



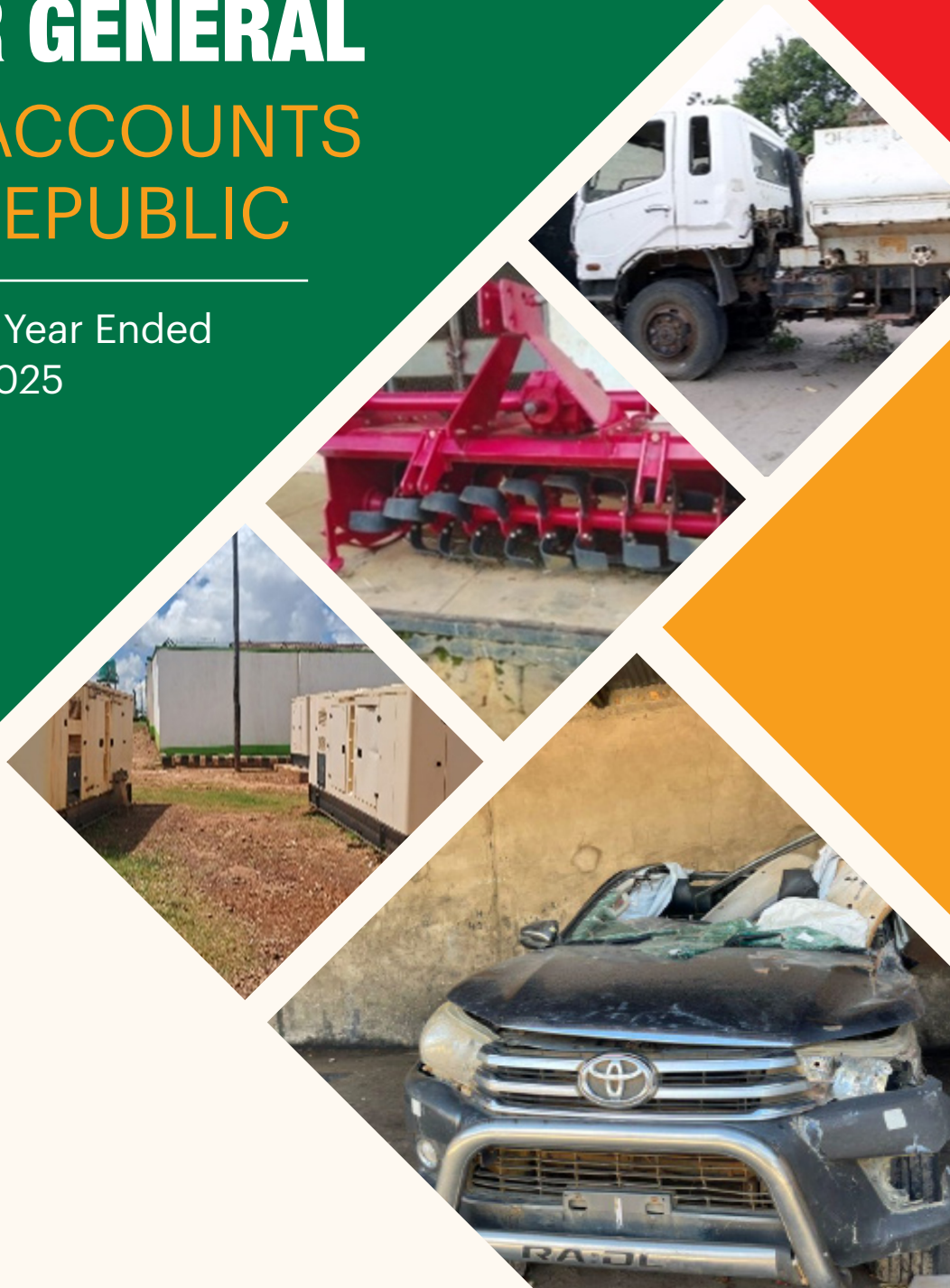
REPUBLIC OF ZAMBIA
OFFICE OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE REPUBLIC

For the Financial Year Ended
31st December, 2025



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REPUBLIC OF ZAMBIA

REPORT

of the

AUDITOR GENERAL

ON THE ACCOUNTS OF THE REPUBLIC

for the

Financial Year Ended 31st December 2025



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 2025, 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 2025. The audits were undertaken to ascertain whether funds appropriated by Parliament or otherwise raised by Government and disbursed were properly accounted for and utilised in accordance with the applicable laws and regulations.

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

The audit findings presented in this Report are matters that remained unresolved at the conclusion of the audit and for which no satisfactory explanations were provided 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.

Patricia Malaila (Ms.)

ACTING AUDITOR GENERAL



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Executive Summary

This Report has been produced in accordance 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 twenty seven (27) paragraphs on audit findings that could not be resolved during the audit process and whose corrective actions were not undertaken as at 30th September 2026.

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. Unsupported Extension of Temporal Import Permits

Thirteen (13) Temporary Import Permits (TIPs) with the value for duty purposes of K9,032,860 were issued to various taxpayers, with an expiry date of 29th December 2025. As at 31st August 2026, there was no supporting documentation to show that the TIPs had been extended or the applicable duty had been paid.

ii. Imports Assessed but Not Paid for

Goods imported for final consumption were assessed for customs duties and taxes in amounts totalling K52,020,416. However, as at 31st August 2026 assessed duties and taxes amounting to K41,974,318 had not been paid for periods ranging between 105 to 467 days after registration of the respective entries.



b. Ministry of Home Affairs and Internal Security – National Immigration Services

i. Failure to Remit Revenue

Revenue in respect of Immigration Fees such as VISA fees and border pass fees collected by Access Bank (Zambia) Limited in amounts totalling US\$39,940 and US\$393,880 for the years 2024 and 2025 respectively had not been remitted by the bank to the Treasury as at 31st July 2026.

ii. Failure to Facilitate the Exit of Prohibited Immigrants

Seventeen (17) immigrants who were issued with temporary permits and had paid amounts totalling K408,000 did not comply with the conditions of the permits in that they did not exit the country within the period provided in the permits. As at 31st August 2026, no action had been taken by the Immigration Office.

c. Ministry of Lands

i. Failure to Bill Ground Rent due to Incomplete Details of Land

A review of the Ministry's lands register revealed that land size information was not recorded with respect to 74,840 properties and therefore the ground rent could not be computed. Consequently, estimated revenue in amounts totalling K3,322,896 was not collected.

d. Ministry of Agriculture

i. Failure to Collect Royalties from the Sale of Seed

Zambia Agriculture Research Institute (ZARI) invoiced Stewards Globe Ltd (AfriSeed) amounts totalling K3,750,577 as royalties to be paid for promotion of production of the maize variety. However, as at 31st August 2026, ZARI had only received K250,000 leaving a balance of K3,500,577 and management had not acted against the company for the unpaid balance.

e. Ministry of Mines and Minerals Development

i. Failure to Collect Outstanding Area Charges

The Ministry had not collected amounts totalling K30,479,393 in respect of annual area charges from holders of mining rights or mineral processing licences as at 31st August 2026.



ii. Failure to Collect Penalty Fees for Breach of Licence Conditions

A total of 5,222 clients were fined amounts totalling K626,640,000 by the Ministry for various offences. However, as at 31st August 2026, the funds had not been collected.

