



Unutilized roofing materials

iv. Excess Procurement of Building Materials

A review of payment vouchers and stores records revealed that Mukubwe and Ngabwe primary schools in Ngabwe district procured a total of 130 conforce wires for use in structural reinforcement. A physical count conducted on 22nd



April 2024, revealed that sixty (60) conforce wires valued at K71,150 remained unused. See table 7 below.

Table 7: Excess Building Materials

Station	Material Procured	Materials Used (Mtrs)	Excess Materials (Mtrs)	Excess Procurement K
Mukubwe Primary	65	40	25	29,500
Ngabwe Primary	65	30	35	41,650
Total	130	70	60	71,150



Excess material-Ngabwe primary school



Excess material-Mukubwe primary school

c. Failure to Withhold and Remit VAT

The Value Added Tax Amendment Act No.12 of 2017 as read together with the Treasury and Financial Management Circular No. 6 of 2017 directed all institutions which were appointed as tax agents to withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).

Contrary to the Act, amounts totalling K234,206 were irregularly paid to suppliers of goods and services by Mukumbo Primary School without withholding VAT amounting to K32,304.

29 Head: 80 Ministry of Education – Zambia Education Enhancement Project (ZEEP)

29.1 Project Background

The Zambia Education Enhancement Project (ZEEP) in the Ministry of Education (MoE) was to be implemented over a five-year period from 29th August 2017 and was expected to be completed by 31st October 2022. However, an Additional Financing Agreement (AF1) was made that extended the closing date to 31st December 2025. The project was borne out of Government's realization of the need to improve the quality of education



especially in the under-served rural communities and is being financed through a US\$233 million loan facility provided by the World Bank's International Development Association (IDA). The loan facility of US\$233 million is made up of the original financing of US\$60 million, the first additional financing (AF1) of US\$120 million and a second additional financing (AF2) of US\$53 million.

The Parent project had three (3) components namely:

- **Component 1** - Strengthening teacher training system and textbook availability;
- **Component 2** - Increasing equitable access to secondary education; and
- **Component 3** - Enhancing planning, coordination, monitoring and evaluation and

Education Management Information Systems (EMIS).

The scope of the Additional Financing (AF) was for five (5) components-

- **Component 1** - Improving the quality of teaching and learning conditions in language, arts, science and mathematics in targeted schools;
- **Component 2** - Increasing access to safe secondary schools;
- **Component 3** - Strengthening institutional capacity for education service delivery, management and implementation;
- **Component 4** - Enhancing institutional capacity for implementation of safe school program; and
- **Component 5** - Contingence emergency response.

29.2 Budget, Funding and Expenditure

During the period under review, a total budget of K1,181,827,159.11 (US\$ 47,273,086.36) was made to cater for project components 1 to 4 of the additional scope out of which amounts totalling K1,155,632,784.94 (US\$44,403,376.03) were released resulting in an under-funding of K26,194,374.17 (US\$2,869,710.33). The funded amount represents 97.78% of the budget. See table 1 below.

Table 1: Budget and Funding

Source of Funds	Budget		Funding		Variance		Variance %
	K	US\$	K	US\$	K	US\$	
Investment Project Financing (IPF)(Components 2 & 3)	928,959,894.52	37,158,395.78	1,046,166,120.94	39,610,090.23	- 117,206,226.42	- 2,451,694.45	112.62
Performance-Based Financing (Components 1 and 4)	252,867,264.60	10,114,690.58	109,466,664.00	4,793,285.80	143,400,600.60	5,321,404.78	43.29
Total Budget/Receipts	1,181,827,159.12	47,273,086.36	1,155,632,784.94	44,403,376.03	26,194,374.18	2,869,710.33	97.78



In addition, there was an opening balance of K280,612,317 (US\$12,069,923), bringing the total available funds to K1,436,306,990 (US\$56,476,702).

As at 31st December 2024, amounts totalling K754,923,579 (US\$31,295,745) had been spent representing 52.56 % of the total available funds and 63.88 % of the total budget. As a result, the project did not implement seventy eight (78) activities out of the 133 planned activities for the period under review. See table 2 below.

Table 2: Unimplemented Activities

Component	No. of Activities	No. of Activities Implemented	No. of Activities not Implemented
1.1	14	4	10
1.2	7	4	3
1.3	14	1	13
2	23	17	6
3.1	14	4	10
3.2	37	23	14
4	24	2	22
Total	133	55	78

29.3 Audit Findings:

An examination of accounting and other records maintained during the period under review revealed the following:

a. Audit of Annual Performance – Underutilisation of Committed Funds

On 9th March 2023, the World Bank approved the second additional financing for the project, leading to the signing of IDA Credit No. 72700 amounting to US\$53 million on 12th December 2023. The financing agreement became effective on 4th January 2024 and increased the total project financing to US\$233 million. The closing date for the project was extended to 31st December 2025.

According to the Project Appraisal Document (PAD), the expected disbursements for the total financing of US\$233million were as shown in table 3 below:



Table 3: Expected Disbursements

Fiscal Year	Annual (US\$)	Cumulative (US\$)
2018	6,676,382.41	6,676,382.41
2019	7,787,860.74	14,464,243.15
2020	7,861,776.79	22,326,019.94
2021	7,234,673.93	29,560,693.87
2022	30,041,895.10	59,602,588.97
2023	50,397,411.00	109,999,999.97
2024	50,000,000.00	159,999,999.97
2025	40,000,000.00	199,999,999.97
2026	33,000,000.00	232,999,999.97

However, the total disbursed funds for the project as at 31st December 2024 was US\$115,487,156.35, translating to an overall disbursement rate of 50%. See table 4 below:

Table 4: Disbursement Rate

Details	Loan 61360 (Parent) US\$	Loan 66300 (AF1) US\$	Loan 72700 (AF2) US\$	Total US\$
Credit Amount	60,000,000.00	120,000,000.00	53,000,000.00	233,000,000.00
Total Amount Disbursed	49,203,449.30	66,283,707.05	-	115,487,156.35
Disbursement Rate	82%	55%	0%	50%

Although a cumulative sum of US\$115,487,154 (K2,336,284,410) was released to be spent during the period from 2018 to 2024, amounts totalling US\$90,154,961 (K1,755,628,234) were spent leaving a balance of US\$25,332,193 (K580,656,176) as at 31st December 2024. See table 5 below.

Table 5: Underutilisation of funds

Fiscal Year	Receipts		Expenditure		Variance	
	US\$	K	US\$	K	US\$	K
2018	6,940,796	68,361,448	3,771,454	37,459,971	3,169,342	30,901,477
2019	10,265,285	134,390,569	9,651,701	121,200,479	613,584	13,190,090
2020	11,976,754	220,583,359	9,555,835	159,994,168	2,420,919	60,589,191
2021	7,030,184	120,010,238	11,941,559	228,362,173	(4,911,375)	(108,351,935)
2022	28,643,400	489,110,434	5,202,319	90,140,675	23,441,081	398,969,759
2023	6,227,359	148,195,578	18,736,347	363,547,190	(12,508,988)	(215,351,612)
2024	44,403,376	1,155,632,785	31,295,745	754,923,579	13,107,631	400,709,206
Totals	115,487,154	2,336,284,410	90,154,961	1,755,628,234	25,332,193	580,656,176



b. Project Implementation Progress

i. Component 2: Increasing Equitable Access to Secondary Education

During the period under review, a total budget provision of US\$32,642,904 (K816,072,600) was made for the implementation of twenty-four (24) activities as shown in table 6 below.

Table 6: Activities Under Component 2

Activity Code	Description	Budget	
		K	US\$
2.0.1.1	Printing of working Drawings and Material Schedules and distribution	1,000,000	40,000
2.0.1.2	Constructing 120 Secondary schools up to wall plate level (Materials and Labour)	496,304,786	19,852,191
2.0.1.3	Procurement of Materials by PIC	8,400,000	336,000
2.0.1.4	Transporting materials to site	49,630,479	1,985,219
2.0.1.5	Land survey and place beacons	1,847,500	73,900
2.0.1.6	Training of school staff and community members working on the project (ESFM/ESMP) and GRM distribution of boxes and registers	2,717,971	108,719
2.0.1.7	Monitoring the implementation of the ESMP/ESMF and GRM cases	1,431,145	57,246
2.0.1.8	Training in electronic monitoring of construction progress	2,238,880	89,555
2.0.1.9	Monitoring of Project by ZEPIU, PIU, Management and Provincial Technical Officers for 120 secondary schools	9,917,272	396,691
2.0.1.10	Monitoring of project by PEO, Auditors, RE and SBO for 120 Secondary Schools	6,755,355	270,214
2.0.1.11	Monitoring of project by DEBs and DBO for 120 secondary schools	7,683,984	307,359
2.0.1.12	Procurement of Teaching Materials and School furniture	-	-
2.0.1.13	Procurement of Teaching Materials and School furniture	27,060,000	1,082,400
2.0.1.14	Engineering services installation in the Parent ZEEP Schools	101,252,500	4,050,100
2.0.1.15	Consultancy Services	9,500,000	380,000
2.0.1.16	Evaluation of Bids	909,018	36,361
2.0.1.17	Completion of 82 Secondary Schools	33,470,958	1,338,838
2.0.1.18	Supervision of project by HQ, RE, SBO and BO for 82 secondary schools	1,005,388	40,216
2.0.1.19	Monitoring of Project by HQ, PEO and DEBS for 82 Secondary Schools	1,068,800	42,752
2.0.1.20	ESS, ESMP - Project closure for the 82 schools	1,743,300	69,732
2.0.1.21	Monitoring of project by DEBs and DBO	5,691,840	227,674
2.0.1.22	Construction and Fiduciary Management Training in Six (6) Provinces	8,757,424	350,297
2.0.1.23	Mid-term Review of ESMP/ESS 120 Secondary	1,356,000	54,240
2.0.1.24	Procurement of Motor Vehicles, Motorcycles and Monitoring Equipment	36,330,000	1,453,200
	Total	816,072,600	32,642,904



The following were observed:

- **Engineering Services Installation in the Parent ZEEP Schools - Drilling and Equipping of Boreholes**

A total budget of K101,252,500 (US\$4,050,100) was made to cater for drilling and equipping of boreholes, construction of power supply lines, procurement of laboratory equipment and reagents and procurement of home economics equipment for the eighty-two (82) Schools under the Parent ZEEP, out of which amounts totalling K17,444,450.54 (US\$903,259.40) were spent, resulting in under-utilisation of K83,808,049.46 (US\$3,146,840.60).

In this regard, the Ministry, on behalf of the Zambia Education Enhancement Project (ZEEP) engaged seven (7) contractors for the drilling and equipping of 140 boreholes at 120 ZEEP AF Schools and 20 ZEEP Parent Schools at a total contract sum of K18,356,131.54 with 14 – 16 weeks completion periods.

In August and October 2024, the contractors were paid amounts totaling K3,225,725.70 as 25% advance payments leaving a balance of K15,130,405.84 as at 31st December 2024. See table 7 below:

Table 7: Contracts for Drilling and Equipping of 140 boreholes in 120 School

No.	Contractor	Contract Sum (K)	Advance Payment K	Outstanding Balance K	Contract Date	Delivery Period	Province	Lot No.	No. of Schools
1	Lusitu Drilling and Exploration	1,809,600.00	452,400.00	1,357,200.00	24.06.24	14 - 16 weeks	Eastern, Central, Lusaka & Southern	5, 6	12
2	Kayombo Tech Limited	4,471,602.80	1,122,400.70	3,349,202.10	10.06.24	14 - 16 weeks	Luapula & North-Western	2, 6 & 7	32
3	Malsam Construction & Supply Company Limited	1,938,900.00	484,725.00	1,454,175.00	07.06.24	14 - 16 weeks	Copperbelt & Muchinga	3, 4	23
4	SMR Construction Limited	1,276,000.00	319,000.00	957,000.00	10.06.24	14 - 16 weeks	Central	12	8
5	Sunshine Boreholes	2,042,400.00	510,600.00	1,531,800.00	18.06.24	14 - 16 weeks	Eastern, Southern & Lusaka	1, 5, 11	26
6	Sustainable Water Solutions Limited	1,346,400.00	336,600.00	1,009,800.00	20.06.24	14 - 16 weeks	Western	2	8
7	Zambezi Drilling and Exploration Limited	5,471,228.74	-	5,471,228.74	20.08.24	14 - 16 weeks	Western, Northern & Luapula	1, 3 & 4	31
Total		18,356,131.54	3,225,725.70	15,130,405.84					140

The following were observed:

- **Expired Advance Payment Securities**

Clause 53.1 of the General Contract Conditions of the contracts signed states that the Advance Payment Guarantee shall remain effective until



the advance payment has been repaid, but the amount of the Guarantee shall be progressively reduced by the amounts repaid by the Contractor. Further, Clause 53.3 states that the advance payment shall be repaid by deducting proportionate amounts from payments otherwise due to the Contractor, following the schedule of completed percentages of the Works on a pro-rata payment basis.

The Ministry made advance payments in amounts totaling K2,436,726 to the four (4) contractors on 16th August 2024. However, the advance payment securities expired between 10th October 2024 and 2nd February 2025 and there was no evidence that the bonds had been renewed as of April 2025 leaving public funds unsecured. See table 8 below.

Table 8: Expired Advance Payment Securities

Contract Sign Date	Contractor	Contract Sum K	Advance Payment K	Date of Advance Payment	Issue Date of Security	Expiry Date of Security
16.06.24	Kayombo Tech Ltd	4,471,603	1,122,401	16.08.24	13.06.24	10.02.25
07.06.24	Malsam Construction	1,938,900	484,725	16.08.24	11.06.24	18.10.24
10.06.24	SMR Construction	1,276,000	319,000	16.08.24	18.06.24	17.10.24
18.06.24	Sunshine Boreholes	2,042,000	510,600	16.08.24	10.07.24	10.10.24
	Total	9,728,503	2,436,726			

○ **Physical Verifications**

A physical verification carried out in May 2025 at selected schools on the Copperbelt, Southern, Eastern, Lusaka and Western provinces revealed that eleven (11) boreholes had not been drilled, three (3) boreholes had been drilled but were not equipped with hand pumps and six (6) dry boreholes had been drilled. See table 9 below.



Table 9: Physical Status of Boreholes

Province	School	Status	Contractor
Copperbelt	Kamuchanga Day Secondary School	Boreholes not drilled	Malsam Construction and Supply Company Limited
	Kamenza East Day Secondary School		
	Chimfushi Day Secondary School	One dry borehole drilled, no water on site	
	Kalweo Day Secondary School		
Southern	Buchebuche Day Secondary School	Boreholes not drilled	Sunshine Boreholes
	Katwezele Day Secondary School		
Eastern	Undi Boarding Secondary School	Three (3) dry boreholes drilled, no water on site	
Lusaka	Kalundu Day Secondary School	Two (2) dry borehole drilled, no water on site	
	Kwamwena Day Secondary School	Bore drilled but not equipped	
	Soloboni Day Secondary School	Borehole not drilled	
Muchinga	Lualizi Day Secondary school	Borehole not drilled	Malsam Construction and Supply Company Limited
	Kapisha Day Secondary school		
	Yatula Day Secondary school		
	Sanga Day Secondary school		
	Lubu Day Secondary school		
Western	Lukalanya Day Secondary school	Borehole not equipped	Zambezi Drilling and Exploration
	Kaama Day Secondary school		

Consequently, the schools had no water on site.

- Questionable Award of Contract - Kayombo Tech Limited**

On 10th June 2024, Kayombo Tech Limited signed a contract with the Ministry of Education for the drilling and equipping of 32 boreholes in 32 secondary schools under Lot 2: Luapula Province (8), Lot 6: North Western Province (13) and Lot 7: North Western Province (11) at a total contract sum of K4,471,602.80 (VAT inclusive) with a completion period of 14 – 16 weeks at tabulated in table 10 below:

Table 10: Kayombo Contract Details

No.	Province	Lot No	No. of Boreholes	Unit Cost K	Contract Sum K
1	Luapula	2	8	153,686	1,229,484
2	North-Western	6	13	134,145	1,743,886
3	North-Western	7	11	136,203	1,498,233
	Total		32		4,471,603

This implied that the unit cost per borehole ranged between K134,145.08 and K153,685.50.

On 16th August 2024, the contractor was paid amounts totaling K1,117,901 as 25% advance payment leaving a balance of K3,353,702 as at 31st December 2024.



The Advance Payment was secured by an Advance Payment Guarantee issued by Veritas General Insurance PLC on 13th June 2024 with an expiry date of 10th February 2025.

The scope of works included drilling 32 boreholes and equipping them with Mark II Handpumps.

The following were observed:

- **Questionable Award of Contract**

The Public Procurement Regulations number 84 (3) of 2022 states that, ‘a procuring entity shall not include any bidder on a shortlist unless the bidder is expected to fully satisfy the procuring entity’s requirements, including those related to eligibility, qualifications, capacity, resources and experience.’

Further, Section III of the Instruction to Bidder (ITB) No. 3.4.1 (a) refers to bidder’s eligibility and qualification criteria which requires that a bidder must have a general construction experience of at least 5 years starting 1st January 2018.

Contrary to the Requirements, a review of bidding documents submitted by Kayombo Tech Limited revealed that the contractor did not meet the eligibility and qualification criteria on experience in that, the company was incorporated on 25th January 2023.

In this regard, a physical verification conducted in North-western Province in March 2025 at sixteen (16) out of twenty-four (24) schools where Kayombo Tech Limited was contracted to drill boreholes revealed that twelve (12) boreholes had not been drilled and four (4) drilled boreholes were not equipped in North Western Province as shown in table 11 below.