2. EXPENDITURE

a. Ministry of Community Development and Social Services

i. Irregular Inclusion of Farmer Input Support Programme (FISP) Beneficiaries into FSP Programme

A total of 345 farmer beneficiary households irregularly collected farming inputs in amounts totalling K3,054,127 under FISP from the Ministry of Agriculture after having collected farming inputs valued at K1,590,095 under FSP from the Ministry of Community Development and Social Services during the 2024/2025 farming season.

b. Ministry of Health

i. Expired drugs

A review of stock control cards and physical inspections at health facilities revealed that 6,720 quantities of renal fluids valued at US\$11,500 (K222,640) and expired on 7th May 2025 at two (2) facilities had not been disposed of, twelve (12) months after expiry.

ii. Failure to Establish an Oxygen Plant - Mbala General Hospital

Mbala General Hospital operated without an oxygen plant. Consequently, management spent a total of K853,291 for procurement and transportation of oxygen from Kitwe and Kasama in order to cater for the lack of oxygen during the period under review.

iii. Failure to Settle Outstanding Obligations

The Ministry had outstanding obligations in amounts totalling K3,564,361,363 in respect of other personal emoluments and suppliers of goods and services. Some invoices had been outstanding from as far back as 2014.



c. Ministry of Water Development and Sanitation

i. Lack of Title Deeds

The Ministry did not secure title deeds in respect of 663 parcels of land on which various properties were located contrary to the Public Finance Management Act No. 1 of 2018.

d. Ministry of Education

i. Delayed Implementation of New Curriculum

The 2025 Curriculum Implementation Plan required that the procurement, printing and distribution of syllabi, teaching modules and learning materials be completed by January and February 2025.

However, printing of syllabi, sample teaching and learning materials for 1st and 2nd term for Form 1 were still in progress, one (1) year since the commencement of the 2023 new curriculum on 10th January 2025.

ii. Unaccounted for Officers

A total of 125 officers from twenty four (24) stations who drew salaries in amounts totalling K1,228,635 during the period under review were unaccounted for by the Ministry in that they were neither on the staff returns nor were known by management at respective stations. As at 31st August 2026, the officers were still unaccounted for and their whereabouts unknown.

e. Ministry of Fisheries and Livestock

i. Failure to Develop Monitoring and Evaluation System for the Zambia Beef Export Project - Animal Health Services

The Ministry engaged Moses Kabwe Mwale for consultancy services for the development of monitoring and evaluation system for the Zambia Beef Export Project at a contract sum of K330,000 with a completion period of two (2) months commencing on 22nd October 2025 and ending on 21st December 2025.

On 17th December 2025, the Ministry paid the Consultant the full contract price. However, as at 31st August 2026, the consultant had not delivered the Monitoring and Evaluation System.



f. Office of the President - Muchinga Province

i. Unaccounted for Mukula Logs

A status report availed by the Mpika District Forestry Office revealed that 5,595 Mukula logs were confiscated between 2021 to 2025. However, a physical inspection conducted in May 2026 revealed that only twenty-seven (27) logs were accounted for leaving a balance of 5,568 whose cost could not be ascertained unaccounted for.

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

i. Inactive Farmers Loaded with Redeemable Inputs

The FISP guidelines require a farmer to be actively involved in farming within the camp coverage area in order for the beneficiary to qualify for the programme.

However, 2,128 inactive farmers were loaded with redeemable inputs in amounts totalling K17,761,800 out of which amounts totalling K17,247,842 were subsequently redeemed.

ii. Unapproved Farmers on E-Voucher

A total of 2,339 farmers whose details could not be traced on the authorised existing National Farmer Register on ZIAMIS redeemed inputs in amounts totalling K19,647,400.

iii. FISP Beneficiaries on Other Government Empowerment Programmes

A total of 4,213 beneficiaries from ten (10) provinces who redeemed FISP farming inputs in amounts totalling K34,923,488 also benefited from other Government programmes such as FSP and SAFF programmes contrary to the FISP guidelines.

PART I
PREAMBLE



Acronyms

AFSC	Area Food Security Committee
AOP	Annual Operational Plan
ASYCUDA	Automated System for Customs Data
BHCP	Basic Health Care Package
CAC	Camp Agricultural Committee
CDA	Community Development Assistant
CDF	Constituency Development Fund
CEO	Camp Extension Officer
CGAPs	Central Government Accounting Policies
COS	Committee of Survey
CPP	Compendium of Policies and Procedures
CWACs	Community Welfare Assistance Committees
DACO	District Agriculture Coordinating Office
DARP	Draft Audit Report Paragraph
DEO	District Education Office
DHO	District Health Office
DNPW	Department of National Parks and Wildlife
ECE	Early Childhood Education
EMLIP	Essential Medicines Logistics Improvement Program
ENT	Ear, Nose and Throat
FISP	Farmer Input Support Programme
FRA	Food Reserve Agency
FSP	Food Security Programme
GCC	General Contract Condition



GDA	General Deposit Account
GEWEL	Girls' Education and Women's Empowerment and Livelihoods
GIN	Goods Issued Note
GRNs	Good Received Notes
GRZ	Government of the Republic of Zambia
IBDF	Integrated Border Declaration Form
ICT	Information and Communication Technology
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
INTOSAI	International Organisation of Supreme Audit Institutions
IPCs	Interim Payment Certificates
ISSAIs	International Standards for Supreme Audit Institutions
ITT	Invitation to Treat
MIHUD	Ministry of Infrastructure, Housing and Urban Development
MPAs	Ministries, Provinces and Agencies
MWDS	Ministry of Water Development and Sanitation
NAPSA	National Pensions Scheme Authority
NGOs	Non-Governmental Organisations
NHIMA	National Health Insurance Management Authority
NICU	Neonatal Intensive Care Unit
NRC	National Registration Card
OBB	Output Based Budget
PACO	Provincial Agriculture Coordinating Office
PAYE	Pay As You Earn
PCC	Particular Conditions of Contracts
PDO	Project Development Objective