Table 11: Status of Boreholes

No.	District	School Name	Site Possession Date	Expected Completion Date	Status
1	Ikelenge	Mwininyilamba Day	06/09/24	06/01/25	The driller is not yet on site
		Mukangala Day	06/09/24	06/01/25	The driller is not yet on site
		Lwakela Boarding	06/09/24	06/01/25	The driller is not yet on site
		Saluzhing'a Boarding	06/09/24	06/01/25	The driller is not yet on site
2	Kabompo	Chikonkwelo Day	06/09/24	06/01/25	Construction site was cancelled and moved to maveve area
		Kamisombo Day	06/09/24	06/01/25	The driller is not yet on site
3	Kasempa	Mukunashi Day	06/09/24	06/01/25	The driller is not yet on site
		Miombe Day	06/09/24	06/01/25	The driller is not yet on site
4	Mufumbwe	Miluji Day	06/09/24	06/01/25	The driller is not yet on site
		Shukwe West Day	06/09/24	06/01/25	32m borehole. Hand pump not yet installed
5	Mushindamo	Mujimanzovu Day	06/09/24	06/01/25	The driller is not yet on site
		Kilumba Day	06/09/24	06/01/25	Borehole collapsed
6	Mwinilunga	Kakoma Day	06/09/24	06/01/25	The driller is not yet on site
		Chisengisengi Day	06/09/24	06/01/25	The driller is not yet on site
7	Kalumbila	Chitungu Day	06/09/24	06/01/25	42m borehole. Hand pump not yet installed
8	Zambezi	Nyakulenga Day	06/09/24	06/01/25	Borehole collapsed

- Supply and Delivery of Home Economics Equipment**

During the period under review, the Ministry on behalf of the Zambia Education Enhancement Project (ZEEP) entered into six (6) contracts for the supply and delivery of home economics equipment in 82 Schools located in Luapula, Northern, Eastern, Muchinga, Southern, Central and Lusaka provinces at a total contract sum of K29,970,031 with delivery periods of 12 – 16 weeks.

Between 11th October and 9th December 2024, the suppliers were paid amounts totaling K7,760,779 as 25% advance payments, leaving a balance of K22,209,252 as at 31st December 2024. See table 12 below.



Table 12: Contracts for the Supply and Delivery of Home Economics Equipment

No.	Contractor	Contract Sum (VAT Inclusive) K	Contract Date	Delivery Period	Amount Paid K	Balance K	Lot No.	No. of Schools
1	Black Bear Auto Limited	1,476,714.00	22/08/2024	12 - 16 weeks from date of advance payment	369,179.00	1,107,535.00	4	82
2	Bonvoyage Enterprises Limited (Contract Sum US\$252,862.00)	6,551,350.99	22/08/2024	12 - 16 weeks from date of advance payment	1,699,968.33	4,851,382.66	2, 5	82
3	Black Diamond Investments Limited	6,630,300.00	22/08/2024	12 - 16 weeks from date of advance payment	1,657,575.00	4,972,725.00	1	82
4	Luanshya Agro Supplies Limited	4,473,920.00	22/08/2024	12 - 16 weeks from date of advance payment	1,118,480.00	3,355,440.00	7	82
5	Kamron Investments Limited (Contract Sum US\$85,512.12)	2,215,516.41	22/08/2024	12 - 16 weeks from date of advance payment	596,019.48	1,619,496.93	3	82
6	Leisley Howards Limited (Contract Sum US\$332,791.54)	8,622,229.45	11/10/2024	12 - 16 weeks from date of advance payment	2,319,556.89	6,302,672.56	6	82
Total		29,970,030.85			7,760,778.70	22,209,252.15		

The following were observed:

○ **Failure to Deliver Home Economics Equipment**

Although the six (6) suppliers were paid advances in amounts totalling K7,760,779 between 11th October and 9th December 2024, as at 30th June 2025, three (3) suppliers namely Black Diamond Investments Limited, Leisley Howard Limited and Luanshya Agro Supplies Limited had not delivered the contracted items.

○ **Under-delivery of Home Economics Equipment**

Three (3) suppliers namely, Black Bear Auto Ltd, Bonvoyage Enterprises Ltd and Kamron Investments Ltd were contracted to deliver a total of 634 assorted home economics equipment to each of the eighty-two (82) Secondary Schools.

However, a physical verification conducted in April 2025 at twenty-five (25) schools in five (5) provinces revealed that out of 15,850 pieces of equipment ordered at a total cost of K3,142,676 for the twenty-five (25) schools, 10,332 pieces were delivered, resulting in under delivery of 5,518 valued at K606,492 pieces. See table 13 below.



Table 13: Under-delivered Home Economics Equipment

Province	School	Quantity Ordered	Quantity Delivered	Quantity Under delivered	Value K
Lusaka	St. Michael Day Secondary School	634	543	91	2,931
	Palabana Day Secondary School	634	355	279	21,948
	Chifwema Day Secondary School	634	351	283	20,372
	Kakaro Day Secondary School	634	452	182	18,029
	State Lodge B Day Secondary School	634	369	265	57,974
	New Ngo'mbe Day Secondary School	634	350	284	21,799
	New Mandevu Day Secondary School	634	359	275	28,356
	Lukwipa Day Secondary School	634	356	278	21,768
	Sikoongo Day Secondary School	634	115	519	46,081
Muchinga	Musanya Day Secondary School	634	289	345	40,036
	Kaseya Day Secondary School	634	320	314	26,216
	Lukulu Day Secondary School	634	320	314	37,957
	Ntolondo Day Secondary School	634	350	284	30,214
Eastern	Chinambi Day Secondary School	634	452	182	18,029
	Mng'omba Day Secondary School	634	350	284	24,741
	Ng'ombe Ni Matole Day Secondary School	634	442	192	18,933
	Kafunkha Day Secondary School	634	452	182	18,029
	Kapungwe Day Secondary School	634	452	182	18,029
Central	Ipungo Day Secondary School	634	452	182	18,029
Southern	Itapa Day Secondary School	634	536	98	1,495
	Luumbo Day Secondary School	634	604	30	2,709
	Nang'ombe Day Secondary School	634	325	309	19,807
	Kasensa Day Secondary School	634	503	131	90,114
	Munjile Day Secondary School	634	611	23	2,086
	Chikani Day Secondary School	634	624	10	810
	Total	15850	10332	5518	606,492

○ **Delivered Goods Not Meeting Technical Specifications – Lusaka Province**

A review of accounting and other stores related documents such as ledgers, delivery notes and goods received notes revealed that the two (2) suppliers namely Bonvoyage Enterprises Ltd and Kamron Investment Limited delivered eight (8) kitchen utensils valued at K11,017 that did not meet the technical specifications set out in the contract. See table 14 below.



Table 14: Delivered Goods Not Meeting Technical Specifications

Suppliers Name	Type of goods	Description of Goods	Technical specifications	Delivery Discrepancy	Pictures of delivered goods
Bonvoyage Enterprises Ltd	Appliances	Food processor	Infinitely variable speed, 600 watt motor, steel blade, standard and fine shredding plates, standard and fine slicing plates, chipper plate, balloon whisk, dough tool, liquidiser, juice separator, spice mill and cover.	No chipper plate, balloon whisk, dough tool, liquidiser, juice separator, spice mill and cover	
		Infrared grill	with additional sandwich maker and waffle plates. Non stick finish. Indicator light.	No waffle plates	
		Fish-fryer	stainless steel, heavy quality deep pattern. Bakelite handle. Tinned steel wire basket. Polished finish. Diameter 9" Depth 4".	No stainless steel, heavy quality deep pattern. Bakelite handle	
		Liquidizer	variable speed control. 1 litre capacity, motor 300 watt. Coffee mill attachment.	No coffee mill attachment	
		Vacuum flask – stainless steel	stainless steel	Vacuum cup	
Kamron Investment Limited	Kitchen Utensils	Measuring cup – aluminium.	Graduated for a variety of foods in imperial and metric measurements.	No metric measurements	

- Supply and Delivery of Laboratory Equipment and Reagents**

During the period under review, the Ministry on behalf of the Zambia Education Enhancement Project (ZEEP) entered into four (4) contracts for the supply and delivery of laboratory equipment and reagents in 82 Schools located in Luapula, Northern, Eastern, Muchinga, Southern, Central and Lusaka provinces at a total contract sum of K8,654,504.49 with delivery periods of 12 – 16 weeks.

As of September 2024, the Suppliers had been paid amounts totaling K2,169,546.90 as 25% advance payments, leaving a balance of K6,484,957.59 as at 31st December 2024. See table 15 below.



Table 15: Contracts for the Supply and Delivery of Laboratory Equipment and Reagents

No.	Contractor	Contract Sum (VAT Inclusive)	Contract Date	Delivery Period	Amount Paid K	Adv. Payment Date	Outstanding Balance K	Lot No.	No. of Schools
1	Kabvinira Enterprise Limited	3,077,931.00	17/06/2024	12 - 16 weeks from date of advance payment.	769,482.75	17/08/2024	2,308,448.25	3, 4	25
2	Advanced Products Zambia	2,314,208.19	10/06/2024	12 - 16 weeks from date of advance payment.	578,551.77	23/08/2024	1,735,656.42	1, 2	20
3	Quantum Lab Logistics Limited (Contract sum US\$80,671.03)	2,121,914.30	14/06/2024	12 - 16 weeks from date of advance payment.	536,399.63	23/08/2024	1,585,514.67	5, 6	25
4	Biogenix Limited	1,140,451.00	06/06/2024	12 - 16 weeks from date of advance payment.	285,112.75	27/09/2024	855,338.25	7	9
Total		8,654,504.49			2,169,546.90		6,484,957.59		

The following were observed:

○ **Failure to Deliver Equipment**

A scrutiny of records and a physical verification of selected schools conducted in May 2025 revealed that the laboratory equipment and reagents valued at K8,654,504.49 (VAT Inclusive) had not been delivered to all the 82 schools.

○ **Failure to Renew Performance Bonds**

Regulation no. 184(d) of the Public Procurement Regulation of 2022 states that “A solicitation document and contract shall state that the performance security shall be valid for the period specified in the contract, which shall normally be thirty days beyond the anticipated completion date of the contract”.

Contrary to the Regulation, despite the contracts not having been completed, the performance securities submitted by two (2) Suppliers (Advanced Products Zambia Limited and Biogenix Limited) expired on 30th November 2024 and 31st October 2024 respectively. As at 30th June 2025, the performance bonds had not been renewed.



c. Procurement Matters

i. Payments to Suppliers without Clearance from Zambia Revenue Authority (ZRA)

Treasury and Finance Management Circular No. 7 of 2023 states “To ensure that ZRA collects all taxes due from payments to suppliers of goods or services as required by the law, the Treasury wish to guide that with effect from 13th March 2023, all line Ministries, Government Departments and Statutory Bodies should obtain clearance from ZRA before payments are made for goods or services supplied to the Government of the Republic of Zambia”.

Contrary to the Circular, 318 payments in amounts totalling K24,621,432 processed at four (4) stations were made to seventy-two (72) suppliers for procurement of various goods and services without obtaining clearance from ZRA.

ii. Undelivered Building Materials – Lwamala Secondary School

During the period under review, amounts totalling K3,653,243 were paid to eight (8) suppliers for procurement of various building materials. However, a scrutiny of accounting documents such as local purchase orders, delivery notes and goods received vouchers revealed that the school had not received building materials as at 31st August 2025.

d. Other Accounting Irregularities

i. Failure to Withhold Value Added Tax (VAT)

The Value Added Tax (VAT) Amendment Act No. 12 of 2017 and Treasury and Financial Management Circular No. 6 of 2017 directed all institutions which were appointed as tax agents to withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).

Contrary to the provisions, nine (9) secondary schools made payments to various suppliers of building materials in amounts totalling K16,747,297 without withholding VAT in amounts totalling K2,309,970. See table 16 below.



Table 16: Failure to Withhold VAT

Province	Station	Total Payment K	VAT not withheld K
Copperbelt	Kamakonde Day Secondary School	1,749,704	241,338
	Kafue Park Day Secondary School	872,379	120,328
	Buyantanshi Day Secondary School	62,215	8,581
	Mapalo Day Secondary School	272,849	37,634
	Kamuchanga Day Secondary School	597,685	82,439
Central	Shikatundwe Day Secondary School	5,372,068	740,975
Southern	Katweezele Day Secondary School	5,495	758
	Buchebuche Day Secondary School	2,169,891	299,295
	Chikani Day Secondary School	176,333	24,322
Total		11,278,618	1,555,671

ii. Failure to Remit Taxes – North-Western Province

Income Tax Act Chapter 323 of the Laws of Zambia requires that tax be deducted from personal emoluments and remitted to Zambia Revenue Authority (ZRA). Further, the Value Added Tax (VAT) Amendment Act No. 12 of 2017 and Treasury and Financial Management Circular No. 6 of 2017 directed all institutions which were appointed as tax agents to withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).

Contrary to the Acts, tax in amounts totalling K60,657 withheld from payments for goods and services in amounts totalling K1,457,768 at Nyakulenga Day Secondary School had not been remitted to ZRA as of 30th June 2025.



30 Head: 86 Ministry of Fisheries and Livestock

30.1 Mandate

The Ministry of Fisheries and Livestock is mandated to develop and manage the Fisheries and Livestock subsectors in Zambia. The Ministry is responsible for policy and legal development, production and productivity development, animal health, research and development, agribusiness and marketing, extension and advisory services, vocation, technical, and life learning skills.

30.2 Budget and Funding

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K1,464,291,987 was made to cater for the operations of the Ministry against which amounts totalling K916,333,994 were released resulting in an underfunding of K547,957,993. See table 1 below.

Table 1: Budget and Funding

No.	Programme	Budget Allocation K	Amount Funded K	Underfunding K	Expenditure K	Balance as at 31.12.2024 K
1	Livestock Production and Productivity	226,734,113	180,166,243	(46,567,870)	180,115,049	51,194
2	Fisheries Production and Productivity	169,165,664	120,312,192	(48,853,472)	120,255,313	56,879
3	Animal Health Services	840,292,939	459,467,213	(380,825,726)	431,390,361	28,076,852
4	Technical Services	19,599,259	9,704,616	(9,894,643)	9,125,853	578,763
5	Management and Support Services	208,500,012	146,683,730	(61,816,282)	144,742,704	1,941,026
	Total	1,464,291,987	916,333,994	(547,957,993)	885,629,280	30,704,714

As at 31st December 2024, the Ministry had spent amounts totalling K885,629,280 leaving a balance of K30,704,714.

30.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters, Provincial and selected District offices for the period under review revealed the following:

a. Failure to Utilise Funds

Contrary to the Appropriation Act No. 29 of 2023, despite the Ministry having been funded amounts totalling K30,704,714 meant for the implementation of various programmes, primarily under animal health services, the funds had not been utilised as at 31st December 2024 and were returned to the Treasury.



The Ministry Headquarters failed to utilise the funds despite having challenges in the provincial and district offices which included shortage of vaccines, unrenovated camp houses and dip tanks, unequipped veterinary laboratories, unreplenished breeding centres with improved breeds, unproduced fingerlings and unsettled outstanding liabilities.

b. Operational Matters

i. Annual Performance of the Ministry

Section 47 (1) of the National Planning and Budgeting Act No. 1 of 2020 states, “A Controlling Officer is accountable for the attainment of the output targets set out in the estimates of revenue and expenditure falling under the management mandate.”

During the period under review, the Ministry targeted to achieve various outputs.

However, as at 31st December 2024, some set targets had not been achieved. See table 2 below.

Table 2: Failure to Meet Programme Targets

No.	Programme	Budget Allocation K	Amount Funded K	Expenditure K	Performance Indicator		
					Planned Targets (Key Output)	Targets Achieved (Key Output)	Variance (Key Output)
1	2130 - Livestock Production and Productivity	226,734,113	180,166,243	180,115,049	19	15	4
2	2131 - Fisheries Production and Productivity	169,165,664	120,312,192	120,255,313	7	4	3
3	2132 - Animal Health Services	840,292,939	459,467,213	431,390,361	10	8	2
4	2136 - Technical Services	19,599,259	9,704,616	9,125,853	19	0	19
5	2199 - Management and Support Services	208,500,012	146,683,730	144,742,704	19	6	13
	Total	1,464,291,987	916,333,994	885,629,280	74	33	41

It was further observed that despite a total of K9,704,616 being funded and K9,125,853 being spent, no outputs were achieved on activity 2136 – Technical Services.

ii. Animal Health Services

• Failure to Meet Vaccination Targets

During the period under review, five (5) provinces had targeted to vaccinate a total number of 1,124,700 animals against Foot and Mouth Disease (FMD). However, a review of reports and other related documents revealed that a



total number of 634,013 animals were vaccinated leaving a balance of 487,861 animals unvaccinated.

In addition, North-western and Muchinga provinces targeted to vaccinate 38,700 animals against Contagious Bovine Pleuro-Pneumonia (CBPP). However, a total number of 36,294 animals were vaccinated leaving a balance of 2,406 animals unvaccinated.

Further, Lusaka Province administered 2,219 Newcastle vaccines against a targeted number of 5,600 leaving a balance of 3,381 unvaccinated. See table 3 below.

Table 3: Failure to Meet Targets on FMD and CBPP Vaccinations

Province	Names of Districts	Targeted No. of Animals to be Vaccinated	Actual No. of Animals Vaccinated	Total No. of Animals not Vaccinated	Percentage (%) of Animals Vaccinated
Central	FMD				
	Chibombo	105,000	90,973	14,027	87
	Chisamba	70,000	66,005	3,995	94
	Kabwe	22,000	16,993	5,007	77
	Kapiri Mposhi	50,000	48,524	1,476	97
	Luano	15,000	14,928	72	100
	Mumbwa	120,000	107,565	12,435	90
	Ngabwe	24,000	23,573	427	98
	Serenje	17,000	16,575	425	98
	Shibuyunji	56,700	58,537	(1,837)	103
	Sub Total	479,700	443,673	36,027	
	FMD				
Western	Mongu	600,000	151,108	448,892	25
	FMD				
Lusaka	Lusaka	13,000	9,982	3,018	77
	Newcastle				
	Lusaka	5,600	2,219	3,381	40
North Western	FMD				
	Kasempa	15,000	14,567	433	97
	Mufumbwe	7,000	6,020	-980	86
	Sub Total	22,000	20,587	-1413	
	FMD				
Muchinga	Chinsali	10,000	8,663	1,337	87
	Sub Total	10,000	8,663	1,337	
	FMD Total	1,124,700	634,013	487,861	
North Western	CBPP				
	Mufumbwe	6,500	6,206	294	95
	Mwinilunga	7,200	7,021	179	98
	Zambezi	20,000	18,153	1,847	91
	Sub Total	33,700	31,380	2,320	
	CBPP				
Muchinga	Chinsali	5,000	4,914	86	98
	Sub Total	5,000	4,914	86	
	CBPP Total	38,700	36,294	2,406	



- **Expired Vaccines**

A review of documents such as vaccine certificates, stock records report, labels on vaccine bottles at thirteen (13) stations revealed that 991 vials of vaccines costing K49,690 had expired. See table 4 below.

Table 4: Expired Vaccines

Location	Station	No. of Vaccines (Vials)	Value K
Lusaka	Livingstone DFLCO	16	800
Headquarters	Mazabuka DFLCO	81	4,050
Central	Chibombo DFLCO	140	7,000
	Chisamba DFLCO	40	2,000
	Kabwe DFLCO	50	2,500
	Kapiri Mposhi DFLCO	15	750
	Luano DFLCO	1	50
	Mumbwa DFLCO	4	340
	Ngabwe DFLCO	4	200
	Serenje DFLCO	4	200
	Shibuyunji DFLCO	2	100
Muchinga	Chinsali PFLCO	332	16,600
Southern	Zimba DFLCO	302	15,100
		991	49,690

As at 31st July 2025, the vaccines had not been destroyed.

iii. Livestock Production and Productivity Improvement Outputs

On 17th February 2017, the Ministry of Fisheries and Livestock was granted Treasury Authority to sale livestock to farmers and the Breeding Centres were allowed to retain 100% of the proceeds in an effort to improve operations at the centres.

In addition, Section 2.6 of the National Livestock Development Policy envisaged livestock stocking and restocking programme on which the main livestock species suitable breeds were to be promoted for restocking of cattle, small ruminants, and village chickens.



The following were observed:

- **Failure to Insure Animals**

Regulation 41 (1) of the Public Finance Management (General) Regulations of 2020 provides that a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997.

Contrary to the Regulation, 147 cattle and 204 goats at four (4) stations were not insured during the period under review. Consequently, three (3) stations could not be compensated for the loss of twenty-two (22) animals which died during the period under review from various diseases resulting in a loss to Government. See table 5 below.

Table 5: Failure to Insure Animals

Province	Station	Cattle	Goats	No. of Animals Not Insured	No. of Deaths	Total
Muchinga	Chinsali PFLCO	-	125	125	7	132
Southern	Choma PFLCO	25	79	104	-	104
Western	Mongu PFLCO	50	-	50	9	59
Copperbelt	Masaiti DFLCO	72	-	72	6	78
	Total	147	204	351	22	373

As at 31st August 2025, the animals had not been insured.

- **Animals Kept by a Third Party - Sesheke DFLCO**

Inquiries made with management in March 2025 revealed that the district had nineteen (19) heads of cattle under its charge.

A physical inspection carried out on 2nd March 2025 revealed that the animals were kept by a member of the community within Sesheke district. The following were further observed:

- It was not possible to determine the animals that belonged to the Ministry in that the animals were neither tagged nor branded.
- It was not possible to ascertain the terms and conditions of the arrangement as there was no signed agreement.
- The Ministry did not keep any record such as Form III Animal Identification Certificate to show ownership of the animals.



- The district had not maintained a stock ledger indicating movements in the numbers of cattle.

iv. Fisheries Production and Productivity Improvement – Failure to Maintain Fishponds

Section 41 (1) of the Public Finance Management Act No. 1 of 2018 states, “A Controlling Officer is responsible for the management of public assets and stores of the Head of expenditure.”

A physical inspection carried out in March 2025 at three (3) fish camps in Eastern and Central Provinces revealed that out of forty two (42) fish ponds, thirty nine (39) were in a deplorable state in that the pond liners were torn and worn out, the embarkment was damaged leading to the spillage of water and that they could not hold fish, the siphon system that supplies water to the ponds had broken down and grass had overgrown as a result the fish farms could not produce fingerlings. See table 6 below.

Table 6: Failure to Maintain Fishponds

Province	Station	Fish Camp	Total No. of Fish Ponds	No. of Deplorable Fish Ponds	Comment
Eastern	Lundazi	Lundazi Fish Farm	9	9	Pond liners were torn, spillage of water from the embarkment, broken siphon system and overgrown grass.
	Sinda	Nyanje	9	6	Torn pond liners and dry ponds due to seepage.
Central	Mkushi	Chalata Fish Farm	24	24	The ponds were not fenced.
		Total	42	39	

As at 31st August 2025, there was no action taken by management to rehabilitate the fishponds.

c. Management and Support Services

i. Misplacement of Payroll Area

Cabinet Office Circular No.13 of 2019 requires Controlling Officers to ensure that all employees under their respective Ministries, Provinces and Agencies are placed in their duty stations as directed by the Service Commission or the responsible officer and that any employee who shall not be at their duty stations by 30th September 2019 would be removed from the payroll.



Contrary to the Circular, 260 officers drew salaries in amounts totalling K19,847,835 while serving at stations different from where they were being paid from. See table 7 below.

Table 7: Misplaced Officers

Province	Station	No. of Officers	Amount K
Lusaka	Headquarters	223	16,168,629
Central	Kabwe PFLCO	2	182,000
Eastern	Chipata PFLCO	34	3,444,015
Northern	Kasama PFLCO	1	53,191
	Total	260	19,847,835

ii. Unknown Officers

Regulation No. 78 (1) and (3) of the Public Finance Management (General) Regulations of 2020 requires a public body to ensure that the payroll is verified and reconciled by a responsible office holder from an accounting unit and human resource and administration respectively. A reconciliation under sub regulation (1) should include a head count of staff each month with regard to the payroll expenditure.

Further, Section 4 (a) of the Terms and Conditions of Service for the Public Service states that appointments to the Public Service shall be made by the President or by a Service Commission acting in the name and on behalf of the President.

Contrary to the Regulation, two (2) officers at two (2) stations who drew salaries in amounts totalling K138,272 during the period under review were unaccounted for in that the officers were neither on the staff returns nor known by management. See table 8 below.

Table 8: Unknown Officers

Province	Station	No. of Officers	Amount K
Lusaka	HQ	1	75,921
Eastern	Chipata PFLCO	1	62,351
	Total	2	138,272



iii. Failure to Collect Fees - Zambia Institute of Animal Health (ZIAH) – Southern Province

Regulation No. 8 (d) of the Public Finance Management (General) Regulation of 2020 requires an accounting officer to collect and receipt public monies in a timely manner.

Contrary to the Regulation, amounts totalling K62,331 in respect of tuition fees owed during the period under review, by twenty one (21) students under diploma and certificate full time programmes had not been collected as at 31st July 2025. See table 9 below.

Table 9: Failure to Collect Fees

Course	Number of Students	Amount K
Certificates	2	9,189
Diplomas	19	53,142
Total	21	62,331

iv. Failure to Secure Title Deeds

Section 41 (4) of the Public Finance Management Act No. 1 of 2018 requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, twenty six (26) stations did not secure title deeds for parcels of land on which ninety two (92) properties comprising office blocks, fish farms, camp houses and laboratories were located. Consequently, the properties were not insured.

v. Non-Utilisation of Silage Cutter - Wasteful Expenditure - Sinazongwe DFLCO

Regulation 29 of the Public Finance Management (General) Regulations of 2020 provides that an office holder shall apply due diligence in the performance of duties for the purposes of preventing wasteful expenditure.

Contrary to the Regulation, as at 31st July 2025, a silage cutter procured in 2015 at Kachindu Multiplication Centre whose value could not be ascertained had not been utilised for a period of ten (10) years rendering the expenditure wasteful. See picture below.



Silage Cutter Stored in an Office

vi. Wasteful Expenditure on Procurement of Motor Vehicle Spare Parts - Sesheke DFLCO

On 22nd October 2024, the District paid amounts totalling K31,960 for procurement of motor vehicle spare parts such as wind screen, bolts and nuts meant for the repair of a Nissan Patrol registration number ABT 4541.

However, a physical inspection carried out on 2nd March 2025 revealed that the motor vehicle was still a non-runner and was in a deplorable state. See pictures below.



Worn out motor vehicle

vii. Failure to Maintain Camp Houses and Office Blocks

Section 41(3) of the Public Finance Management Act No. 1 of 2018 stipulates that the controlling officer is responsible for the management of public assets and stores. Further, the controlling officer should prepare written reports on the general condition of those assets and storage facilities in which the assets are kept.

Contrary to the Act, physical inspections conducted in twenty one (21) selected stations in Northern, Western, Southern, Muchinga, Central and Lusaka revealed



that various properties such as houses and office blocks in veterinary and fisheries camps were in a deplorable state. See pictures below.



*Dilapidated office block at Nsombo
Veterinary Camp*



*Dilapidated sink /Washing bench -
Sinazongwe – Non - Functional Abattoir,
Southern Province*

viii. Failure to Settle Obligations

As at 31st July 2025, nine (9) stations had accrued debts in amounts totalling K28,419,328 in respect of personal emoluments such as acting allowance, leave commutation, leave travel benefits, settling-in-allowance, repatriation and long service bonus some dating as far back as 2000. See table 10 below.

Table 10: Failure to Settle Obligations

Province	Station	Amount K
Central	Kabwe PFLCO	4,378,281
Eastern	Chipata PFLCO	2,779,383
Muchinga	Chinsali PFLCO	2,053,892
Northwestern	Solwezi PFLCO	5,127,508
Southern	Choma PFLCO	539,189
	Zambia Institute of Animal Health	1,357,300
Western	Mongu PFLCO	7,333,269
Copperbelt	Ndola PFLCO	4,189,061
Lusaka	Lusaka PFLCO	661,446
	Total	28,419,328



31 Head: 88 Office of the President – Muchinga Province

31.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

31.2 Income and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a provision of K103,971,515 was made to cater for the operations of the Provincial Administration against which amounts totalling K81,708,412 were released resulting in an under funding of K22,263,103.

As at 31st December 2024, amounts totalling K81,649,415 had been spent leaving a balance of K58,997.

31.3 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration revealed the following:

a. Irregular Payment of Rural Hardship Allowance

Terms and Conditions of Service for Public Service No. 170 read together with the Public Service Management Division Circular No. B6 of 2010 provides that an officer serving in an area declared to be a rural area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

Contrary to the provision, six (6) officers whose workstations were not designated for payment of rural hardship allowance were irregularly paid amounts totalling K91,230 during the period under review.

b. Unauthorised Transfer of Funds

Section 32 (5) of the Public Finance Management Act No. 1 of 2018 provides that a transfer of public money shall not be made between accounts at the same bank or different banks without written approval of the Secretary to the Treasury.



Contrary to the Act, amounts totalling K1,870,318 were transferred from Treasury Single Account to the General Deposit Account without authority from the Secretary to the Treasury.

c. Failure to Secure Properties with Title Deeds

Section 41 (4) of the Public Finance Management Act No. 1 of 2018 states, “A Controlling officer shall ensure that all public properties under the Controlling officer’s charge are secured with title deeds.”

Contrary to the Act, the title deeds for parcels of land housing the District Administration offices in Chinsali, Nakonde, Isoka, Mpika and Shiwangandu had not been secured as at 31st August 2025.

d. Infrastructure Development – Construction of Museum and Information Centre

Regulation No. 8(3) of the Public Procurement Regulation of 2022 provides that, a procuring entity shall, where goods, works or services have been procured, ensure that the goods are delivered, the services are provided or the works are completed in a timely manner as specified in the solicitation documents and procurement contracts.

On 28th August 2023, the Provincial Administration engaged MC Chewe Buildings and General Contractor Limited to construct a Museum and Information Centre in Chinsali district at a contract sum of K3,189,383 with a completion period of twenty-two (22) weeks commencing 28th August 2023 and ending on 29th January 2024.

The scope of works included construction of substructure, concrete works, blockwork, roofing, carpentry, joinery and ironmongery, metal work, floor, wall and ceiling finishing, painting and decorations.

As of February 2025, the contractor had been paid amounts totalling K1,097,346.

A physical inspection of the project carried out in February 2025 revealed that the structure was at slab level with all the other works outstanding. Further, the



contractor abandoned works and was not on site and no documentation was provided to indicate whether the contract had been extended. See picture below.



Museum at slab level

e. Other Observations – General Deposit Account

i. Misapplication of Funds - Border Post Funds

The Provincial Administration Office had a brought forward balance of K1,232,160 meant for the compensation of the persons affected by the demolition of structures during the construction of Nakonde to Chinsali road.

Regulation No. 4 (c) (ii) of the Public Finance Management (General) Regulations stipulates that an accounting authority should prevent irregular or wasteful expenditure, misapplication of funds, losses resulting from criminal conduct and expenditure for not complying with these Regulations, the Act and any other written law.

However, amounts totalling K151,811 were spent on activities such as launch of one stop border post, servicing of motor vehicles and attending traditional ceremonies, activities not related to the purpose for which the funds were intended without the approval of the Secretary to the Treasury.

As at 31st August 2025, misapplied funds had not been reimbursed.

ii. Misapplication of Funds - Expo Outstanding Obligations

On 15th December 2023, the Secretary to the Treasury authorised the Provincial Administration to use an amount of K1,034,982 from Muchinga Expo account to



settle bills and contractual obligations that accrued when preparing for the 2023 Expo that was postponed.

However, there was no documentation availed for audit to show any outstanding obligation that were settled. The Provincial Administration instead utilised amounts totalling K571,587 on activities such as servicing of motor vehicles, payments of subsistence allowance to travel to China and attend meetings and commemoration of public service day, activities not related to purpose of the funds and for which authority of the Secretary to the Treasury was not obtained.

iii. Failure to Maintain Assets

Regulation No. 41 (1) of the Public Finance Management (Public Stores) of 2022 states that, “A public body is responsible for servicing, maintenance and repairs of a plant or vehicle under its charge.”

However, a drilling rig, registration number GRZ 840CK belonging to the Water and Sanitation department which developed a major fault on the control sensors in 2019 had not been repaired. See picture below.



Unrepaired Rig/Compressor



32 Head: 89 Ministry of Agriculture

32.1 Mandate

The Ministry of Agriculture is mandated to promote and strengthen efficient and effective management of agricultural production and productivity to ensure sustainable household and national food and nutrition security and increased incomes.

32.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K12,752,109,811 was made to cater for various activities against which amounts totalling K9,916,257,205 were released resulting in an under funding of K2,835,852,606.

As at 31st December 2024, amounts totalling K9,234,804,526 had been spent leaving a balance of K681,452,680. See table 1 below.

Table 1: Budget, Funding and Expenditure

Programme	Total Authorized K	Funding K	Underfunding K	Expenditure K
Management and Support Services	691,897,559	620,909,976	70,987,583	616,629,092
Agriculture Development and Productivity	10,222,074,514	7,499,839,401	2,722,235,113	6,839,498,751
Agribusiness Development and Marketing	14,823,734	8,441,388	6,382,346	7,867,493
Agriculture Standards and Regulation	57,114,004	20,866,439	36,247,565	20,662,688
National Food Reserves Management	1,766,200,000	1,766,200,000	-	1,750,146,502
Total	12,752,109,811	9,916,257,205	2,835,852,606	9,234,804,526

32.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters (HQ), Provincial Agriculture Coordinating Offices (PACOs), selected District Agriculture Coordinating Offices (DACOs) and Farmers Training Institutions (FTIs) revealed the following:

a. Management of Payroll and Staff Related Matters

i. Irregular Introduction of Employees on Payroll (Starters) - Headquarters

Terms and Conditions of Service for the Public Service No. 4 (a) (i) of 2023 stipulates that, subject to the provisions of the Constitution of Zambia, appointments to the Public Service shall be made by the President or by a Service Commission acting in the name and on behalf of the President. Further, Section 11



(a)(ii) requires an appointed officer to fill Accounts Form 81 upon arrival and submit it to the Responsible Officer.

Contrary to the Terms and Conditions of the Public Service, two (2) officers were irregularly introduced on the payroll and were paid salaries in amounts totalling K182,512 without relevant documents such as appointment letters, arrival advice forms and police clearance reports among others.

ii. Misplacement of Payroll Area

Cabinet Office Circular No. 13 of 2019 requires Controlling Officers to ensure that all employees under their respective Ministries, Provinces and Agencies (MPAs) are placed in their designated duty stations.

Contrary to the Circular, eighty-five (85) officers at nine (9) stations drew salaries in amounts totalling K9,042,259 from pay-points that were different from their physical stations.

iii. Irregular Payment of Housing Allowance

The Public Service Management Division (PSMD) Circular No. B 24 of 2013 stipulates that housing allowance shall be paid through the payroll to officers not accommodated by Government in standard/pool houses.

Contrary to the Circular, eight (8) officers who were accommodated in institutional houses were irregularly paid housing allowances in amounts totalling K83,445.

iv. Failure to Fill in Key Vacant Positions

A review of the Staff Establishment Register and staff returns revealed that four (4) stations had 593 vacant positions. Included in the vacant positions were key positions such as the Senior Agricultural Supervisor, Executive Officer, Agriculture Assistant, Internal Auditor among others. As at 31st July 2025, the positions had not been filled. See table 2 below.



Table 2: Failure to Fill in Key Vacant Positions

Province	Station	No. of Vacant Positions
Muchinga	Chinsali PACO	1
Northern	Kasama PACO	106
Western	Mongu PACO	64
Lusaka	Headquarters	422
	Total	593

v. Unclaimed Rejected Salaries – Choma PACO

The process for paying salaries begins with inputs at MPA level followed by running the payroll by Payroll Management and Establishment Control (PMEC). After the payroll is run, a file of net salaries is then uploaded on to the payflex payment platform, hosted by a Commercial Bank. Unsuccessful and rejected salaries are then sent to a suspense account where the affected officers later claim.