PECS	Picture Exchange Communication System
PEO	Provincial Education Office
PFLCO	Provincial Fisheries and Livestock Coordinating Office
PHO	Provincial Health Office
PMEC	Payroll Management and Establishment Control
PSMD	Public Service Management Division
PWAS	Public Welfare Assistance Scheme
RIB	Removals in Bond
RIT	Removals in Transit
RTSA	Road Transport and Safety Agency
SAFF	Sustainable Agriculture Financing Facility
SCC	Special Conditions of Contract
SCT	Social Cash Transfer
SFD	Saudi Fund for Development
SLAs	Service Level Agreements
TDCF	Tourism Development Credit Facility
TIPs	Temporary Import Permits
UTH	University Teaching Hospital
VAT	Value Added Tax
ZAMMSA	Zambia Medicines and Medical Supplies Agency
ZAPD	Zambia Agency for Persons with Disability
ZARI	Zambia Agriculture Research Institute
ZEEP	Zambia Education Enhancement Project
ZEMA	Zambia Environment Management Agency
ZEPH	Zambia Education Publishing House
ZIAMIS	Zambia Integrated Agriculture Management Information System



ZICTA	Zambia Information and Communication Technology Authority
ZILAS	Zambia Integrated Land Administration System
ZILMIS	Zambia Integrated Land Management Information System
ZPPA	Zambia Public Procurement Authority
ZRA	Zambia Revenue Authority



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 of the National Assembly for tabling before 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 (e) 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 2025.

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 2025

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 2025 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:

- i. Statement A – Statement of Cash Receipts and Payments;
- ii. Statement B – Statement of Comparison of Budget and Actual Amounts (Statement of Budget Execution);
- iii. Statement C – Statement of Comparison of Budget and Actual Amounts (by Programme and Sub – Programme);
- iv. Statement D – Statement of Comparison of Budget and Actual Amounts (Functional Classification);
- v. Statement E – Statement of Public Debt;
- vi. Statement F – Cash flow Statement; and
- vii. 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 2025 is as Shown Below

Description	Original Budget Kwacha	Adjustments Kwacha	Final Budget Kwacha	Actual Amounts Kwacha	Variance Kwacha
RECEIPTS					
Income Tax	83,164,860,306.00	-	83,164,860,306.00	99,925,321,653.86	16,760,461,347.86
Customs and Excise Duty	21,362,414,281.00	-	21,362,414,281.00	20,283,819,833.83	(1,078,594,447.17)
Value Added Tax	48,341,425,548.00	-	48,341,425,548.00	37,005,808,930.95	(11,335,616,617.05)
Levies	2,972,646,647.00	-	2,972,646,647.00	3,414,799,165.78	442,152,518.78
Fines	118,192,862.00	-	118,192,862.00	143,408,006.16	25,215,144.16
Licenses	3,020,068,263.00	-	3,020,068,263.00	3,033,831,392.59	13,763,129.59
Commissions	92,475,748.00	-	92,475,748.00	220,844,378.31	128,368,630.31
Fees	3,455,789,627.00	-	3,455,789,627.00	4,968,249,455.80	1,512,459,828.80
Interest	262,227,799.00	-	262,227,799.00	29,745,345.43	(232,482,453.57)
Other Revenues	11,398,293,479.00	-	11,398,293,479.00	11,453,938,177.84	55,644,698.84
Bilateral Grants	4,110,259,399.00	-	4,110,259,399.00	2,226,379,958.69	(1,883,879,440.31)
Multilateral Grants	4,058,935,000.00	-	4,058,935,000.00	5,069,985,168.49	1,011,050,168.49
Domestic Financing	15,359,224,678.00	-	15,359,224,678.00	26,004,879,617.80	10,645,654,939.80
Foreign Financing - Programme Loans	8,057,291,210.00	-	8,057,291,210.00	3,131,718,714.15	(4,925,572,495.85)
Foreign Financing - Project Loans	11,331,273,814.00	-	11,331,273,814.00	1,502,879,398.15	(9,828,394,415.85)
TOTAL RECEIPTS	217,105,378,661.00		217,105,378,661.00	218,415,609,197.83	1,310,230,536.83
PAYMENTS					
Personal Emoluments	58,548,092,161.51	346,454,812.26	58,894,546,973.77	58,252,025,069.21	642,521,904.56
Use of goods and Services	27,305,190,019.88	16,902,879,917.55	44,208,069,937.43	36,037,573,831.31	8,170,496,106.12
Financial Charges & Principal Payments	53,998,883,675.00	7,970,983,346.00	61,969,867,021.00	56,684,977,505.78	5,284,889,515.22
Grants	38,752,101,047.37	4,399,454,457.95	43,151,555,505.32	32,317,779,642.89	10,833,775,862.43
Social Benefits	9,656,265,202.00	3,878,497,623.00	13,534,762,825.00	12,363,996,632.59	1,170,766,192.41
Non-Financial Assets Acquisition	6,812,231,324.40	- 905,829,556.20	5,906,401,768.20	4,019,707,048.58	1,886,694,719.62
Assets Under Construction	19,180,707,071.84	1,106,214,382.15	20,286,921,453.99	14,756,844,512.41	5,530,076,941.58
Financial Assets	2,851,908,159.00	- 121,529,015.82	2,730,379,143.18	1,870,825,207.74	859,553,935.44
TOTAL PAYMENTS	217,105,378,661.00	33,577,125,966.89	250,682,504,627.89	216,303,729,450.51	34,378,775,177.38
SURPLUS / (DEFICIT)				2,111,879,747.32	

The total originally budgeted expenditure for the year under review was K217,105,378,661. In addition, there was a supplementary provision of K33,577,125,966.89 bringing the total final budgeted expenditure amount to K250,682,504,627.89. The actual expenditure for the year was K216,303,729,450.51 resulting in a net under expenditure of K34,378,775,177.38.

During the period under review, the actual revenue collections amounted to K218,415,609,197.83 while the actual expenditure was K216,303,729,450.51 resulting in a net surplus of K2,111,879,747.32.

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 K1,310,230,536.83 as detailed below.



Description	Approved Estimates K	Actual Revenue K	Over/ (Under) the Estimate K	Shortfall/ Surplus
Income Tax	83,164,860,306	99,925,321,654	16,760,461,348	16,760,461,348
Customs and Excise Duty	21,362,414,281	20,283,819,834	(1,078,594,447)	(1,078,594,447)
Value Added Tax	48,341,425,548	37,005,808,931	(11,335,616,617)	(11,335,616,617)
Levies	2,972,646,647	3,414,799,166	442,152,519	442,152,519
Fines	118,192,862	143,408,006	25,215,144	25,215,144
Licenses	3,020,068,263	3,033,831,393	13,763,130	13,763,130
Commissions	92,475,748	220,844,378	128,368,630	128,368,630
Fees	3,455,789,627	4,968,249,456	1,512,459,829	1,512,459,829
Interest	262,227,799	29,745,345	(232,482,454)	(232,482,454)
Other Revenues	11,398,293,479	11,453,938,178	55,644,699	55,644,699
Bilateral Grants	4,110,259,399	2,226,379,959	(1,883,879,440)	(1,883,879,440)
Multilateral Grants	4,058,935,000	5,069,985,168	1,011,050,168	1,011,050,168
Domestic Financing	15,359,224,678	26,004,879,618	10,645,654,940	10,645,654,940
Foreign Financing - Programme Loans	8,057,291,210	3,131,718,714	(4,925,572,496)	(4,925,572,496)
Foreign Financing - Project Loans	11,331,273,814	1,502,879,398	(9,828,394,416)	(9,828,394,416)
Total	217,105,378,661	218,415,609,198		1,310,230,537

The Surplus of K1,310,230,536.83 was attributed to over collection on Income Tax, Levies, Fines, Licences, Commissions, Fees, other Revenues, Multilateral grants and Domestic Financing.