A review of the payroll rejections file revealed that the Ministry of Agriculture had nine (9) outstanding returned or rejected transactions in amounts totalling K37,427 in respect of six (6) officers for a period ranging from six (6) to sixteen (16) months.

However, the salaries had not been claimed as at 31st July 2025.

vi. Irregular Payment of Salaries to Positions on Integration Default Position

According to PMEC, an Integration Default Position 9999999 is a non-funded position that is automatically created on the system when one is terminated/separated from the payroll. This is meant to retain the separated employee on the system for record purposes only.

During the period under review, it was observed that five (5) officers who were occupying integration default positions for periods up to four (4) months were irregularly paid salaries in amounts totalling K171,196. See table 3 below.

Table 3: Payment of Salaries to Positions on Integration Default Position

Province	Station	No. of Months	No. of Officers	Amount Paid K
North Western	Solwezi PACO	4	2	36,575
Copperbelt	Ndola PACO	4	1	34,137
Southern	Choma PACO	1	1	79,700
Lusaka	Headquarters	4	1	20,784
	Total		5	171,196



vii. Failure to Recover Funds from Charged Employee - Luanshya DACO

During the period under review, an Agriculture Assistant under Baluba Camp was allocated a motor bike registration number GRZ 72EY Suzuki 125 valued at K45,000 for operations in his area.

On 16th January 2024, the officer took the motor bike for cleaning at a private car wash and did not collect it. Three (3) days later, it was reported stolen.

On 20th February 2024, the disciplinary committee found him guilty of the offence of negligent loss of Government property as per Chapter 10 Cap 1 (a) of the Disciplinary Code and ordered him to pay K45,000.

As at 31st July 2025, the funds had not been recovered.

b. Procurement of Goods and Services

i. Misapplication of Funds - Choma PACO

Regulation 4 (1) (c) (ii) of the Public Finance Management (General) Regulations of 2020 states, “Subject to the direction of a controlling body, the functions of an accounting authority are to; prevent irregular or wasteful expenditure, misapplication of funds, losses resulting from criminal conduct and expenditure for not complying with these Regulations, the Act and any other written law.”

On 2nd January 2024, amounts totalling K66,055 were misapplied from the infrastructure funding (rehabilitation of Camp Houses) to the Management Support Services (MSS) to cater for allowances and fuel related expenditure.

As at 31st August 2025, the funds had not been reimbursed to the infrastructure account.

ii. Irregularities in the Procurement of Motorcycles – Mansa DACO

On 29th December 2023, the Office of the President - Luapula Provincial Administration engaged Chibox Holdings Limited for the supply and delivery of twelve (12) Honda XL motorcycles at a contract sum of K846,000 with a delivery period of one-week ex-stock.

The following were observed:



- **Irregular Payment to the Supplier**

The terms of the contract were that the supplier was to be paid within four (4) weeks after delivery and certification by the Provincial Administration Office.

However, on 5th January 2024, an advance payment of K211,500 was made to the supplier. This was against advance payment security Bond No. BO23000400 dated 27th December 2023 issued by Innovate General Insurance.

Further, on 4th April 2024, a total of K634,500 was paid bringing the total payments to the full contract sum of K846,000 despite the supplier not delivering the motorcycles fifteen (15) months after the expected date of delivery.

- **Failure to Recover Payment from the Supplier**

Regulation No. 197 of the Public Procurement Regulation of 2022 stipulates that a contract may provide advance payments to the supplier, where this is necessary to ensure effective implementation of the contract or to obtain competitive prices.

A scrutiny of the advance payment security revealed that Innovate General Insurance irrevocably undertook to pay the Ministry of Agriculture any sum or sums not exceeding K211,500 upon receipt of a demand in writing accompanied by a statement that the supplier is in breach of its obligation under the contract.

Inquiries with management at DACO revealed that Innovate General Insurance was engaged to recover the advance payment. However, it was later discovered by management that the advance payment security was fraudulent, as it had not been issued by the insurance company. Furthermore, a third-party confirmation was sent to the insurance company on 31st March 2025, and in a response minute dated 3rd April 2025, Innovate General Insurance denied having issued any security bond to Chibox Limited.

Further, in their response, management stated that they were not able to trace the supplier and as a result, the paid amount could not be recovered.



c. Management of Assets

i. Missing Motorcycle - Luanshya DACO

Section 41 (1) of the Public Finance Management Act No.1 of 2018 stipulates that a Controlling Officer is responsible for the management of public assets and stores of the head of expenditure.

Contrary to the Act, a physical verification carried out in July 2025 revealed that a motorcycle registration number GRZ 60DX recorded in the asset register could not be availed for verification.

ii. Uninsured Motorcycles

Section 86 of the Road Traffic Act No. 11 of 2002 requires that all users of motor vehicles or trailers should have at least third-party insurance.

Contrary to the Act, twenty (20) motorcycle belonging to two (2) stations (Ndola and Kalulushi) whose values could not be ascertained had not been insured as at 31st August 2025.

iii. Uninsured Motor Vehicle Involved in an Accident – Lavushimanda DACO

Section 86 of the Road Traffic Act No.11 of 2002 states that, “No person shall use or cause or permit any person to use a motor vehicle or trailer on a road unless there is such a policy of insurance or such a security in respect of third - party risk.”

On 6th August 2024, a Landcruiser registration No. GRZ 669CX whose value could not be ascertained was involved in a road traffic accident and was extensively damaged. At the time of the accident, the motor vehicle was not insured. As at 31st July 2025, the vehicle had not been repaired and remained parked at Mpika Farmers Training Institute. See picture below.



Uninsured vehicle involved in road accident



iv. Failure to Provide White Books for Movable Assets – Eastern Province

Section 67 (1) (a) of the Road Traffic Act No.11 of 2002 stipulates that the registered owner shall, within fourteen days, inform the licensing officer of the district in which the vehicle or trailer is registered in writing of the name and address of the new owner, and of the date of the change of ownership of the motor vehicle or trailer and shall deliver his motor vehicle or trailer registration book and license to the new owner.

Contrary to the Act, white books in respect of fifteen (15) motor vehicles and fifty-seven (57) motorcycles at four (4) stations were not availed for audit verification making it not possible to ascertain the ownership.

v. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018, requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, parcels of land owned by thirty (30) stations on which 350 properties were located had not been secured with title deeds as at 31st July 2025.

d. Maintenance of Infrastructure

Section 41(3) of the Public Finance Management Act No. 1 of 2018 stipulates that a Controlling Officer should cause the public assets and stores of a head of expenditure to be inspected and prepare written reports on the general condition of those assets and stores and the storage facilities in which the assets and stores are kept.

The following were observed:

i. Rehabilitation of Camp Houses

During the period under review, ten (10) Provincial Coordinating Offices received amounts totalling K53,892,651 for rehabilitation of 405 camp houses.

As at 31st July 2025 amounts totalling K31,652,147 had been spent on rehabilitation works leaving a balance of K22,240,504.

Physical inspections of the rehabilitation works carried out from February to April 2025 revealed the following:



- **Lusaka Province**
 - **Chinkuli Camp House – Chongwe DACO**

On 16th October 2023, the Ministry engaged Hyten Construction Limited to complete the rehabilitation of Chinkuli Camp House at a contract sum of K81,433 for a duration of eight (8) weeks.

The scope of works included lintel at the main entrance, steel door frames, installation of window frames and glass panes, removing and replacing roof at walkway passage, welding of steel burglar bars to window frames, electrical wiring and power connection, replacements of doors and locks, painting of interior and exterior walls, and construction of dish drain.

As at 31st July 2025, the contractor had been paid an amount of K79,395 representing 97% of the contract sum leaving a balance of K2,036.

A physical inspection carried out in July 2025 revealed that works such as glazing, water reticulation, air vents installation were outstanding twenty-one (21) months after the expected completion date.

Further, it was observed that the window burglar bars installed had fallen off. See picture below.



Fallen Burglar Bars

- **Delayed Completion of Chiyota and Rufunsa Camp Houses – Rufunsa DACO**

On 9th October 2023, the Ministry engaged Franovigy Enterprises Limited to renovate Chiyota (K71,118) and Rufunsa (K116,025) camp houses at a contract sum of K187,143 for a duration of four (4) weeks from the 11th November 2023.



The scope of works included sealing off cracks with reinforced concrete, plaster isolated patches of existing walls, glazing, locks and install concrete air vents, exterior and interior painting, fitting of door frames and doors, painting, supply and install electrical fittings.

As at 31st July 2025, the contractor had been paid a total of K155,080 leaving a balance of K32,063.

A physical inspection carried out in July 2025 revealed that works such as glazing and painting for Chiyota camp house, installation of vents, crack mending for Rufunsa block farmhouse were outstanding twenty-one (21) months after the expected completion date.

○ **Delayed Completion of Chiendeyende, Mphuka and Lunya Camp Houses – Luangwa DACO**

On 24th November 2023, the Ministry engaged Northern Engineering and Construction Limited to complete the rehabilitation of Mphuka (K62,386), Chiendeyende (K75,745) and Lunya (K111,047) camp houses at a contract sum of K249,178 for a duration of four (4) weeks from 26th December 2023 to 23rd January 2024. However, this was revised to a completion date of 21st December 2024.

The scope of works included; tiling, ditto skirting, electrical fittings, carpentry, joinery and ironmongery, painting and decorations, glazing, metal work, excavate foundations for toilets and bathroom extension, form work, block work, plumbing installation, waste installation medium duty galvanised steel, tubing fittings and fixing, geyser installation, air conditioners, sanitary fittings, and steel roofing.

As at 31st July 2025, the contractor had been paid an amount of K202,388 leaving a balance of K46,790.

A physical inspection carried out in July 2025 revealed that works such as fitting of doors, iron mongering and skirting, electrical fitting, plumbing installation, geyser fitting were outstanding seven (7) months after the expected completion date. See pictures below.



Door not fitted at Chiendeyende Improvised electrical fitting at Mphuka

- Western Province – Delayed Completion of Projects- Mongu PACO**

On 31st January and 8th February 2024, the Ministry engaged Nkhuzi Marketing Agency Limited and Nakasinde General Dealers for contract sums of K1,185,987 and K519,118 respectively for rehabilitation of thirteen (13) camp houses in Mongu, Limulunga and Luampa Districts.

As at 31st July 2025, the two (2) contractors had been paid amounts totalling K1,153,625 of the contract sums of K1,705,105 leaving a balance of K551,479.

Physical inspections carried out in February 2025 revealed that rehabilitation of camp houses at Litawa and Luampa had not been completed thirty-two (32) to fifty-one (51) weeks from the expected completion date. See table 4 below.

Table 4: Delayed Completion

No.	Districts	Contractor	Camp Houses	Scope of Works	Contract Sum K	Amount Paid K	Balance K	Current Status Works
1	Mongu and Limulunga	Nkhuzi Marketing Agency Limited	Mukangu	Metal works,roof with roof structure, carpentry, glazing, mending of cracks, electrical installations and block works, spoon drainage, and electrical installation.	1,185,987	874,309	311,678	Eight (8) camp houses were completed. However, at Litawa camp house no works had been done as at 31st July 2025.
			Nalwei					
			Imalyo					
			Litawa					
			Kaande					
			Ikabako					
			Limulunga agric office					
			Ndanda East					
Mweeke								
2	Luampa	Nakasinde General Dealers	Kahumbu block	Metal works,roof with roof structure, carpentry, glazing, mending of cracks, electrical installations and block works, spoon drainage, and electrical installation.	519,118	279,316	239,801	Three (3) camp houses were completed. However, one camp house was not constructed. Instead funds were spent on rehabilitation of an ablution block. In addition, the variation was not approved by the Controlling Officer
			Nkenga camp					
			Nkenga block					
			Kahumbu camp					
Total					1,705,105	1,153,625	551,479	



- **Muchinga Province - Delayed Completion of Rehabilitation of Camp House – Mpika DACO**

On 4th June 2024, Mutabrine Investments Limited was engaged to rehabilitate three (3) camp houses at Mpika FTC, Chishibesonde and Chilonga at a contract price of K260,000 for a period of two (2) months commencing on 14th June 2024 and ending on 16th August 2024.

The scope of works included; mending of cracks, floor screed, carpentry and Ironmongery, glazing, installation of air vents, sealing all the leakages, putting ceiling board and painting.

As at 31st December 2024, the contractor had been paid amounts totalling K121,305 leaving a balance of K138,693.

As at 31st July 2025, two (2) camp houses at Chishibesonde and Chilonga had been completed.

However, works such as mending of cracks, floor screed, carpentry and Ironmongery, glazing, installation of air vents, sealing all the leakages, putting ceiling board and interior painting were outstanding at Mpika FTC.

- **North-Western Province – Poor Workmanship of Camp Houses - Solwezi PACO**

The defects included the following:

- The floor and wall had developed cracks.
- Casement window stay was non-functional.
- The roof was leaking.
- Door handles were not fixed.

See table 5 below.



Table 5: Poor Workmanship of Camp Houses- Solwezi PACO

District	Project	Contractor	Contract		Contract Sum K	Amounts Paid K	Scope of Works	Project Status
			Start	End				
Mwinilunga	Rehabilitation of Camp House at Chibwika	Melbardav Entrepreneurs Limited	12.12.2024	09.01.2025	99,465	99,465	Replacement of old roof, mending of the floor, removal of broken glasses, electrical wiring, painting, removal and replacement of three (3) doors, supply and installation of mortice locks, construction of a dish drain and apron, and clearing of the site.	The following defects were observed: • The floor and wall had developed cracks. • Casement window stay was non-functional. • The roof was leaking. • Door handles were not fixed.
Zambezi	Upgrading of Camp House at Lwatembu	Geremino Enterprises	29.12.2023	28.12.2024	150,700	150,700	Substructure works, concrete works, block works, roofing, metal works, painting and decoration, and construction of a VIP latrine	The following defects were observed: • The door handles had not been fitted. • The floor, wall and spoon drain had developed cracks.  <i>Cracked Interior Wall</i>

- **Eastern Province - Rehabilitation of four (4) Agricultural Camp Houses - Vubwi DACO**

On 19th March 2024, Eastern Provincial Administration engaged Glask Enterprises Limited to rehabilitate four (4) houses at a contract sum of K380,435 at Mbozi, Chigwe, Sindamisale and Kanjala camps. The contract was for a period of 10 weeks commencing 19th March 2024 to 14th May 2024.

The scope of works included; removing existing roofing sheets, brick force reinforcement, metal work, glazing, painting and decorations.

On 13th November 2024 the contract was terminated for non-performance. As at 10th March 2025, the contractor had been paid 25% advance payment of K95,109.

The following were observed:

- **Failure to Execute Contract**

A physical verification carried out in March 2025 revealed that the contractor had only removed roofing sheets for the house at Mbozi while no works had been executed at Chigwe, Sindamisale, and Kanjala camps ten (10) months after the expected completion date. See picture below.



Camp House with a removed roof at Mbozi

- **Failure to Recover Advance Payment**

During the period under review, three (3) DACOs paid amounts totalling K270,715 to two (2) contractors as advance payments. However, the contracts were subsequently terminated due to non-performance.

At the time the contracts were terminated, one (1) contractor had done works valued at K2,160 while the other contractor had not executed any



works. As at 31st July 2025, the advance payment had not been recovered.

See table 6 below.

Table 6: Failure to Recover Advance Payment

District	Project	Contractor	Scope of works	Contract Period	Contract Sum	Advance Payment	Value of work	Overpayment
Vubwi	Rehabilitation of Mbozi, Chigwe, Sindamisale and Kanjala camphouses	Glask Enterprises Limited	Removing existing roofing sheets, brick force reinforcement, metal work, glazing, painting and decorations	19.03.2024-14.05.2024	380,435	95,109	2,160	92,949
Chadiza	Rehabilitation of Kalemba, Tafelansoni and Zingalume camp house	Glask Enterprises Limited	Removing existing of roofing sheets, brick force reinforcement, metal work, gazing, painting and decorations.	29.05.2024-15.08.2024	351,210	87,803	-	87,803
Chama	Rehabilitation of Nganjo, Chikwa, Lundu and Kanyebele camp house	Kriox Innovations Limited	Removing existing roofing sheets, roofing brick force reinforcement, metal work, glazing, painting and decorations	29.05.2024-31.07.2024	483,080	87,803	-	87,803
	Total (K)				1,214,725	270,715	2,160	268,555

Further, the DACOs did not claim against the advance payment guarantees.

- **Southern Province**

- **Rehabilitation of Camp Houses - Failure to Implement Projects - Choma PACO**

A review of records revealed that despite the availability of funds, nine (9) projects with a total allocated amount of K936,045 for rehabilitation of camp houses in six (6) districts had not been implemented as at 31st July 2025, twenty four (24) months after the funds were released. See table 7 below.



Table 7: Failure to Implement Projects

No	District	Project Name	Allocated Amount K
1	Siavonga	Rehabilitation of Chaanga Camp House	146,076
		Rehabilitation of Siamwinga Camp House	78,945
2	Chikankata	Rehabilitation of Simutwe Camp House	24,331
3	Sinazongwe	Rehabilitation of Siampondo Camp House	103,232
4	Choma	Rehabilitation of Mboole Camp House	81,876
		Rehabilitation of Sikweya Camp House	108,736
5	Kazungula	Rehabilitation of Musokotwane Camp House	152,135
		Rehabilitation of Simango Camp House	130,714
6	Itezhi Tezhi	Rehabilitation of Banamwaze Camp House	110,000
Total			936,045

○ **Camp House in Sinazongwe – Sinazongwe DACO**

Buumi Construction Limited was engaged to rehabilitate one camp house at Malima at a contract price of K86,214 for a period of three (3) months commencing on 18th December 2023 and ending on 18th March 2024.

The scope of works included; block work, roofing, painting and decorating, carpentry and joinery, glazing and plumbing.

As at 31st July 2025, the contractor had been paid in full.

A physical inspection carried out in April 2025 revealed that rehabilitation works were completed while the following defects were observed; peeling off paint and leaking roof.

ii. Stalled Project - Milenge Agricultural Offices (Phase III) - Milenge DACO

On 28th December 2012, the Ministry engaged Akamwa Construction and General Dealers of Samfya to construct a substructure wall of an office block for DACO (Phase I) in Milenge District at a contract sum of K39,864. Phase I of the project was completed and handed over to the Ministry on 5th April 2013.

On 24th November 2015, JMMEL Construction and General Dealers of Mansa was engaged to construct a superstructure and roofing of the office block (Phase II) at



a contract sum of K342,304. Phase II of the project was completed and handed over to the Ministry on 10th March 2016.

A physical inspection carried out on 15th March 2025 revealed that the process for the next phase to complete the remaining works had not commenced eight (8) years after the completion of Phase II. Consequently, the construction of the office block had stalled with the following works outstanding; plastering, painting, fixtures and fittings, plumbing, wiring and electricity connection. See pictures below.



Stalled works - front view



Stalled works - front view



Stalled works - back view

iii. Dilapidated Infrastructure

Physical inspections of buildings, plant and equipment carried out at selected PACOs and DACOs in April 2025 revealed that there was no regular maintenance of properties. In particular, the following were observed:

- **Lusaka Province – Lusaka PACO**

The offices were poorly maintained and dilapidated in that the building had not been painted, the ceiling board in the conference room had fallen off, tiles in the men's toilet were loose and some had fallen off, poor lighting in the passage, no mortice locks on the doors and the air conditioners were not working. See pictures below.



Wall not painted



Broken ceiling board in the conference room

- **Northern Province – Kasama, Senga Hill, Mungwi and Mbala DACOs**

Twenty (20) camp houses at Kasama (10 No.), Senga Hill (3 No.), Mungwi (3 No.) and Mbala (4 No.) were dilapidated in that they had broken windows, cracked walls, damaged doors, worn out paint, peeled off plaster, leaking roofs and worn - out ceiling boards. See pictures below.



Lunzuwa FTC- cracked wall



Chozi camp house- dilapidated house

- **Western Province – Nangweshi Farmer Training Centre (FTC) - Sioma DACO**

One institutional house and office block were poorly maintained and dilapidated in that they had damaged doors, several broken window panes, wall cracks, leaking roofs, vandalised ceiling board, unkempt surrounding and had no toilet or bathroom. See pictures below.



Damaged ceiling board, broken windowpanes and cracked wall

- **Muchinga Province – Chinsali PACO**

An ablution block at Chinsali PACO and twelve (12) institutional houses at Chinsali (6) and Mpika (6) DACOs were dilapidated in that they had broken windows, cracked walls, collapsed walls and blown off roof. See pictures below.



Dilapidated house



Collapsed walls



Dilapidated house

- **Eastern Province – Katete College of Agriculture and Petauke FTC**

Six (6) institutional houses, office block and male toilet were poorly maintained and dilapidated in that there was no running water, no septic tank and soak away, broken windowpanes and leaking roof.

- **Southern Province – Livingstone, Kazungula, Zimba, Sinazongwe and Kalomo DACOs**

Sixteen (16) camp houses at Livingstone (3), Kazungula (4), Zimba (4), Sinazongwe (2) and Kalomo (3) were dilapidated in that they had damaged doors, broken windowpanes, broken trusses, cracked walls, peeled off paint, worn-out ceiling boards and blown off roof. See pictures below.



Ceiling board



Broken trusses



Dilapidated house



Cracked walls



- **Central Province – Kabwe Research Station, Shibuyunji DACO and Mukulaikwa FTC**

Forty-two (42) camp houses at Kabwe research station (30), Shibuyunji (11), and Mukulaikwa FTC (1) were dilapidated in that they had leaking roofs, collapsed roof, damaged doors, broken windowpanes, broken trusses, rotten veranda planks cracked walls, peeled off paint, worn-out ceiling boards and blown off roof. See pictures below.



Deplorable houses



Collapsed roof

Dilapidated house- Shibuyunji

e. Management of Irrigation Schemes - Non-Functional Irrigation Schemes - Choma PACO

The Southern Province has great potential for irrigation due its proximity to the Zambezi and Kafue rivers and the presence of Lake Kariba. Properly managed irrigation schemes can help increase crop yields and diversify agricultural production.

In order to boost agriculture activities in the dry season and ensure that there is continuous food production throughout the year, the Government of the Republic of Zambia through the Ministry of Agriculture developed and implemented irrigation schemes in some parts of the country to help farmers improve on their agriculture activities. Southern province is one such province which had witnessed growth in



irrigation schemes although some of the schemes have faced a number of challenges during a period of time.

As of July 2025, Southern Province had two (2) irrigation schemes which were non-functional. It was further observed that the non-functional schemes were in a dilapidated state. See table 8 below.

Table 8: Non-Functional Irrigation Schemes

District	Name of Irrigation Scheme	Current Status
Chirundu	Lusitu	Incomplete infrastructure
Sinazongwe	Buleya Malima	Damaged pipes, cracked walls, breached embarkment (adandoned since 2017)

f. Mechanisation Centres of Excellence and Service Centres

During the period under review, the Ministry engaged four (4) suppliers to supply mechanisation equipment costing K183,905,472 for the mechanisation service centres. The mechanisation equipment consisted of tractors, ploughs, cultivators, trailers, motor vehicles among other farming implements. See table 9 below.

Table 9: Suppliers of Farming Equipment

No.	Suppliers	Contract Sum K	Amount Paid K	Contract Date
1	Growmore Technologies	54,175,585	36,429,295	29/02/2024
2	CAMCO Equipment Zambia Ltd	55,302,205	54,617,712	29/02/2024
3	Saro Agro-Industrial Ltd	49,927,682	49,927,682	29/02/2024
4	Southern Cross	24,500,000	24,500,000	29/02/2024
	Total (K)	183,905,472	165,474,689	

A physical inspection conducted in May 2025 revealed the following:

i. Non-Supply of Drawbar and Supply of Incompatible Drawbar – MoA HQ

Growmore Technologies Limited was contracted to supply twenty (20) multi-crop and thresher to the various mechanisation centres of excellence. However, the multi crop thresher supplied to Lusitu Farmer Training Centre (FTC) was incomplete as the drawbar costing K168,000 was not delivered.

In addition, Kalomo Farmer Training Centre received an incompatible drawbar which could not be connected to the thresher drawn by the tractor. See pictures below.



Multi Crop Thresher without Drawbar – Lusitu FTC Incompatible Drawbar

ii. Failure to Register Mechanisation Farm Tractors and Trailers

Section 11 (1) of the Road Traffic Act No. 11 of 2002 stipulates that subject to other provisions of this Act, no person shall use a motor vehicle or trailer unless such vehicle or trailer is registered in accordance with the provisions of this Act.

Contrary to the Act, a physical inspection conducted in July 2025 revealed that six (6) farm trailers had not been registered with RTSA. See table 10 below.

Table 10: Failure to Register Mechanisation Farm Tractors and Trailers

No	Province	Station	No. of Farm Trailers
1	Eastern	Katopola FTC	2
2	North Western	Kasempa FTC	2
3	Western	Namushakende FTC	1
4	Southern	Kalomo-FTC	1
	Total		6

iii. Failure to Install Mechanisation Equipment

Section 1.3.2 of the operational guidelines for Mechanisation of Excellence and Service centres requires the provision of equitable access to mechanisation services ensuring that smallholder farmers should have access to efficient agricultural production and processing technologies to promote sustainable management and utilisation of machinery implements and equipment. The guidelines further emphasise practices that minimise environmental impact and maximizing long-



term viability, and a structured framework for the effective utilisation of machinery implements and equipment, offering rules and procedures to optimise their use in agricultural activities.

Contrary to the guidelines, assets such as power generation equipment, electric oil expellers, electric hammer mills and electric dehullers costing K845,103 at three (3) stations had not been installed nine (9) months from the delivery date. See table 11 below.

Table 11: Failure to Install Mechanisation Equipment

Province	Station	Equipment not Installed	Amount K
North Western	Chafukuma FTC	10 KVA Power generation equipment	164,552
		Electric oil expeller	52,000
		Electric Hammer mill	60,000
		Electric dehuller	60,000
Western	Namushakende FTC	10 KVA Power generation equipment	164,552
		Electric oil expeller	52,000
		Electric Hammer mill	60,000
		Electric dehuller	60,000
Muchinga	Mpika DACO	Electric dehuller	60,000
		Electric Hammer mill	60,000
		Electric oil expeller	52,000
Total			845,103

g. Management of Sustainable Agriculture Financing Facility (SAFF) - Failure to Recover Loans 2023/2024 Farming Season

The Government of the Republic of Zambia, through the Ministry officially launched the Sustainable Agriculture Financing Facilities (SAFF)—also referred to as the credit window—in the 2023/2024 farming season.

SAFF is a market-based, tailor-made financing initiative targeted at small and medium-scale farmers who often face limited access to affordable agricultural financing. The credit window seeks to address financing gaps in the agricultural sector by offering seasonal input loans through private sector financial institutions.

During the 2023/2024 farming season, amounts totalling K68,268,150 were disbursed to 1,094 loan beneficiaries in twelve (12) districts. See table 12 below.



Table 12: Loans Disbursement

Province	Farming Season	Loan Beneficiaries	Total Disbursements K
Northern	2024/2025	833	53,895,150
Muchinga	2024/2025	261	14,373,000
Total		1,094	68,268,150

Clause 4(xi-xiv) of the Sustainable Agriculture Finance Facility provides that the Financial Institutions are to deduct loan instalments from the borrowers as per agreed terms. The agreed terms were that the loan shall be repaid by June 2024.

Contrary to the Agreements, out of K18,310,678 expected to be recovered, only K5,351,499 was recovered leaving the outstanding balance of K12,959,179 unrecovered. See table 13 below.

Table 13: Failure to Recover Loans

Province	District	No. Farmers	Principal Amount K	Interest K	Total Amount K	Total Amount Recovered K	Unrecovered Amount K
Northern	Kasama	210	6,440,000	772,800	7,212,800	5,351,499	11,963,163
	Mungwi	83	3,221,840	386,621	3,608,461		
	Mbala	130	2,610,000	313,200	2,923,200		
	Senga	17	580,000	69,600	649,600		
	Lupososhi	112	2,199,680	263,962	2,463,642		
	Chilubi	16	408,000	48,960	456,960		
Muchinga	Chinsali	38	889,300	106,716	996,016	-	996,016
		606	16,348,820	1,961,858	18,310,678	5,351,499	12,959,179

h. Overpayment on the Construction of Overhead Power Line - Construction of Overhead Power Line at Shikabeta Irrigation Scheme

On 9th January 2023, the Agricultural Productivity and Market Enhancement Project (APMEP) engaged Northland Equipment Ltd for the construction of 11,000 meters of 33KVA for the Shikabeta Irrigation Scheme in Rufunsa District at a contract sum of K7,048,556.80 with a completion period of four (4) months ending 4th June 2023. The scope of works included, construction of 11,000 meters of 33kVA 33/0.4kV Transformer, 1x100kVA, 33/0.4kV and 2x50kVA 33/0.4kVA transformers and construction of 400 meters of 400 volts overhead line.

Section 191(3) of the Public Procurement Regulations of 2022 states that “a payment by a procuring entity under a running contract shall be for the actual quantity delivered

or performed during the time period covered by the contract, using the fixed unit prices specified in the contract.”

As at 30th April 2025, amounts totalling K8,167,973 had been paid to the contractor against the contract sum of K7,048,557 resulting in an overpayment of K1,119,416 which was not recovered as at 31st May 2025. See table 14 below.

Table 14: Overpayment on the Construction Overhead Power Line

Date	Amount Paid K	Contract Sum K	Over Payment K
01/01/2024	1,984,455	7,048,557	1,119,416
29/05/2024	2,376,307		
29/05/2024	3,807,210		
Total	8,167,973	7,048,557	1,119,416

Further, a physical inspection carried in May 2025 revealed that the overhead powerline was not complete and the following were observed:

- Although the poles were planted, the power cables and transformers were not installed.
- Contractor was not on site. *See pictures below.*



Poles without cables



Rolls of power cables at the clinic

i. Management of Liabilities - Outstanding Obligations

A review of records revealed that twelve (12) stations had accrued debts in amounts totalling K73,383,096 in respect of personal emoluments such as repatriation allowance, leave travel benefits and long service bonus among others dating as far back as 2001.



As at 31st July 2025, the bills had not been settled. See table 15 below.

Table 15: Outstanding Obligations

Province	Station	Amount K
Lusaka	Headquarters	239,603
Lusaka	Lusaka PACO	7,169,167
Northern	Kasama PACO	4,754,720
Eastern	Chipata PACO	16,499,241
North Western	Solwezi PACO	4,455,749
Luapula	Mansa PACO	7,727,250
Central	Kabwe PACO	5,627,310
Southern	Choma PACO	9,916,508
Western	Mongu PACO	5,570,068
Copperbelt	Ndola PACO	6,412,966
Muchinga	Chinsali PACO	4,818,115
	Chinsali DACO	192,398
Total		73,383,096

33 Head: 89 Ministry of Agriculture – Farmer Input Support Programme (FISP)

33.1 Background

The FISP was introduced to enhance access to agricultural inputs by small-scale farmers at an affordable cost and increase the participation and competitiveness of the private sector in the supply and distribution of agricultural inputs. The FISP is currently being implemented in all the 116 districts of the country. The number of FISP beneficiaries is reviewed annually, and selection is based on the criteria determined by the Ministry of Agriculture.

During the 2024/2025 farming season, the Government targeted to support 1,024,434 beneficiaries in all the 116 districts using both the Direct Input Supply (DIS) system and the E-Voucher System. The Direct Input Supply (DIS) was implemented in forty-two (42) districts and supported 285,166 beneficiaries. The E-Voucher was implemented in seventy-four (74) districts and supported 739,226 beneficiaries. Under the programme, beneficiaries used their NRCs and E-Voucher codes to redeem agriculture inputs of their choice from approved Agro-dealers up to a maximum value of K8,400. Each eligible



farmer under the FISP was to be assisted with inputs after contributing K400 (K300 for inputs and K100 for insurance).

The targeted beneficiaries were to be supplied with 7,869.04 Mt of seed costing K699,774,141 and 85,550.40 Mt fertiliser (Urea and D Compound) costing US\$71.8 million.

33.2 Audit Findings

A review of accounting and other records maintained at the Ministry Headquarters, Provincial Agricultural Coordinating Offices and fifty-seven (57) selected District Agricultural Coordinating Offices carried out in June 2025 revealed the following:

a. Audit of Performance Information

In the 2024/2025 farming season, the Ministry received amounts totalling K409,773,600 from 1,024,434 farmers' contributions against the expected K409,756,800 from 1,024,392 farmer beneficiaries resulting in a positive variance of K16,800. The variance was attributed to forty-two (42) farmers who had deposited funds despite being ineligible in that some of them were in formal employment.

b. Compliance with Legislation/Regulation

i. Failure to Implement FISP Graduation Plan

Section 4.1 (f) of the Action Plan for the Full Migration from the Farmer Input Support Programme to an Electronic Agricultural Input Support System of December 2022 provides migration principles and criteria on the graduation of farmer beneficiaries and stipulates that the Graduation Plan shall encompass a maximum participation of five (5) years on the programme.

Contrary to the Guideline, an analysis of records on ZIAMIS compared with other related FISP records revealed that the Graduation Plan had not been implemented in forty six (46) districts in that there were 125,303 farmers who deposited amounts totalling K130,153,200 during the 2024/2025 farming season and had benefited from the programme for eight (8) years from the 2017/2018 farming season without graduating.

ii. Delayed Delivery of Seed - Manyinga District

On 23rd August 2024, the Ministry engaged Zambezi Seed Company to supply various seed varieties such as maize, common beans, groundnuts, cowpeas,



sorghum, millet and soybeans to seven (7) provinces at a contract sum of K166,053,950. The supplier was expected to deliver the inputs by 30th September 2024.

An examination of Delivery Note No. 00171 dated 17th January 2025 and inquiries made with the District Agriculture Coordinating Office (DACO) revealed that the supplier delivered 120 x 10 kg bags of maize seed on 17th January 2025, and the farmers collected the seed on 13th March 2025.

In this regard, 120 farmers received the maize seed towards the end of the rain season.

iii. Engagement of Seed Suppliers

On 19th December 2024, the Ministry engaged four (4) suppliers at a total contract sum of K14,291,652 to supply seeds to six (6) districts with the contract period of two (2) weeks ending 2nd January 2025. See table 1 below

Table 1: Seed Suppliers

No.	Supplier	Quantities Contracted (MT)	Seed Type	Contract sum (K)	Amounts Paid (K)	District	Delivery Period (Weeks)	Contract Start Date
1	AMAC SEED	32.56	Common Beans	2,279,200	2,279,200	Lumezi	2	19/12/2024
2	Share Africa Ltd	68.29	Soyabeans	3,414,503	1,707,251	Chadiza, Chama	2	19/12/2024
3	Ranch Agrotech Ltd	120.54	Soyabeans	6,991,320	3,495,660	Katete, Lusangazi	2	19/12/2024
4	Kamano Seed Company	34.22	Soyabeans	1,606,629	-	Lundazi	2	19/12/2024
Total (K)				14,291,652	7,482,111			

As at 30th June 2025, amounts totalling K7,482,111 had been paid to the suppliers leaving the balance of K6,809,541.

The following were observed:

- **Late Procurement of Seed**

An examination of contract details revealed that the four (4) suppliers were engaged by the Ministry on the 19th of December 2024 after the onset of the rainy season with a delivery period of two (2) weeks ending on 2nd January 2025 resulting in late procurement and delivery of seed for the 2024/2025 farming season.



- **Questionable Supply of Seed without Contract**

On 19th December 2024, the Ministry engaged Share Africa Limited at a total contract sum of K3,414,503 to supply and deliver 68.29 metric tons of soya bean seeds to Chama and Chadiza districts.

However, a scrutiny of confirmation letters, delivery notes and goods received notes, revealed that the soya bean seeds were delivered on 15th November and 16th November 2024 at the districts, thirty (30) days before the supplier signed the contract with the Ministry.

In this regard, the engagement of a supplier was questionable in that the supplier was engaged before the contracts were signed with the Ministry.