6 Audit Opinion on the Accounts

I have audited the financial statements of the Republic of Zambia for the financial year ended 31st December 2025, 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 2025 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:

- Failure to Collect Government Revenue:* Some MPAs were found to be inefficient in the manner in which revenue was collected due to poor enforcement of financial regulations and inadequate tracking mechanisms. Further, one MPA did not collect revenue from



regulated online casinos as the existing legislation does not provide for the collection of such revenue.

- 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 delayed commencement of projects, failure to claim liquidated damages, failure to encash advance payment guarantees and performance bonds for none performing contractors. There were instances where procurements were made outside the e-GP system, contrary to the established procedures.
- d. *Poor Record Keeping:* Weak documentation practices resulted in incomplete accounting records, in that payments were made but were 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 utilisation 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. Further, salaries were paid against unfunded positions, while some individuals received salaries despite not being recognised by management as employees of the respective institutions.
- g. *Failure to define Salary Scale on the Staff Establishment Register:* There were cases where officers were placed on salary scales that were not provided for under the applicable financial regulations.
- h. *Failure to Insure Government Assets:* Some MPAs failed to insure Government motor vehicles and motorbikes, leaving assets exposed to potential risk of losses from adverse incidents such as theft and accidents.



- i. Failure to Remit Statutory Contributions:* MPAs were found to be defaulting on remitting statutory contributions such as pension payments and taxes.
- j. 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.
- k. Failure to monitor and enforce Guidelines of Government Empowerment programmes:* There were cases where individuals benefited from more than one government programme, including Farmer Input Support Programme (FISP), Food Security Pack (FSP) and Sustainable Agriculture Financing Facility (SAFF) contrary to the programme guidelines.

PART II
INFORMATION SYSTEMS
PARAGRAPHS



7 Head: 37 Ministry of Finance and National Planning – Payroll Management and Establishment Control (PMEC)

7.1 Mandate

The Ministry of Finance and National Planning is mandated to perform various 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 Management and Establishment Control (PMEC) system as well as accounting and other records maintained at the Ministry Headquarters and selected stations revealed the following:

a. Failure to Configure Workflows for Critical Infotypes

COBIT 2019 (BAI06 – *Managed IT Changes* and DSS06 – *Managed Business Process Controls*) requires organisations to implement automated approval workflows and authorisation controls to ensure that changes to critical business data are properly reviewed, approved, and documented before implementation.

An Infotype in SAP is a logical grouping of employee-related information that enables the system to store, process, and manage human resource and payroll data efficiently.

SAP HR Best Practices further require that sensitive personnel and payroll-related infotypes be subjected to workflow-based approval processes to ensure adequate authorisation, accountability, audit trails, and segregation of duties.

A review of the PMEC system revealed that the system contained twenty-nine (29) configured infotypes. However, workflow approval controls had only been configured for eight (8) infotypes, leaving twenty-one (21) infotypes without automated workflow-based review and approval processes. Further, various critical infotypes, including 0429 – Position in PS, 0978 – Pension Contribution A, 0979 – Pension A, 3213 – Pensions, and 9008 – Acting Assignment, were not subjected to workflow controls. Consequently, changes to these infotypes could be effected



without automated authorisation, review, escalation procedures or validation by designated officers within the System.

As a result, incorrect salary payments, pension contributions, acting allowances, position assignments, and other employee entitlements may be processed without detection

Although in their response dated 3rd July 2026, Management submitted that consideration was only given to transactional infotypes, as of August 2026, infotype 9008 (acting assignment) and social security infotypes had not been configured.

b. Failure to Define Business Rules for Administration of Separatees

Article 189 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 requires that pension benefits be paid promptly and regularly. If a pension benefit is not paid on an employee's last working day, the employee must stop working, but their name must remain on the payroll, and they must continue receiving their last salary until the benefit is paid.

Further, Circular No. B26 of 2022 clarifies that retirees retained on the payroll while awaiting pension benefits are entitled only to their last basic salary and, where applicable, housing allowance for officers not provided with institutional accommodation. Retirees who have already received repatriation allowance are entitled to receive basic salary only until their pension benefits are settled.

During the period under review, 8,791 employees were placed on Separatees payroll and paid salaries in amounts totalling K728,110,028.

However, a review of the PMEC System revealed that rules relating to the administration of separatees following enactment of Article 189 of the Constitution and the subsequent circular, were not configured to ensure compliance with these provisions.

Therefore, the System continued to pay duty facilitation allowances in the form of Acting, Combat, Remote Hardship, Responsibility for Teachers, Rural Hardship, Salary Arrears and Transport Allowances in amounts totalling K1,000,995.



Further, the System continued to run seventy-seven (77) deductions such as pay as you earn, overpayments, Pension contribution and Rural/Remote Hardship Allowance in amounts totalling K76,926,348.

c. Use of Unsupported Database

ISO/IEC 27001:2022 Control A.8.8 requires organisations to obtain timely information on technical vulnerabilities affecting information systems, assess the associated risks, and implement appropriate measures to address identified vulnerabilities.

A review of the PMEC system infrastructure revealed that the SAP system was operating on an unsupported Oracle Database.

The continued use of an unsupported database version means that the system no longer receives vendor-issued security patches, bug fixes, or technical updates. Consequently, newly identified vulnerabilities may remain unaddressed, increasing the risk of unauthorised access, exploitation of known security vulnerabilities, data compromise, system disruption, and potential loss of the confidentiality, integrity, and availability of PMEC data and services.

In response, management submitted that the system was due to be migrated to HANA database as part of the migration to S4HANA SAP platform. However, no compensating measures have been implemented to mitigate the PMEC's exposure to known vulnerabilities.

d. Lack of Interface between PMEC and IFMIS

COBIT 2019, APO03 – Managed Enterprise Architecture, requires alignment and integration of information systems to support business processes and enable seamless data exchange across platforms. In addition, *BAI03 – Managed Solutions Identification and Build*, recommends the need for integrated system design and interoperability between applications.

As both the PMEC System and the Integrated Financial Management Information System (IFMIS) process interdependent payroll and financial information, best practice requires the systems to be integrated to enable automated validation, reconciliation, and sharing of payroll and budgetary data.