- **Failure to Compensate Farmers for Poor Germination and Yield**

During the farming season for 2023/2024, the Ministry engaged insurance companies to provide insurance cover for poor germination and yield to 100,601 farmers under the FISP. The farmers were to receive amounts totalling K120,318,766 as pay-out due to poor germination, drought and pests that affected the germination of crops and yield.

However, enquiries made with management revealed that three (3) insurance companies had not compensated 88,602 farmers amounts totalling K113,098,317 in respect of poor germination and yield, as at 31st August 2025. See table 2 below.

Table 2: Failure to Compensate Farmer for Poor Germination and Yield

Insurance Company	Weather Index Insurance	No. of Farmers	Pay out Amount K
Professional Insurance	Yield	577	230,800
Savenda Insurance	Germination	930	6,205,358
	Yield	86,908	106,566,848
Madison Insurance	Germination	187	95,311
Total		88,602	113,098,317



- **Failure to Compensate Farmers for 2022/2023 Farming Season**

On 9th August 2023, the Zambia State Insurance Corporation General Insurance (ZSIC GI) transferred an amount of K578,700 to the Ministry to pay 643 farmers affected by poor germination in Chadiza district.

On 20th March 2024, the Ministry redirected the funds back to ZSIC GI as it was the responsibility of the insurance company to compensate the farmers through their mobile phone numbers.

However, as at 31st July 2025, the farmers had not been compensated amounts totalling K578,700 by the insurance company.

- c. **Management of FISP Beneficiaries - Direct Input Supply (DIS) System**

- i. **Failure to Redeem Inputs in Full**

Section 4 of Annex 6 of the 2024/2025 Direct Input Supply (DIS) and Electronic Voucher (e-Voucher) Implementation Handbook, states that farmers will redeem only pre-recommended inputs as provided for on the e-Voucher redeeming application and ZIAMIS. Under the E-Voucher scheme, the supplier will provide farmers with inputs within the set-out package per farmer and within their assigned package.

Contrary to the guideline, a comparison of the ZIAMIS system and the beneficiary lists revealed that 2,836 farmers from twenty-five (25) districts in four (4) provinces did not redeem inputs costing K3,068,458.

- ii. **FISP Beneficiaries on Other Government Empowerment Programmes**

Section 2 (10) of Annex 1 of the 2024/2025 FISP Implementation Handbook requires that to qualify as a beneficiary, an individual must not be benefitting from the Food Security Pack (FSP), have no loans under Sustainable Agriculture Financing Facility (SAFF), not accessing inputs under Constituency Development Fund (CDF) and any similar Government programmes.

Contrary to the Guideline, 3,420 individuals who benefited from FSP, SAFF and CDF programmes in thirty (30) districts, redeemed FISP farming inputs costing K28,710,100.

- iii. **Irregular Issuance of Farming Inputs to Civil Servants**

Annex 1 (2) part 9 of the 2024/25 Farmer Input Support Programme Implementation Handbook on selection criteria of individual farmer



beneficiaries' states, "an individual beneficiary should not be employed by Government of the Republic of Zambia (Civil Servants), public institutions (such as statutory bodies and parastatals) and not in any formal employment."

Contrary to the Guideline, eighty-seven (87) civil servants in twenty-five (25) districts were included on the approved farmer beneficiary list for 2024/2025 farming season and received inputs costing K724,400.

iv. FISP Beneficiaries with Unknown NRC District Codes – Kaoma DACO

Section 3.1.2 of the 2024/25 Farmer Input Support Implementation Handbook requires that the details for individual beneficiary farmers are correct and verified. Contrary to the Guideline, 477 beneficiaries with unknown district codes redeemed inputs costing K4,006,800.

As of June 2025, no action had been taken to establish the authenticity of the affected farmers' NRCs.

v. Beneficiaries with Unmatching Phone Numbers – Southern Province

Section 2(5) of Annex 1 of the 2024/2025 FISP Implementation Handbook states that the beneficiary must have an active phone number registered in their name and linked to their NRC on the ZIAMIS.

Contrary to the Guidelines, 8,664 beneficiaries who deposited amounts totalling K72,777,600 had phone numbers which did not match their names. See table 3 below.

Table 3: Beneficiaries with Unmatched Phone Numbers

Station	No. of Farmers	Amount Deposited K
Kalomo	354	2,973,600
Pemba	6,457	54,238,800
Sinazongwe	1,853	15,565,200
Total	8,664	72,777,600

d. Implementation of FISP E-Voucher

i. Unapproved Farmers on E-voucher

Section 3.1 of the 2024/2025 FISP Implementation Handbook provides that the FISP approved beneficiary list will be drawn from the existing national farmer register within ZIAMIS and that farmers who are not on the register will automatically be ineligible to participate under FISP.



Contrary to the Guidelines, forty-eighty (48) farmers in three (3) districts namely Chilanga, Kafue and Chongwe who redeemed inputs in amounts totalling K403,200 through E-Voucher were not on the list of approved farmers.

ii. Failure to Redeem Inputs

Section 4 of Annex 6 of the 2024/2025 FISP Implementation Handbook states that farmers will redeem only pre-recommended inputs as provided for on the E-Voucher redeeming application and ZIAMIS. Under the E-Voucher scheme, the supplier will provide farmers with inputs within the set-out package per farmer and within their assigned package.

Contrary to the guideline, a comparison of the ZIAMIS system and the beneficiary lists revealed that 6,645 farmers in twenty-five (25) districts, had not redeemed their inputs costing K6,581,784.

iii. Failure to Avail Authority to Deposit (ATDs) - E-Voucher

Section 5.4(i) of the 2024/2025 FISP Implementation handbook requires that before Authority to Collect is granted to a farmer, there should be evidence that the farmer was granted an Authority to Deposit and funds were deposited.

Contrary to the guideline, a comparison of issued Authority to Collect (ATC) with the Authority to Deposit (ATD) lists revealed that nine (9) farmers in two (2) districts namely Chilanga (K67,200) and Kafue (K8,400) redeemed inputs costing K75,600 through E-Voucher without authority to deposit.

iv. Suppliers without Physical Presence in the District

Annex 6 of the 2024/2025 FISP Implementation Handbook requires that suppliers must have physical presence or agency in areas they want to supply.

However, a review of goods issued notes and inquiries made with management in March 2025 revealed that sixty-seven (67) agro input suppliers registered in the ZIAMIS had no physical presence or agency in Lunga and Milenge districts. Consequently, it was not possible for the farmers to access the inputs locally as they had to travel to Samfya, 158 km from Milenge.

e. Information and Communication Technology System – Failure to Complete ZIAMIS Maintenance

The Ministry engaged Mackphilisa Computer Systems for annual system maintenance and provision of short code services at contract sums of US\$110,000. As at 30th June 2025, amounts totalling US\$88,054.02 (K2,295,216) had been paid to the contractors.



Despite Mackphilisa Computer Systems Limited having been paid in full, works valued at US\$10,000 had not been executed as at 31st July 2025. See table 4 below.

Table 4: Incomplete System Maintenance

Works	Status	Amounts US\$
Database upgrade	Not done	3,000
Verification of beneficiary NRC with the civil registry database	Not implemented	5,000
Introduce one time redeeming records	Not implemented	2,000
Total		10,000

34 Head: 89 Ministry of Agriculture – Irrigation Development Support Project (IDSP)

34.1 Project Background

On 23rd May 2011, the Government of the Republic of Zambia and the World Bank signed a loan Financing Agreement of an initial amount of US\$115,000,000 for the financing of the Irrigation Development Support Project (IDSP) with an initial implementation period of seven (7) years with effect from November 2011 to 15th December 2018.

In December 2018, the PDO was revised to improve project management, reorganise project components and reallocate funds to address cost overrun thereby extending the project closing date to 30th November 2020.

Further, in November 2020, the Government and the World Bank signed a second restructuring to the Project which involved additional financing of USD \$30,000,000 and time extension to close the project in November 2022. This was aimed at providing time for completion of planned works under IDSP, finance the Resettlement Action Plans and complete activities under Phase 2 of the remedial action plan agreed with the Government to address the safety of the ten (10) dams.

On 30th November 2022, the World Bank further approved an extension of the closing date of the Financing Agreement by twenty-four (24) months to 30th November 2024.

The project is currently being implemented in three (3) project sites: Lusitu in Chirundu - Lusaka Province, Mwomboshi in Chisamba - Central Province and Musakashi in Mufulira - Copperbelt Province.



34.2 Budget, Income and Expenditure and Project Financial Performance

According to the Annual Work Plan and Budget for 2024, a total budget provision of K748,015,827 (US\$26,714,850) was made for the implementation of project activities against which funds in amounts totalling K406,616,414 (US\$14,522,015) were received resulting in an under-funding of K341,399,412 (US\$12,192,835)

In addition, the Project had a brought forward balance of K78,057,618 (US\$3,354,096) and generated revenue from Water User Fees of K5,776,168 bringing the total available funds to K490,450,200 (US\$18,962,680).

As at 31st December 2024, amounts totalling K460,856,776 (US\$17,754,330) had been spent leaving a balance of K29,593,424 (US\$1,208,351). See table 1 below.

Table 1: Budget, Funding and Expenditure

Year	Source	Total Provision K	Total Releases K	Underfunding K	Other Income K	Total Income K	Actual Expenditure K	Unspent K
2023	B/forward	-			78,057,618	78,057,618	25,170,767	52,886,851
2024	GRZ	367,978,295	107,423,565	260,554,730		107,423,565	136,493,159	(29,069,594)
	World Bank	380,037,532	299,192,850	80,844,682		299,192,850	299,192,850	-
	Water User Fees	-		-	5,776,168	5,776,168	-	5,776,168
	Total	748,015,827	406,616,415	341,399,412	83,833,786	490,450,200	460,856,776	29,593,424

34.3 Audit Findings

An examination accounting and other records for the period under review revealed the following:

a. Failure to Recover Funds - Contract for the Supply and Installation of Centre Pivots at Shimabala and Buchetekelo Zambia Police Farms

On 11th November 2015, the Ministry of Home Affairs engaged Green 2000 Limited for the supply and installation of 4 x 50 hectares Centre Pivots at Shimabala Police Farms, and 1 x 60 hectares Centre Pivot and drip irrigation to service four (4) hectares at Buchetekelo Police Farm at a contract sum of US\$694,229.57. The contract period was ten (10) weeks.

On 25th October 2016, the company was paid the full contract sum of US\$694,229.57

However, Green 2000 Limited supplied and installed Centre Pivots that covered only ninety-nine (99) hectares of land, against the contracted land area of 264 hectares due to encroachment on part of the land which had been earmarked to accommodate the centre pivots.



Consequently, a meeting was held on 19th February 2018 between Green 2000 Limited and IDSP management to determine the amount owed by the company. It was established during the meeting that Green 2000 Limited owed IDSP a total of US\$328,012.42 (K9,315,552.73) for installed centre pivots.

On 5th September 2022, the Permanent Secretary at the Ministry of Agriculture wrote to the Attorney General, requesting the Ministry of Justice to issue a demand notice to Green 2000 Limited for the outstanding amount of US\$328,012.42 (K9,315,552.73) owed by the company. Following the lack of feedback on the matter, the Ministry subsequently wrote to the Secretary to the Cabinet on 27th March 2023, seeking an update on the status of the issue. However, no response was received.

As at 30th November 2024, the official closing date of the Irrigation Development Support Project, the amount of US\$328,012.42 (K9,315,552.73) had not been recovered from Green 2000 Limited.

b. Irrigation Management Capacity

i. Unaccounted for Water User Fees – K2, 561,897 (US\$91,496.32)

On 13th January 2022, the Project signed a Memorandum of Understanding (MoU) with a group of commercial farmers (Tier 4 Farmers) who expressed interest in abstracting water from the IDSP irrigation scheme (dams). The MoU outlined the terms and conditions under which the farmers would access water from the dams. According to the agreement, all water user fees were to be deposited directly into the IDSP account.

Subsequently, on 17th March 2023, the Ministry of Agriculture entered into contracts with Astragal Contractors and Loxlax Limited to manage, operate, and maintain the irrigation schemes located in Mfulira and Chisamba Districts, respectively, on behalf of the Ministry.

During the period under review, the project reported having received a total of K5,776,168 in water user fees.

However, a review of the 2024 Momboshi Dam water consumption report revealed that 22,000,000 cubic metres of water had been released to Tier 1, 2, 3, and 4 farmers. Of this volume, 12,850,367.52 cubic metres were recorded as



consumed by the respective user categories, while the remaining 9,149,632.48 cubic metres, representing approximately 42% of the total volume was unaccounted for, as it had not been billed to any users.

The monetary value for this unaccounted-for volumetric water consumption was charged at 1 cent per cubic metre resulting in a loss of \$91,496.32 (K2,561,897).

ii. Failure to Collect Water User Fees – K13,661,454.22

In 2022, the Ministry of Agriculture signed a Memorandum of Understanding with resident communities within the irrigation schemes and the private sector regarding the utilisation of water from the dams. A review of documentation and correspondence relating to the Community-Based Public Private Partnership (CPPP) arrangement revealed that, as at 31st December 2024, various water user beneficiaries, including the Zambia National Service, Zambia Correctional Service, Chumene Investments, and other Tier farmers had outstanding water bills amounting to K13,661,454 as shown in table 2 below:

Table 2: Outstanding Water User Fees

Institution	Amount US\$	Exchange Rate US\$1/K	Amount K
Zambia Correctional Service (ZCS)	137,180.50	27.825	3,817,047
Zambia National Services	120,123.66	27.825	3,342,441
Chumene Investments	33,000.00	27.825	918,225
Tier 1 Farmers	13,790.85	27.825	383,730
Tier 2 Farmers	17,716.42	27.825	492,959
Tier 4 Farmers	145,445.16	27.825	4,047,012
CLT Farmers	23,721.10	27.825	660,040
Total	490,977.69		13,661,454

As at 30th June 2025, the outstanding bills remained uncollected, and there was no evidence of active efforts by the Ministry to pursue the recovery of the amounts owed.



35 Head: 91 Office of the President - Copperbelt Province

35.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

35.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K130,033,228 was made to cater for the operations of the Provincial Administration against which amounts totalling K112,354,586 were released resulting in an underfunding of K17,678,642.

In addition, amounts totalling K64,257 were internally generated and grants in amounts totalling K12,191,080 were received from various line ministries. Further, there was a balance brought forward of K3,729,885 bringing the total available funds to K128,339,808. See table 1 below.

Table 1: Income from Other Departments

No	Programme/ Activity	Account Name	Balance B/F K	Grant Received K	Revenue Generated K
1	DHID activities	DHID	17,347	338,150	-
2	DWSS/ DWRD	DWSS/ DWRD activities	3,249,251	3,413,085	-
3	Tourism activities	Tourism	39,786	1,187,936	-
4	Masala Culture	Masala Culture	99,417	156,560	-
5	DMMU activities	DMMU	222,927	5,307,258	-
6	Provincial and Districts activities	Small and Medium Enterprises	26,832	1,429,545	-
7	Scrutiny Fees	CPPA - PPH	2,768	-	64,257
8	Beekeeping	Beekeeping	16,100	920	-
9	Survey of Government Properties	Land Appropriation	27,816	289,015	-
10	National Tree Planting Programme	National Tree Planting Programme	15,302	-	-
11	DWRD -Revolving	DWRD -Revolving	12,342	62,557	-
12	Provincial and District AIDS Task Force (PATF)	PATF	-	6,054	-
		Total	3,729,885	12,191,080	64,257

As at 31st December 2024, amounts totalling K112,236,961 had been spent leaving a balance of K16,102,847.

35.3 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration and seven (7) selected district offices revealed the following:



a. Failure to Achieve Set Output Targets

During the period under review, the Provincial Administration Office targeted to achieve various outputs. However, as at 31st December 2024, some set targets had not been achieved. See table 2 below.

Table 2: Unachieved Key Output

No.	Programme	Sub-programme	Key output and output Indicator	Annual Target	Achieved	Variance	Percentage Achieved (%)
1	Economic Development	Agriculture Resettlement	Number of settlers recommended for title	50	19	31	38%
		Survey Services	Number of properties Surveyed	250	213	37	85%
2	Community Development and social services	Community Development	Number of adult literacy learners enrolled	2200	1614	586	73%
3	Management and Support Services	Human Resource Administration	Proportion of Officers appraised	100%	7.80%	92.20%	7.80%

b. Weaknesses in Management of Payroll and Staff Related Matters

i. Positions on Payroll Not on Establishment Register

Regulation 21 (d) of the Public Finance Management (General) Regulations of 2020 provides that any recurrent expenditure estimates for personal emoluments should be supported by details from the establishment register for posts which shall be considered part of the estimates.

However, during the period under review, amounts totalling K148,663 were paid as salaries in respect of two (2) officers at Provincial Administration on positions not prescribed on the establishment register. See table 3 below.

Table 3: Positions not Prescribed on the Establishment Register

Salary Scale	Position	Amount K
B	Chainman	75,921
A	Chainman	72,743
Total		148,663

As at 30th June 2025, the officers remained on the payroll, and no recoveries had been made in respect of the irregular payments.



ii. Irregular Payment of Salaries to Officers on Secondment

Section 35 (d) of the Terms and Conditions of Service for the Public Service 2023 stipulates that a seconded officer should not receive a salary from the Public Service during the period of secondment as payment of his or her salary is the responsibility of the organisation he or she is seconded to.

Contrary to the Terms and Conditions of Service, two (2) officers who went on secondment during the period from January 2023 to February 2024 drew salaries in amounts totalling K246,858 during the period when they were on secondment. As at 30th June 2025, no recoveries had been made for the irregularly paid salaries.

iii. Irregular Introduction of Officers on Payroll

Sections 9 and 10 (a) of the Terms and Conditions of Service for the Public Service of 2023 provides that on appointment to the Public Service, an applicant shall be issued with an appropriate letter of appointment and an officer's date of appointment shall be the date on which the officer reports for duty and completes the arrival advice form.

Contrary to the Terms and Conditions of Service, four (4) officers who drew salaries in amounts totalling K349,049 were introduced on the payroll without appointment letters or arrival advice forms.

As at 30th June 2025, the officers remained on the payroll and continued drawing salaries, despite their placement not being based on appointment letters.

iv. Officer with an Expired Contract

Section 95 of the Terms and Conditions of Service for the Public Service 2023 stipulates that Contract Agreement for a specified period may be terminated by either party in accordance with the provisions of the contract.

Contrary to the Terms and Conditions of Service, the Deputy Permanent Secretary whose contract expired in November 2024 had been paid gross salaries in amounts totalling K331,027 during the period from December 2024 to May 2025. As at 30th June 2025, the officer was still working and the position on his contract had not been decided.



v. Payment of Salaries to Officers who Resigned

Section 95 of the Terms and Conditions of Service for the Public Service 2023 stipulates that a Responsible Officer shall immediately terminate from the payroll an employee who resigns, is dismissed, or deceased and is not eligible for posthumous retirement.

Contrary to the provision, two (2) officers who resigned from the Public Service on 1st August 2023 and 30th May 2024 respectively were not removed from the payroll and were consequently paid salaries in amounts totalling K150,807 during the period under review.

As at 30th June 2025, no recoveries had been made.

vi. Payment of Salaries to Retired Officers

Section 2 (g) of the Treasury and Financial Management Circular No. 9 of 2020 gives additional roles to the Director Human Resource in line Ministries or Head of Human Resource, at Provincial or District level to transfer all the retirees timely to the Seperatees payroll.

Contrary to the Circular, eight (8) retired officers were retained on the main payroll and irregularly paid housing and transport allowances in amounts totalling K58,023 for periods ranging from two (2) to seven (7) months.

As at 30th June 2025, the irregularly paid allowances had not been recovered, and the officers had not been transferred to the Separates payroll.

vii. Officers on Payroll but not on Staff Returns

Public Finance Management Regulation of 2020, No. 78 (1) and (3) require that a public body should ensure that the payroll is verified and reconciled by responsible office holder from an accounting unit and human resource and administration, respectively.

A reconciliation under sub regulation (1) should include a head count of staff each month with regards to the payroll expenditure.

A comparison of the payroll and staff returns for the Provincial Administration revealed that forty-two (42) officers on the payroll who drew salaries in amounts totalling K4,061,060 were not on the staff returns.



viii. Misplacement of Payroll Area

Cabinet Office Circular No. 13 of 2019 requires that the Controlling Officers will ensure all employees under their respective Ministries, Provinces and Agencies are placed in their duty stations as directed by the Service Commission or the responsible officer and that any employee who shall not be at their duty stations by 30th September 2019 would be removed from the payroll.

Contrary to the Circular, a reconciliation of the payroll and staff returns for the Provincial Administration Office for the period under review revealed that 105 officers drew salaries in amounts totalling K14,204,404 from pay-points that were different from their physical stations.

c. Failure to Collect Revenue

Section 11 (1) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer is responsible for planning and controlling of revenue collection and expenditure of public funds appropriated under that controlling officer’s control.”

Contrary to the Act, the Provincial Administration was owed rent in amounts totalling K198,725 as at 31st December 2024 by twenty (20) tenants that occupied Government properties. The debt was outstanding for periods ranging from three (3) to forty-eight (48) months. See table 4 below.

Table 4: Uncollected Revenue

No.	Station	No. of shops	Amount K
1	Kalulushi DC	3	74,800
2	Luanshya DC	7	31,725
3	Kitwe DC	9	56,200
4	Ndola DC	1	36,000
	Total	20	198,725

As at 30th June 2025, no recovery measures had been instituted against defaulting tenants, and the outstanding rental amounts remained unpaid.



d. Weaknesses in Transport Management

i. Failure to Insure Motor Vehicles

Section 86 of the Road Traffic Act No. 11 of 2002 provides that no person shall use or cause or permit any person to use a motor vehicle or trailer on a road unless there is such a policy of insurance or such a security in respect of third - party risk.

Contrary to the provisions of the Act, during the period under review, the Provincial Administration Office and the Kalulushi District Administration Office operated sixteen (16) motor vehicles without a policy of insurance in place. As of 30th June 2025, the vehicles had not been insured. See table 5 below.

Table 5: Uninsured Motor Vehicles

Station	No. of Vehicles
Provincial Administration	15
Kalulushi DC	1
Total	16

ii. Failure to Repair Motor Vehicles

Regulation 76 (1) of the Finance (Control and Management) (Public Stores) Regulations states that drivers and officers-in-charge of vehicles shall be responsible for ensuring that such vehicles are carefully maintained and regularly serviced.

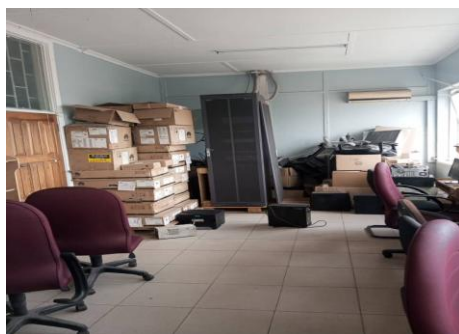
Contrary to the Regulation, a physical inspection carried out on 5th February, 2025 revealed that the provincial administration had not repaired twenty-two (22) motor vehicles that had broken down for periods ranging from one (1) to four (4) years.

e. Weaknesses in Management of ICT

i. Insufficient Safeguards for Server Rooms

Section 7.7 of the Network Management Standards of 2019 requires that network administrators must manage and monitor access to data centres and server rooms. To mitigate disasters such as fire, flooding, electrical hazards, the following measures are required: reliable energy sources, biometric access control, access cards, keys, fire safety mechanisms and proper environmental conditions. Hazardous materials and combustible materials must be safely stored away.

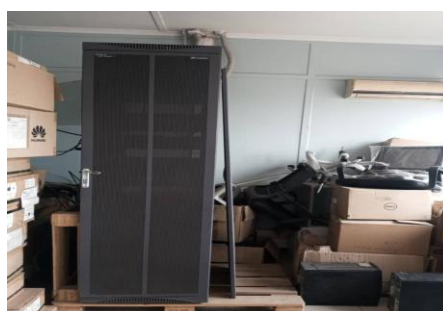
Contrary to the standard, a physical inspection conducted on 2nd February 2025 at the Provincial Administration Office's data centre revealed the absence of access control measures, such as biometric systems, access cards, or physical keys. In addition, there were no provisions for monitoring or managing environmental conditions, as the air conditioning unit was non-functional. See pictures below.



Data Rack in PMEC Office



Combustible materials



Non-functional Air Conditioner

ii. Lack of Backup Power Source for Server Room

Section 9 of the Network Management Standards of 2019 states that information resources must be protected against power disruptions through surge protectors and power smoothers. Critical government systems require backup power sources, which shall undergo regular testing in accordance with government protocols.

Contrary to the standard, the server room was being operated without any backup power system, resulting in immediate service disruptions during power outages and a halt in administrative operations. Among the key notable observations were that there was no Uninterruptible Power Supply (UPS) installed and the standby generator intended to provide power to the entire Provincial Administration Office was non-functional. See pictures below.



Non-functional Generator



Distribution Box

f. Management of Liabilities – Failure to Settle Outstanding Liabilities

As at 31st December 2024, the Provincial Administration had outstanding liabilities amounting to K9,916,511 in respect of personal emoluments, utility bills and local suppliers dating as far back as 2000. See table 6 below.

Table 6: Outstanding Bills

Details	Personel Emoluments K	Zamtel K	Zesco K	Water K	Other-RDCs K	Total K
Bal. bf as at 01/10/2024	5,880,000	114,000	170,700	2,475,200	466,300	9,106,200
Add: October - November, 2024	920,436	-	3,844	202,320	-	1,126,600
Total	6,800,436	114,000	174,544	2,677,520	466,300	10,232,800
Less Clearance	-			8,819		8,819
Adjustment - Upward(downward)	-	-	(51,400)	20,930	(277,000)	(307,470)
Total as at 31/12/2024	6,800,436	114,000	123,144	2,689,631	189,300	9,916,511

g. Failure to Maintain Properties

Section 41 (1) of the Public Finance Management Act No. 1 of 2018 states, “A Controlling Officer is responsible for the management of public assets and stores of the Head of expenditure.”

Contrary to the Act, a physical inspection of infrastructure carried out at the Provincial Administration and various departments in February 2025 revealed that some properties were dilapidated due to lack of maintenance. In particular, the following were observed:

i. Provincial Buildings Office - Stores Warehouse

The Provincial building stores warehouse is used for the storage of all obsolete office furniture and other materials removed from renovated Government

institutions within the province that are no longer in use and awaiting board of survey.

The warehouse was dilapidated with big cracks and was a hazard to officers working there. See pictures below.



Cracked Walls



Untidily Parked Desks and Chairs

Stained walls due to leakages

ii. Forestry, Tourism and Chiefs Affairs Department

The building was infested with termites and the ceiling board was stained and damaged due to leakages. See pictures below.



Termites on Wood Cladding



Falling Ceiling Board



Damaged Ceiling Board due to leaking Roof

iii. Department of Water Resource Development

Some buildings under the Department had been abandoned due to dilapidation. See pictures below.



Dilapidated building

iv. Department of Labour and Factories

The building was poorly maintained in that it had leakages due to a leaking roof in most offices, doors were worn out and security in registry where important documents such as personal files, correspondence files and employment contracts were kept was compromised in that the door was not lockable and windows had no burglar bars. See pictures below.



Worn outdoor



Stained ceiling board due to leakages



Registry with no burglar bars



Stained wall and ceiling boards

v. District Commissioner's House - Chingola

A physical inspection of the house carried out on 18th March 2025 revealed that the roof and ceiling were collapsing due to leakages, wooden doors were rotten, and the plumbing system was damaged. In addition, the house had been abandoned and was last occupied in 2018. See pictures below.



Damaged roofing and ceiling board



Rotten wooden door



Damaged sink

vi. District Commissioner's House- Kitwe

A physical inspection carried out on 25th March 2025 at the official residence of the District Commissioner revealed that the ceiling board was damaged due to leaking roof, water tank was non-functional and the electric fence was damaged. See pictures below:



Damaged ceiling board



Non-functional water tank



Damaged Electric Fence

vii. District Commissioner's House - Luanshya

The house was in a dilapidated state as the roof and ceiling were rotten and collapsing, plumbing system was worn-out, plaster was peeling off the walls, PCV floor tiles, doors and electrical fittings were damaged. Consequently, the property had been abandoned by the District Commissioner. See pictures below:



Worn-out plumbing system



Peeled walls



Damaged roof



Stained ceiling board & cracked wall

36 Head: 94 Office of the President - Western Province

36.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

36.2 Budget Provision, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K139,211,882 was made to cater for operations of the Provincial Administration out of which amounts totalling K121,999,062 were released resulting in an under funding of K17,212,820.

As at 31st December 2024, amounts totalling K121,851,950 had been spent. See table 1 below.

Table 1: Provisions, Funding and Expenditure

No	Programme	Budget K	Funding K	Statement C Expenditure K
1	Economic Development	17,495,880	12,615,406	12,585,482
2	Local Government Service	3,554,998	3,144,979	3,144,800
3	Natural Resources Management	20,181,625	18,450,576	18,413,650
4	Management and Support Services	68,230,076	59,203,629	59,155,872
5	Community Devevelopment and Social	29,749,303	28,584,471	28,552,146
	Total	139,211,882	121,999,061	121,851,950



36.3 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration and six (6) selected district offices for the period under review revealed the following:

a. Annual Performance

i. Lack of a Strategic Plan

A strategic plan defines an organization's outlook and sets strategies for desired objectives and direction of the entity. A strategic plan also outlines allocation of resources to priority areas and sets out strategic objectives to meet the set targets.

Section 26 (1) of the National Planning and Budgeting Act No.1 of 2020 provides that a ministry, provincial office, local authority and spending agency that receives an appropriation or appropriation-in-aid should prepare a five-year institutional strategic and implementation plan within four months of the coming into operation of the National Development Plan.

However, despite the 8th National Development Plan coming into operation in 2022, the Provincial Administration operated without an approved Strategic Plan. As at 31st August 2025, the strategic plan had not been approved.

ii. Management of Revenue - Failure to Meet Revenue Targets – Mulobezi DFO

Section 29 (1) of the Public Finance Management Act No. 1 of 2018 states that, "the Treasury shall set Annual Revenue Targets for each ministry, department and Government agency that shall form part of the revenue for the national budget." Further, Section 29 (2) (b) requires that Controlling Officers should attain revenue targets as provided in the annual estimates of revenues and expenditure.

During the period under review, revenue in amounts totalling K2,352,000 in respect of timber concession licensing, conveyancing, tree felling, fines among others was budgeted to be collected by Mulobezi District Forest Office (DFO). However, a total of K1,977,538 resulting in under collection of K374,462.

b. Misplacement of Payroll Area

Cabinet Office Circular No.13 of 2019 requires Controlling Officers to ensure that all employees under their respective Ministries, Provinces and Agencies are placed in their duty stations as directed by the Public Service Commission. Contrary to the circular,



- Two (2) officers who were not serving at the Provincial Administration drew salaries in amounts totalling K206,879 during the period under review.
- An officer who went on foreign service in New York on 11th September 2023 was paid salaries in amounts totalling K188,756 for sixteen (16) months from 11th September 2023 to 31st December 2024.

As at 30th June 2025, the officers' payroll had not been moved from Head 94 to their respective stations.

c. Unauthorised Payments - Mwandi District Administration

Regulation 54 (1) (a) of the Public Financial Management (General) Regulations of 2020 states, "where a hard copy payment voucher is used, the original of a payment voucher should be signed by a warrant holder, sub warrant holder or by any other authorised office holder."

Contrary to the Regulation, twenty-three (23) payment vouchers in amounts totalling K78,238 processed at Mwandi District Administration during the period under review were not authorised by the sub warrant holder.

d. Unaccounted for Stores

Regulation 7 of the Public Finance Management (Public Stores) Regulations of 2022 states, "An office holder in charge of public stores shall maintain the following books, records or registers: stores ledger; stores demand, issue and receipt vouchers; Stock Receipt Cost Sheet; or any other document as may be determined by the Secretary to the Treasury or a controlling body."

Contrary to the Regulation, stores items costing K80,272 (General stores – K39,660 and fuel – K40,612) procured at two (2) stations during the period under review were not accounted for in that there were no receipts and disposal details. See table 2 below.

Table 2: Unaccounted for Stores

Station	Stores K	Fuel K	Total Amount Paid K
Mwandi District Administration	39,660	17,893	57,553
Shangombo District Administration	-	22,719	22,719
Total	39,660	40,612	80,272



e. Irregular Use of Private Number Plates on Government Vehicles

Cabinet circular No.7 of 2021 (i) directed all Ministries and Institutions whose vehicles are using private number plates with or without authority, to revert and display Government Registration numbers.

Contrary to the Circular, fifteen (15) vehicles belonging to Provincial Administration were still bearing private registration number plates as at 31st May 2025, thereby exposing the vehicles to possible misuse.

f. Management of Liabilities - Failure to Settle Outstanding Bills

As at 31st December 2024, the Provincial Administration had accrued debts in amounts totalling K8,602,136 in respect of personal emolument, utility bills and other supplies of goods and services some of which had been outstanding from as far back as 2017. See table 3 below.

Table 3: Outstanding liabilities

No.	Type of Bill	Amount K
1	Personal Emoluments	4,727,304
2	Electricity	109,787
3	Water Bills	41,541
4	Zampost	523,858
5	Other expenses	3,199,646
	Total	8,602,136

g. Delayed Completion of Drilling Boreholes –Department of Water Affairs

A review of the annual workplan for the year 2024 revealed that the department of water affairs had planned to drill twenty- three (23) boreholes in Nkeyema, Kaoma, Luampa, Limulunga, Nalolo, Senanga, Sioma and Kalabo at a cost of K1,000,000 using force accounting.

However, a review of reports and inquiries made with management revealed that, as at 30th April 2025, eleven (11) boreholes had been drilled at a cost of K331,323 leaving a balance of twelve (12) boreholes costing K668,677 not drilled.

h. Agricultural Inputs Component of Youth Empowerment Fund – Youth Department

During the period under review, the Provincial Administration approved and paid eighteen (18) projects in amounts totalling K500,000 for eighteen (18) Youth Groups



in Western Province under the Youth Empowerment Programme. The terms and conditions of the programme required the borrower;

- To pay first payment in 60 days from the date of the execution of the agreement and continue each month on the monthly anniversary until the Loan, including principal and accrued interest is paid in full.
- To pay back the loan inclusive of 10% administrative fee to the Ministry of Youth and Sport.
- To deposit monthly instalments to the Youth Empowerment Scheme and keep a proper record of such deposits.

A review of the Loan Agreement Forms and other documents revealed the following;

i. Failure to Keep Proper Records and Books of Accounts

The terms and conditions of the loan (c) states that ‘the borrower shall deposit monthly instalments to the Youth Empowerment Scheme and keep a proper record of such deposits. The lender will have access at all reasonable times to examine the operations of the project and books of accounts used’.

An inspection of accounting records and physical inspection of the co-operatives carried out in March 2025 revealed that nine (9) co-operatives that had received loans in amounts totalling K230,000 did not avail records such as Minutes, expenditure and sales records for the business ventures among others. It was therefore not possible to ascertain how the funds received were utilised as well as the performance of the business undertakings

ii. Youth Groups Benefiting from more than one Initiative (FISP and FSP)

Guideline 1.0 states that ‘beneficiaries of this programme will be youth aged 18 to 35 from rural areas who are engaged in farming but are not beneficiaries of the Food Security Pack Programme, the Farmer Input Support Programme or any other related support.

Contrary to the Guideline, a review of the beneficiaries revealed that the Provincial Administration awarded loans in amounts totalling K145,000 to five (5) youth groups with members who benefitted from the Food Security Pack (FSP).