A review of the PMEC and IFMIS systems revealed that the two (2) systems were not integrated, and no interface existed to facilitate the automated exchange of payroll and financial information. In this regard, payroll transactions processed in PMEC were not automatically validated against approved budget provisions, available balances, or cash ceilings maintained in the IFMIS. As a result, payroll expenditures could be processed without confirmation that sufficient funds were available under the respective budget lines. Consequently, the approved budget limits in amounts totalling K34,226,701,528 were exceeded by K1,857,561,772 in four (4) MPAs, as shown in table 1 below.

Table 1: Lack of Interface between PMEC and IFMIS

No.	MPA	Budget K	Expenditure K	Over Expenditure K
1	Ministry of Education	20,173,751,211	20,993,390,959	(819,639,748)
2	Ministry of Health	10,576,367,055	11,308,096,120	(731,729,065)
3	Ministry of Agriculture	790,471,283	791,686,775	(1,215,492)
4	Zambia Police	2,686,111,979	2,991,089,446	(304,977,467)
	Totals	34,226,701,528	36,084,263,300	(1,857,561,772)

In their response, management submitted that an interface between the PMEC and IFMIS was planned for implementation as part of the migration to the SAP S/4HANA project. However, no compensating control to ensure accuracy of transfer of information from PMEC to IFMIS had been implemented.

PART III
REVENUE
PARAGRAPHS



8 Head: 37 Ministry of Finance and National Planning - Zambia Revenue Authority

Programme: 2011 Tax Revenue

Activities: 111 Income Tax
112 Customs and Excise
113 Value Added Tax

8.1 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 of Finance and National Planning 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.

In addition, the ZRA has the responsibility of enforcing tax compliance and collecting taxes, related fines and penalties on behalf of the Government.

8.2 Budget against Actual Revenue Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total revenue provision of K158,994,965,643 was made, against which amounts totalling K160,654,333,149 were collected, resulting in an over collection of K1,659,367,506. See table 1 below.



Table 1: Budget against Actual Collections

No.	Description	Estimates K	Actual Collection K	Variance K
1	Company Tax	23,602,472,316	34,110,070,981	10,507,598,665
2	Individuals (self -employed)	372,526,145	808,019,629	435,493,484
3	Pay As You Earn	26,984,991,728	31,301,243,173	4,316,251,445
4	Withholding Tax (Rent, Interest and Royalties)	11,701,787,031	13,014,216,789	1,312,429,758
5	Withholding Tax (Dividends)	2,267,650,830	1,611,172,111	(656,478,719)
6	Withholding Tax (Lump Sum Payment)	333,400,388	227,122,915	(106,277,473)
7	Withholding Tax- Rental Income	772,397,046	942,480,218	170,083,172
8	Withholding Tax (Contractors)	576,358,300	571,078,969	(5,279,331)
9	Property Transfer Tax	647,148,548	879,901,465	232,752,917
10	Insurance	370,149,924	457,565,837	87,415,913
11	Advance Income Tax	4,522,013	432,517,433	427,995,420
12	Base Tax	-	4,531	4,531
13	Customs Duty	10,048,558,774	9,770,317,292	(278,241,482)
14	Excise Duty -Soft Drinks	143,484	940,585	797,101
15	Excise Duty -Cigarettes	502,070,002	224,622,206	(277,447,796)
16	Excise Duty -Opaque Beer	33,412,800	153,248,304	119,835,504
17	Excise Duty -Clear Beer	2,706,251,977	1,455,877,453	(1,250,374,524)
18	Excise Duty -Hydro-Carbon Oils	1,286,688,691	985,458,656	(301,230,035)
19	Excise Duty -Spirits	528,751,249	466,873,173	(61,878,076)
20	Rummage Sales	1,652,804	1,804,597	151,793
21	Fines, Penalty and Interest	125,805,538	137,497,543	11,692,005
22	Warehouse Rent	5,241,293	2,246,395	(2,994,898)
23	Accounting Fees	19,860,111	14,775,870	(5,084,241)
24	Licence Fees	18,262,428	10,392,167	(7,870,261)
25	Other Revenue	3,275,022	1,218,591	(2,056,431)
26	Excise Duty - Motor Vehicles	1,308,225,358	1,167,163,257	(141,062,101)
27	Excise Duty - Electrical Energy	531,865,970	847,219,463	315,353,493
28	Excise Duty -Water	1,122,313	6,527,784	5,405,471
29	Excise Duty - Wine	473,870,912	297,760,837	(176,110,075)
30	Excise Duty - Air time	2,771,919,949	2,172,889,242	(599,030,707)
31	Excise Duty - Cosmetics	135,548,727	98,761,575	(36,787,152)
32	Excise Duty - Carbon	178,859,126	176,707,735	(2,151,391)
33	Export Duty - Copper Concentrates	251,543,278	354,102,241	102,558,963
34	Excise duty - Plastic sacks	110,573,468	52,767,873	(57,805,595)
35	Excise Duty Sacks and Bags	-	21,897,693	21,897,693
36	Excise duty Gases	10,371,650	11,864,971	1,493,321
37	Export Duty - Timber	154,525,157	84,497,868	(70,027,289)
38	Excise Duty - Cement & Cement Clinker	66,845,769	620,321	(66,225,448)
39	Excise Duty - Juices	4,869,889	7,640,052	2,770,163
40	Export Duty - Hides	2,245,150	1,243,383	(1,001,767)
42	Export Duty - Precious Minerals & Anodic Slimes	-	6,039,771	6,039,771
43	Non-Alcoholic Beverages	121,045,538	70,547,013	(50,498,525)
44	Excise duty- Cement	-	65,318,192	65,318,192
45	Excise Duty - Milk	-	1,116	1,116
46	Excise Duty - Coal	52,132,966	52,634,865	501,899
47	Mineral Royalty Tax	17,354,619,167	16,027,522,421	(1,327,096,746)
48	Domestic VAT	13,992,153,502	4,274,850,298	(9,717,303,204)
49	Import VAT	34,369,484,664	32,730,958,633	(1,638,526,031)
50	Fuel Levy	1,960,617,433	2,170,023,598	209,406,165
51	Motor Vehicle - License	193,098,948	90,269,611	(102,829,337)
52	Motor Vehicle Surtax	127,728,598	124,706,072	(3,022,526)
53	Selected Goods Surcharge	1,266,440,379	1,371,920,653	105,480,274
54	Skills Development Levy	307,895,205	392,754,237	84,859,032
55	Tourism Levy	74,361,544	71,791,653	(2,569,891)
56	Mobile Money Levy	259,622,541	322,663,841	63,041,300
	Total	158,994,965,643	160,654,333,149	1,659,367,506



8.3 Audit Findings

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

a. Payments not Accompanied with Returns

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.

Further, Section 64(a) of the Act empowers the Commissioner-General to raise an assessment based on best judgement where a taxpayer fails to submit a return as required.