37 Head: 95 Office of the President - Eastern Province

37.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

37.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K131,518,988 was made to cater for operations of the Provincial Administration against which amounts totalling K113,178,315 were released resulting in an underfunding of K18,340,673.

As at 31st December 2024, amounts totalling K113,177,205 had been spent leaving a balance of K1,110.

37.3 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Office and five (5) selected district offices revealed the following:

a. Audit of Annual Performance Information

A review of the Provincial Administration's performance against the annual targets set out in the annual operational plan revealed that some programmes under Natural Resource Management, Economic Development and Local Government underperformed in their respective sub programmes despite having been funded. See table 1 below.

Table 1: Under Performance on Planned Activities

No.	Programme	Sub Programme	Activity	Annual Target	Achieved	Variance	Percentage Achieved %
1	Natural Resource Management	Forest Protected and Sustainably Managed	Number of Seedling raised	385,000	320,876	(64,124)	83
		Water Resource Development	Number of Dams constructed	2	1	(1)	50
		Enhanced Early Warning Systems	Number of weather stations inspected	15	7	(8)	47
2	Economic Development	Land Administration	Lease Preparation	300	237	(63)	79
			Land Inspections	200	160	(40)	80
			Sensitisation on Land related Issues	60	22	(38)	37
3	Local Government Services	Coordination of Local Authorities	Number of Local Authorities Inspected	15	9	(6)	60
		Spatial development Plans Implemented	Number of development control Inspections	14	5	(9)	36



b. Failure to Fill Vacant Positions

During the period under review, the Provincial Administration had an approved establishment of 997 positions out of which 994 were filled leaving three (3) vacant.

As at 30th June 2025, the positions had not been filled. Included in the vacant positions were positions which were key for the efficient and effective operation of Provincial and District offices namely Forestry Officer Enterprise, Assistant Cartographer and Senior Technologist.

c. Compliance with Laws and Other Regulations - Unaccounted for Fuel

Regulation 7 of the Public Finance Management (Public Stores) Regulations of 2022 states, “An office holder in charge of stores shall maintain the following books, records or registers: stores ledger; stores demand, issue and receipt vouchers; Stock Receipt Cost Sheet; or any other document as may be determined by the Secretary to the Treasury or a controlling body.”

Contrary to the Regulation, there were no receipt and disposal details in respect of fuel costing K26,223 procured during the period under review.

d. Failure to Change from Private to GRZ Number Plates

Cabinet circular No. 7 of 2021 (i) requires all Ministries and Institutions whose vehicles use private number plates to revert and display government registration numbers.

Contrary to the provisions of the circular, a review of records revealed that, during the period under review, eighteen (18) motor vehicles and eight (8) motorbikes at the Provincial Administration Office were still bearing private number plates.

Further inquiry established that these vehicles had been handed over to the Provincial Administration upon completion of various construction projects, with some transfers dating as far back as 2021. Despite the handover, the Provincial Administration Office had not facilitated the change of ownership from the private contractors to the Government. As of 30th June 2025, the ownership of these vehicles had still not been changed.



e. Delayed Completion of Works - Rehabilitation of Provincial Administration Office Block

On 20th August 2024, the Provincial Administration engaged Masimu Construction and General Merchandise Limited to undertake rehabilitation works at a contract sum of K4,835,843, VAT inclusive for a period of five (5) months commencing on 8th October 2024 and ending on 8th March 2025. The works commenced on 8th October 2024.

The scope of works included blockwork; roof works; carpentry, joinery and monger; metal work; plumbing installations; electrical installations; floor, wall and ceiling finishes; painting and glazing.

As at 31st August 2025, the contractor had executed 65% of works and paid amounts totalling K3,041,850 representing 63% of the total contract price leaving a balance of K1,793,993.

As at 31st August 2025, the following works were outstanding; carpentry; installation of soundproof doors; plumbing installations; electrical installations; floor, wall and ceiling finishes; painting; glazing; installation of 5,000 litres water tank, 1 HP booster and submissive pump and other accessories; parking areas (car shed and store office) and guard houses.

f. Management of Properties

A physical inspection of the District Commissioner's office in Nyimba District carried out on 28th March 2025 revealed that it was in a dilapidated state due to lack of maintenance. The ceiling board had leakages and parts of it had fallen off. See pictures below.



Stained Ceiling due to Leaking Roof



g. Failure to Settle Outstanding Bills

As at 31st December 2024, the Provincial Administration had accrued debts in amounts totalling K8,525,229 in respect of personal emoluments, utility bills and other supplies of goods and services, some of which had been outstanding from as far back as 2017. See table 2 below.

Table 2: Outstanding Bills

No.	Type of Bill	Balance b/f K	Current Year K	Cummulative Total K	Payments During the Year K	Outstanding Bill as at 31st December 2024 K
1	Other Personal Emmoluments	2,018,973	7,109,273	9,128,246	1,560,333	7,567,913
2	Other Accrued Allowances	434,788	198,311	633,099	-	633,099
3	Water Bills	77,539	-	77,539	-	77,539
4	Postal Rental	96,655	-	96,655	-	96,655
5	Insurance	150,023	-	150,023	-	150,023
	Totals	2,777,978	7,307,584	10,085,562	-	8,525,229

h. Construction of Multipurpose Theatre Hall-Phase III at Kapata Cultural Village

On 21st October 2024, the Provincial Administration engaged Chime Express Limited to undertake construction works at a contract sum of K3,319,850 VAT inclusive for the construction of Multi-Purpose Theatre Hall project phase III at Kapata Cultural Village with the completion period of six (6) months commencing on 28th October 2024 and ending on 28th April 2025. The scope of works included roof covering; metal work and paint work.

As at 30th June 2025, the contractor had executed 48% and had been paid K829,963 as 25% advance payment.

A physical inspection of the project carried out in July 2025 revealed that the contractor was not on site and the following works had not been undertaken installation of ten (10) trusses, purlins and iron sheets. See picture below.



Incomplete Roofing on Theatre Hall

38 Head: 98 Office of the President - Southern Province

38.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies in the provincial level.

38.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K137,321,294 was made to cater for the operations of the Provincial Administration and the whole amount was funded.

As at 31st December 2024, the Provincial Administration had spent amounts totalling K125,053,681 leaving a balance of K531,268.

38.3 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration and four (4) selected District Offices revealed the following:

a. Failure to Maintain Government Properties – District Commissioners’ Houses

Section 41(3) of the Public Finance Management Act No. 1 of 2018 stipulates that the controlling officer is responsible for the management of public assets and stores. Further, the controlling officer should prepare written reports on the general condition of those assets and storage facilities in which the assets are kept.



A physical inspection carried out in Namwala, Siavonga, Mazabuka and Livingstone districts revealed that District Commissioners' houses were eroded and dilapidated due to lack of regular maintenance and had not been functional for periods more than seven (7) years.

In particular, the houses had cracked walls, leaking roofs, broken windowpanes, broken sinks and toilet cisterns.

b. Infrastructure Development – Construction, Rehabilitation, Maintenance of Dams and Borehole Drilling

During the period under review, a total of K32,230,436 was disbursed by the Ministry of Water Development and Sanitation for dam maintenance activities in Southern Province, targeting 373 dam sites across 15 districts, with the primary objective of enhancing water harvesting capacity, protecting dams from deterioration, and prolonging their lifespan.

In addition, there was a balance of K6,623,338 brought forward from the year 2023 bringing the total available funds to K38,853,774.

As at 31st December 2024, amounts totalling K13,044,548 had been spent leaving a balance of K25,809,225.

The following were observed:

i. Delayed Completion of Maintenance of Dams - Mauka Dam Maintenance

It was observed that out of the 373 dams, rehabilitation works had been completed for 359 dams as at 31st December 2025. See table 1 below.



Table 1: Rehabilitation and Maintenance of Dams

No.	District	No. of Dams	No. Completed	No. Ongoing
1	Chirundu	3	3	0
2	Chikankata	9	9	0
3	Choma	70	69	1
4	Livingstone	7	7	0
5	Namwala	11	11	0
6	Siavonga	8	8	0
7	Gwembe	6	6	0
8	Zimba	44	42	2
9	Monze	78	78	0
10	Kalomo	51	48	3
11	Pemba	28	28	0
12	Kazungula	20	20	0
13	Mazabuka	22	16	6
14	Sinazongwe	14	12	2
15	Itezhi-tezhi	2	2	0
Total No. of Dams		373	359	14

As of March 2025, a total of K17,792,162 had been spent on materials (K7,882,316) and labour/other administrative expenses (K9,909,846) leaving a balance of K14,438,274.

A physical inspection revealed that works had been delayed for periods of more than 2 to 3 months as of May 2025.

The Provincial Administration under the department of Water Resource Development had allocated a total of K865,911 for the maintenance of Mauka Dam. The project had a completion period of twenty-one (21) days from December 2024, the time the funds were received

The works were to be carried out by the Provincial Water Resource Development with the help of the community through labour-based contracts. The scope of works included earthworks, clearing and grabbing, mending of the breached section of the embankment, embankment formation, opening new spillway channels, concrete works, among others.

As of March 2025, amounts totalling K501,101 had been spent leaving a balance of K364,810.



However, the project had not been completed two (2) months after the expected completion date as of March 2025 in that only works such as mobilization, earthworks, clearing and grabbing, works had commenced.

Further, dam maintenance works had stalled due to the supplier of the excavator withdrew the equipment due to delayed rental payments for hire by the department. See picture below.



Mauka dam Maintenance

ii. Failure to Rehabilitate and Maintain Boreholes

A review of boreholes maintenance report revealed that the province had a total of 9,172 boreholes out of which a total 7,445 were functioning leaving 1,727 non-functional. Consequently, some of the drought affected communities had no access to clean water. See table 2 below.

Table 2: Failure to Rehabilitate and Maintain Boreholes

No.	District	Total No. In 2023	Additional Boreholes	Total No. in 2024	Functional	Non-Functional
1	Siavonga	488	11	499	484	15
2	Chirundu	458	5	463	387	76
3	Chikankata	398	10	408	287	121
4	Mazabuka	602	77	679	425	254
5	Monze	1,538	176	1714	1,554	160
6	Gwembe	887	17	904	762	142
7	Pemba	493	31	524	361	163
8	Sinazongwe	544	23	567	385	182
9	Choma	591	35	626	506	120
10	Namwala	394	57	451	358	93
11	Itezhi-tezhi	481	54	535	428	107
12	Kalomo	638	33	671	517	154
13	Zimba	362	6	368	362	6
14	Livingstone	201	8	209	126	83
15	Kazungula	547	7	554	503	51
	Total	8,622	550	9,172	7,445	1,727



c. Management of Liabilities – Failure to Settle Outstanding Bills

As at 31st December 2024, the Provincial Administration Office had accrued debts in amounts totalling K6,945,892 in respect of personal emoluments related arrears, utility bills, rentals, contractors, among others, some of which had been outstanding as far back as 2004. See table 3 below.

Table 3: Failure to Settle Outstanding Bills

No.	Type of Bill	Amount K
1	Personnel Related Arrears	5,888,993
2	Suppliers of goods and services	668,862
4	Water Bills	118,781
5	Contractors	112,844
6	Rentals	156,412
	Total	6,945,892



39 Recommendations

To effectively address the internal control weaknesses identified, MPAs are strongly urged to implement the following recommendations. These measures are essential for strengthening internal controls, enhancing accountability, and improving overall operational efficiency. By adopting these recommendations, MPAs can mitigate risks, safeguard public resources, and foster a more transparent and effective governance framework. The specific recommendations are as follows:

i. Collection of Government Revenue

- Establish a robust revenue collection system that ensures timely tracking and reporting of the status on all the revenue streams.
- Strengthen oversight mechanisms to monitor revenue collection and address any bottlenecks in the revenue collection process.
- Provide regular training to staff on revenue collection procedures and financial regulations.

ii. Adhere to Government Circulars, Terms and Conditions of Service for the Public Service, Financial and Public Stores Regulations

- Enforce strict adherence to Government circulars, policies, and regulations by ensuring that punitive measures for non-compliance are enforced in a strict and timely manner.
- Regularly circulate the terms and conditions of service and financial regulations to ensure all employees are aware of their responsibilities.
- Implement a system for timely removal of separated officers from the payroll.
- Timely and periodic auditing by the internal audit functions in the respective MPAs of payments for remote and rural hardship allowances and subsistence allowances, ensuring payments are made only to eligible officers.

iii. Adhere to Procurement Guidelines and Contract Management

- Strengthen procurement oversight by the Controlling Officers through the reviewing of all purchases and contracts.



- Training of the procurement officers and staff on public procurement regulations and procedures.
- Conduct post-procurement audits by the internal audit function to evaluate adherence to contract terms and assess any deviations.
- Establish a robust contract management system to monitor contract performance and ensure the protection of government interests against potential financial and operational risks.

iv. Record Keeping

- Develop a standardized record-keeping system that is digitized and regularly updated.
- Provide training for staff on proper record management practices, including accurate documentation of financial transactions.
- Introduce routine internal audits to identify and correct record-keeping lapses.
- Implement stringent controls for handling payment vouchers, including proper authorisation, secure storage and tracking of all financial documents.

v. Management of Payroll

- Regularly reconcile the payroll with the establishment register and staff returns.
- Promptly update the payroll to remove officers who have resigned, been dismissed, are on unpaid leave, or have reached retirement age without authority to continue.
- The Human Resource function within the MPAs to assign officers that are meant to ensure that the registers are updated in real-time following staff movements, transfers, or separations.
- Introduce a system for periodic internal audits of the staff records to ensure accuracy and completeness.
- Implement a payroll audit to ensure staff are paid according to their correct station of placement.
- Establish a mechanism for regularly updating and reconciling payroll data with actual staff assignments.



- Introduce a tracking system that monitors the movements and placements of staff in real time to avoid payroll misallocations.
- The Controlling Officers to hold Human Resources officers accountable for payroll discrepancies within their MPAs.

vii. Insurance of Government Assets

- Ensure all Government assets are promptly insured against risks such as theft, damage or loss.
- Develop an asset management system that tracks the insurance status of all Government properties and ensures timely renewal of insurance policies.
- Regularly review the value and coverage of insured assets to ensure they are adequately protected.

viii. Deduction and Remittance of Statutory Contributions

- Establish a system that ensures timely deduction remittance of statutory contributions such as taxes and pension payments from all eligible employees.
- The MPAs must assign a dedicated officer to monitor compliance with statutory contribution requirements and address any delays in remittance.

Further, as a means of ensuring that the internal control environment is strengthened, the Secretary to the Treasury, who is ultimately responsible for overseeing Controlling Officers should champion a culture of diligence and oversight that can help mitigate negligence and reinforce the importance of strong internal controls, ultimately leading to more effective governance and stewardship of public resources.

40 Acknowledgements

I wish to thank all my staff for their hard work in ensuring that this report is produced despite the constraints highlighted in this report. I also wish to express my gratitude to the Secretary to the Treasury, the Accountant General and Controlling Officers and their staff for their cooperation during the audit process which enabled me to execute my duties diligently.



41 Recommendations of the Public Accounts Committee

The status on the Outstanding Issues is as reported by the National Assembly on the Outstanding Issues Report which was published in June 2025.

Refer to the Annexure to the Report of the Public Accounts Committee on the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December 2023 for the Fourth Session of the Thirteenth National Assembly on Outstanding Issues Arising from the Public Accounts Committee on the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December 2009 to 2021 and Outstanding Issues on the Report of the Public Accounts Committee on the Report of the Auditor General on the Government Payroll for the Financial Year ending 31st December 2017 to 2021.



42 Glossary of Terms

Accountable Documents	Documents such as receipts, licences, certificates, discs or tokens and others used in the collection of Revenues.
Audit Finding	The result of audit procedures and tests conducted by the auditor.
Controlling Officer	An officer designated as such by the Secretary to the Treasury responsible and accountable for the proper financial management and expenditure of public monies appropriated to public bodies in respect of all public monies collected, received or disbursed and in respect of public stores or assets received, held or disposed of by or on behalf of the ministry or department or service for which such head is provided.
Delayed Banking	Failure to bank moneys received not later than the next business day or at least twice every month where banking facilities do not exist.
Excess Expenditure	Expenditure incurred above the authorised budget amounts without the authorisation of Parliament.
Failure to Follow Procurement Procedures	Non-Compliance with the Zambia Public Procurement Act and Procurement guidelines in the purchase of goods and services.
Irregular payments	Payments made outside the normal practice or acceptable regulations or norms.
Irregularity	Breach of laws, regulations or rules.
Imprest	Funds or monies issued out to facilitate payments of a minor nature, meet expenses when the officer is travelling on duty or to facilitate the purchase of goods and services whose value cannot be ascertained at the time.
Misapplication	unauthorised application of budget provisions to a use on a programme other than for an approved programme.
Misappropriation	Use of public funds for personal purposes or crediting public funds to a private bank account.



Outstanding Issues	These are audit queries that remain unresolved in the Treasury Minutes (Action Taken Report) prepared by the Ministry of Finance on the Reports of the Auditor General
Overpayments	Payments made above the correct price or rate.
Parliament	Legislative organ of Government
Public Accounts Committee (PAC)	A sessional committee of the National Assembly established in terms of the standing orders. PAC examines the Auditor General's Report, as part of their mandate of examining the accounts showing the appropriation of the sums approved by the National Assembly.
Unaccounted for Revenue	Revenue collected but neither banked nor cash found on hand.
Unvouched Expenditure	Payment vouchers not availed for audit because they are either missing or inadequately supported.
Unretired Imprest	Imprest not accounted for.
Unauthorised Expenditure	Funds spent without approval by a responsible officer.
Unacquitted Payments	Payments made without evidence of having been received by the intended beneficiaries.
Unaccounted for Stores	Missing stores items without evidence of how they were received and utilised.
Undelivered Materials	Goods paid for but not received.
Non-Submission of Expenditure Returns	Failure to provide details of how funds disbursed were utilised.
Unaccounted for Funds	Missing funds without expenditure records.
Wasteful Expenditure	unnecessary expenditure incurred as a result of undue care and attention.
Reconciliation	The process of ensuring that two (2) or more sets of records agree

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