During the period under review, 208 taxpayers paid income taxes in amounts totalling K467,962. However, these payments were not supported with tax returns making it not possible to ascertain whether the taxpayers paid the correct tax due. As at 31st August 2026, ZRA had not prepared the estimated assessments to validate the accuracy of the income tax paid.

b. Failure to Collect PAYE from Expatriates

A comparison of work permit records obtained from the National Immigration Services and PAYE records maintained by the ZRA revealed that 187 expatriates holding valid work permits had not been declared for PAYE purposes by their respective employers during the period under review.

Consequently, the Authority did not collect PAYE related revenue from these expatriates.

c. Unacquitted Motor Vehicles Imported Under Integrated Border Declaration Form (IBDF)

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 ten (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 Customs Duty Tax.

A review of records maintained in the ASYCUDA World System revealed that five (5) motor vehicles imported under the Integrated Border Declaration Form (IBDF) regime had exceeded their authorized stay periods without being acquitted. The overdue periods ranged from 156 to 445 days.

As at 31st August 2026, the vehicles had not been accounted for, and there was no evidence that the vehicles had either been re-exported or formally cleared for home consumption. Consequently, Customs Duty amounting to K204,043 remained uncollected in respect of the unacquitted vehicles.

d. Unsupported Extension of Temporal Import Permits

Regulation 78 (1) of the Customs and Excise (General) Regulations, 2000 stipulates that subject to the other provisions of this regulation, a rebate of duty shall be granted in such circumstances, to such extent, and under such conditions as the Commissioner-General may approve, on goods temporarily imported into Zambia, provided that, the goods are not exported from Zambia within a period fixed by the Commissioner-General, full duty shall be payable on the goods.

During the period under review, thirteen (13) Temporary Import Permits (TIPs) with the value for duty purposes of K9,032,860 were issued to various taxpayers, with an expiry date of 29th December 2025.

Contrary to the regulation, as at 31st August 2026, there was no supporting documentation to show that the TIPs had been extended or the applicable duty had been paid.

e. Failure to Encash Bond Guarantees for Unacquitted RIB and RIT Transactions

The Automated System for Customs Data (ASYCUDA World) facilitates the administration and monitoring of Removals in Bond (RIB) and Removals in Transit (RIT) transactions. Under these arrangements, goods are allowed to move between customs control points or transit through the country without immediate payment of duties and taxes, subject to bond guarantees issued by banks or insurance companies.



Customs procedures require that transit consignments be acquitted at the designated destination office within five (5) days of departure. Acquittal confirms that goods under RIT have exited the country and that goods under RIB have either been re-exported or duly entered for home consumption with the applicable duties and taxes paid. Where consignments are not acquitted within the prescribed period and no extension has been granted, the associated bond guarantees should be enforced to safeguard Government revenue.

A review of ASYCUDA World records revealed the following:

i. Failure to Encash Bond Guarantees Amounts for Overdue Removals in Bond and Removals in Transit

A review of ASYCUDA World records revealed that as at 31st December 2025, one (1) Removal in Bond (RIB) transaction and 472 Removals in Transit (RIT) transactions remained in a “Departed” status, indicating that the consignments had not been acquitted at their respective destination offices within the prescribed period.

The delays ranged from 1 to 358 days for the 472 RIT transactions and one (1) day for the RIB transaction. A further review established that, as of April 2026, bond guarantees amounting to K97,781,238 relating to the overdue RIT transactions and K1,914,935 relating to the overdue RIB transactions had not been encashed. In addition, no documentation was availed to show that extensions had been granted for the affected consignments.

As a result, goods covered by the outstanding transit and bond transactions were not accounted for, and the associated revenue remained unsecured. See table 2 below.



Table 2: Removals in Transit

No.	Station	No. of RITs	Bond Guarantee Amount K
1	Chanida	2	400,886
2	Chirundu	13	2,451,395
3	Kasumbalesa	24	30,872,613
4	Katima Mulilo	7	980,252
5	Kazungula	29	33,235,870
6	Nakonde	390	19,582,839
7	Sakanya	6	9,971,543
8	Victoria Falls	1	285,840
	Total	472	97,781,238

ii. Transit Limit Days Beyond the Authorised Days

Contrary to the Customs Procedures, the Authority granted importers transit limit days beyond the authorised period of five (5) days. The transit days granted ranged from 77 to 207 days for fifteen (15) Removals in Transit (RIT).

As at 31st August 2026, the transits had not been acquitted and there was no documentation availed for audit to show that transit had been extended.

f. Imports Assessed but Not Paid for

Section 601.068 of the Customs and Excise Compendium of Policies and Procedures requires that duties and taxes assessed on goods entered for home consumption be paid within three (3) days from the date of issuance of the assessment notice. Where payment is not made within the prescribed period, late payment penalties are applicable in accordance with Section 171 of the Customs and Excise Act.

Further, entries that remain unsettled beyond fifteen (15) days from the date of registration in ASYCUDA World could render the goods liable to seizure.

A review of import entries recorded in ASYCUDA World revealed that goods imported for final consumption during the period from January to December 2025 were assessed for customs duties and taxes amounting to K52,020,416.

Contrary to the prescribed procedures, the assessed duties and taxes amounting to K41,974,318 had not been paid as at 31st August 2026. The outstanding assessments had remained unpaid for periods ranging from 105 to 467 days after registration of



the respective entries. Further, ZRA had not made any efforts to seize the imported goods.

g. Failure to Charge and Collect Penalties on Overstayed Temporal Registrations under IBDFs upon Final Clearance

Clause 1101.044 of the Compendium of Policies and Procedures (CPP) relating to the remission of duty on motor vehicles imported by visitors and tourists requires that motor vehicles admitted into Zambia on a temporary basis be removed from the country within the authorised period unless an extension is granted by Customs.

Where a vehicle remains in the country beyond the authorised period without approval, a penalty fee should be imposed. Further, any vehicle that remains in the country for more than ten (10) days after the expiry of the authorised period is liable to seizure and is deemed to have been imported for home consumption, thereby becoming subject to the payment of the applicable customs duties and taxes.

A review of Integrated Border Declaration Forms (IBDFs) and corresponding records from the Road Transport and Safety Agency (RTSA) revealed that ninety (90) motor vehicles initially admitted into Zambia on a temporary basis were subsequently registered with RTSA.

However, despite exceeding the authorised temporary admission periods, the affected vehicles were not subjected to the prescribed penalties in accordance with the Compendium of Policies and Procedures. Consequently, penalties amounting to K1,125,000 had not been assessed as at 31st August 2026.

h. Failure to Dispose of Gazetted Motor Vehicles and Goods

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. In line with Section 162 of the Customs Excise Act, the Government through various gazette notices gave notice of offer for sale of goods and motor vehicles under seizure.

In the report of the Auditor General on the Accounts of the Republic for the financial year ended 31st December 2024, mention was made of the failure by the

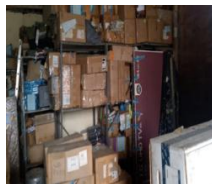


Authority to dispose of Gazetted Motor Vehicles and Goods.

In their Report for the Fifth Session of the Thirteenth National Assembly, the Public Accounts Committee urged the Controlling Officer to engage the Secretary to the Treasury to expedite the work of the Committee of Survey. The Committee also recommended implementing an automated detention, seizure, and disposal tracking system and to fast-track legislative amendments to allow expedited disposal of perishable goods.

A review of records and physical inspections carried out in August 2026 at selected stations revealed the following:

Table 3: Undisposed of Gazetted Motor Vehicles and Goods

No.	Station	Observation
1	Kenneth Kaunda International Airport	Various goods with an estimated value of K8,260,082 and seventy one (71) goods whose value for duty had not been determined by ZRA had not been disposed of over periods ranging from 49 to 1,427 days after the issuance of the gazette notices. As a result, goods in the warehouse had been deteriorating, breaking and destroyed by rodents and the warehouse had been at full capacity and the expected revenue may not be realised.  <i>Goods destroyed by rodents Broken Television</i>
2	Makeni Enforcement Centre	Twelve (12) motor vehicles valued at K715,000 and a Mitsubishi Grand with Chassis No. B959AVU (NA4W-0010833) whose value for duty had not been determined by ZRA had not been disposed of for periods ranging from 829 to 1,583 days after the issuance of the Gazette notice. Although the motor vehicles were reported to have been gazetted, gazette notices were not availed for audit



No.	Station	Observation
		verification. It was further observed that the motor vehicles were deteriorating in the customs yard.
3	Lusaka Port Office	Ten (10) motor vehicles with a value for duty purposes of K975,647 and various goods with a value for duty purposes of K10,537,175 had not been disposed of for periods ranging from 166 to 1,377 days after the issuance of the Gazette Notice. Further, goods amounting to K358,406 had expired and were still in the warehouse.
4	Simon Mwansa Kapwepwe Airport	Assorted goods, with a total value for duty purposes of K118,925, and goods whose value for duty purpose was not determined by the ZRA had not been disposed of despite the issuance of a Gazette Notice.
5	Ndola Port Office	Twenty four (24) motor vehicles with value for duty purposes of K928,508 had not been disposed of despite the issuance of a Gazette Notices on 30th August 2024, 15th November 2024 and 17th April 2025. Further, it was observed that two (2) Gazetted Motor Vehicles valued at K85,000 and three (3) motor vehicles whose values had not determined by ZRA were not found in the yard despite the issuance of a Gazette Notice on 15th November 2024 and 17th April 2025. In addition, there were no gate passes nor disposal details for the release/exit of the vehicles.
6	Kasumbalesa Border Post	Assorted goods with a total value for duty purposes of K2,606,648 had not been disposed of despite the issuance of Gazette Notices. In addition, 1,145 bags of gazetted mealie meal with value for duty purposes of K271,950 were missing from the warehouse. Further, thirty five (35) motor vehicles with value for duty purposes of K1,942,000 and thirty two (32) motor bikes with value for duty purposes of K291,824 had not been disposed of despite the issuance of Gazette Notices.
7	Chingola Office	Three (3) motor vehicles with value for duty purposes of K69,572 and one (1) motor vehicle whose value the authority



No.	Station	Observation
		had not been determined by ZRA had not been disposed of despite the issuance of a Gazette Notice.
8	Kitwe Port Office	Assorted goods with a total value for duty purposes of K1,309,411 had not been disposed of despite the issuance of Gazette Notices. In addition, nine (9) motor vehicles and two (2) motorcycles with value for duty purposes of K565,669 had not been disposed of despite the issuance of Gazette Notices. Further, a Scania Truck and three (3) bags of copper concentrates with value for duty purpose of K586,430 were missing from the yard and warehouse.
9	Kapiri-Mposhi Customs Centre	Four (4) motor vehicles valued at K183,679 had not been disposed of for periods ranging from 1,582 to 2,143 days after the issuance of the Gazette Notice. Although the goods were reported to have been gazetted, Gazette Notices were not availed for audit.
10	Livingstone Enforcement Centre	Assorted goods with a total value for duty purposes of K2,966,124 had not been disposed of despite the issuance of a Gazette Notice on 8th August 2025. At the time of audit, goods amounting to K696,343 had expired and were still in the warehouse. Further, three (3) motor vehicles with value for duty purposes of K605,021 had not been disposed of despite the issuance of a Gazette Notice on 8th August 2025.
11	Mwami One Stop Border Post	Milk whose value for duty purpose had not been determined by ZRA had not been disposed of and had expired. See picture below.  <i>Expired milk at Mwami One Stop Border Post</i>



No.	Station	Observation
12	Chirundu One Stop Border Post	Various goods with value for duty purpose in amounts totalling K346,971 had not been disposed of. Included in the undisposed of goods were assorted wines and whiskies with value for duty purposes of K30,000 that had expired. Although the goods were reported to have been gazetted, Gazette Notices were not availed for audit verification. Further, twelve (12) motor vehicles with value for duty purpose of K953,042 had not been disposed of for periods ranging from five (5) to eight (8) years. Although the motor vehicles were reported to have been gazetted, Gazette Notices were not availed for audit verification.

i. Failure to Gazette and Forfeit Seized Goods

Section 33 of the Customs and Excise Act, Chapter 322 of the Laws of Zambia provides that goods that are not entered within thirty (30) days from the date of importation are liable to seizure. Entry entails the formal acknowledgement of the goods by ZRA. Where such goods remain unentered for customs purposes, they are liable to forfeiture and may subsequently be sold or otherwise disposed of by the Commissioner-General. Further, Section 203(1) of the Act empowers the Commissioner-General to sell or otherwise dispose of goods that have become liable for disposal in accordance with the Act.

In addition, Section 162 (6) and (10) of the Act provides for the forfeiture of seized goods. In particular, where proceedings are not instituted in respect of seized goods within the prescribed framework, the goods may be declared forfeited and thereafter sold or otherwise disposed of by the Commissioner-General.

Contrary to the provisions of the Act, various goods valued at K49,167,416, US\$84,310.10, €8,656.75 and ZAR927,430.53 together with other goods whose values could not be ascertained were held at seven (7) stations. The goods were seized during the period from 1st January to 31st December 2025. However, as at 31st August 2026, the goods had not been declared forfeited and subsequently disposed of. See table 4 below.



Table 4: Undeclared and Undisposed of Goods

No.	Station	Seizure Period (Days)	Amount			
			K	US\$	€	ZAR
1	Kenneth Kaunda International Airport	180 to 3,275	6,048,081	84,310.10	8,656.75	55,071.53
2	Lusaka Port Office	90 to 999	8,686,524			
3	Ndola Port Office	150 to 450	1,267,700			
4	Kasumbalesa Border Post	120 to 240	390,000			
5	Livingstone Enforcement Centre	180 to 480	240,801			
6	Chirundu One Stop Border Post	134 to 2,274	31,782,225			872,359.00
7	Nakonde One Stop Border Post	1 to 307	752,086			
	Total		49,167,416	84,310.10	8,656.75	927,430.53

Consequently, the goods remained in storage at the respective stations. As a result of the prolonged period of storage, some of the goods began to deteriorate, thereby exposing them to further loss in value and possible eventual loss.

j. Uncollected Penalties for Non-Usage of Smart Invoicing

Regulation 4 (1) of the Value Added Tax (Electronic Invoicing System) Regulations of 2023 states, “A taxable supplier shall issue a tax invoice using an electronic invoicing system to a customer for the consideration paid or payable by that customer.”

In accordance with the above provision, all registered VAT taxpayers are required to issue tax invoices through the Smart Invoicing System once onboarded.

During the period under review, ZRA fined 393 taxpayers amounts totalling K26,298,109 for not utilising the Smart Invoicing System despite being onboarded on the system. As at 31st August 2026, the fines had not been collected.



9 Head: 37 Ministry of Finance and National Planning

9.1 Mandate

The Ministry of Finance and National Planning is mandated to perform various functions that include preparation of the national budget, national planning, economic management, resource mobilisation, debt management and public finance management.

9.2 Budget and Actual Revenue Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total revenue provision of K11,818,657,849 was made against which amounts totalling K12,157,225,979 were collected resulting in an over-collection of K338,568,130. See table 1 Below.

Table 1: Budget Against Actual Revenue Collections

Code	Programme	Budget (A) K	Actuals (B) K	Variance (B-A) K
113304	Mobile Money Levy	259,622,541	322,663,841	63,041,300
123001	Asycuda Processing Fees	537,678,966	899,837,480	362,158,514
125032	Interest-Loans Institutions	253,602,454	14,400,456	(239,201,998)
126005	Commission on 3rd Party	92,475,748	220,844,378	128,368,630
129013	Dividends	7,339,206,950	5,337,398,313	(2,001,808,637)
129025	Proceeds from Sale of Properties	2,649,719	429,756	(2,219,963)
129049	Road Toll	3,308,948,000	4,056,061,546	747,113,546
129061	Money Lenders Licence	9,349,947	9,455,020	105,073
129062	Capital Markets Tribunal	37,100	27,822	(9,278)
129067	Debt to GRZ	2,506,139	634,062	(1,872,077)
129069	Betting and Lottery Control Board	6,021,587	11,219,637	5,198,050
129099	Miscellaneous Revenue	6,558,698	1,284,253,667	1,277,694,969
	Total	11,818,657,849	12,157,225,979	338,568,130

9.3 Audit Findings

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

a. Failure to Achieve Budgetary Targets – Under-Collection of Revenue

Section 47 (1) and (2) of the National Planning and Budgeting Act No.1 of 2020 provides 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. It further, states that a Controlling Officer who contravenes the National Planning and Budgeting Act is liable to disciplinary action as may be determined by the appointing authority.



Contrary to the Act, the Ministry did not achieve planned budgetary targets in that only K15,492,096 was collected out of the budgeted revenue of K258,795,412 resulting in an under collection of K243,303,316 in respect of four (4) revenue streams. See table 2 below.

Table 2: Attainment of Output Target

Code	Type	Budget K	Actuals K	Under Collection K
125032	Interest-Loans Institutions	253,602,454	14,400,456	(239,201,998)
129025	Proceeds from Sale of Properties	2,649,719	429,756	(2,219,963)
129062	Capital Markets Tribunal	37,100	27,822	(9,278)
129067	Debt to GRZ	2,506,139	634,062	(1,872,077)
	Total	258,795,412	15,492,096	(243,303,316)

b. Failure to Collect Interest Revenue Charged on Delayed Sweeping of Revenues from Commercial Banks

Section 28 (1) of the Public Finance Management Act No. 1 of 2018 stipulates that the General revenues collected by appointed agents on behalf of Government shall be transmitted to the Consolidated Fund as prescribed by the Treasury.

Further, according to Section 28 (6) of the Act, an appointed agent that fails to transmit funds to the Consolidated Fund in accordance with subsection (1) commits an offence and is liable, on conviction, to a penalty at the prevailing interbank lending rate applicable on the un-transmitted amount for each day the amount remains unremitted.

In this regard, the Service Level Agreements (SLAs) signed with various commercial banks provided for sweeping of funds from the Revenue Transit Account to Control 99 on Tuesdays, Fridays and the last working day of each month.

On 31st December 2025, the Ministry charged interest in amounts totalling K61,375 (K26,353 and US\$1,936 (K35,022 @K18.09/1US\$)) to six (6) commercial banks for delayed remittance of mopped funds as shown in table 3 below.



Table 3: Interest on Delayed Transfer to Control 99

No	Name of Commercial Bank	Interest Amount charged but Not Collected	
		K	US\$
1	NATSAVE	1,945	1,927
2	INDO	1,219	-
3	ZICB	15,341	-
4	ABSA	-	9
5	FNB	7,564	-
6	ZANACO	284	-
	Totals	26,353	1,936

As at 31st August 2026, the interest had not been paid.

c. Disposal of Motor Vehicles and General Stores

Section 46 (1) and (2) (c) of the Public Finance Management Act No. 1 of 2018 stipulates that subject to the other provisions of this Act, a Controlling Officer or Controlling body shall dispose public assets and stores in a prescribed manner that ensures accountability and transparency.

Following inspection, verification, valuation and boarding of unserviceable public stores and assets conducted at the Ministry Headquarters and Provincial Offices in September 2025 and grant of authority by Secretary to the Treasury on 6th October 2025, the Ministry conducted an auction sale for the disposal of assets and public stores at a total reserve value of K1,340,700 according to the valuation report dated 5th March 2024 using Depreciated Replacement Cost method.

According to the Report of the Auction Sale addressed to the Secretary to the Treasury, the Auction sale took place on 11th October 2025 and K2,848,500 was realised.

The following were observed:

i. Unaccounted for Revenues and Assets

Regulation 134 (1) and (3) of the Public Finance Management (General) Regulations of 2020 provides that an office holder who collects revenue is required to bring to account, on a daily basis the total collections received which according to Regulation 135 should be deposited in the Treasury Account at Bank of Zambia.



According to Sub-regulation 3 of the Regulations, an office holder who, without reasonable cause, fails to deposit public monies received is liable to the Government for the un-deposited amount and may be surcharged in accordance with section 52 of the Act.

The Public Auction Sale of Boarded Motor Vehicles report showed that amounts totalling K2,848,500 were realised from the sales. It was observed that two (2) motor vehicles with a reserve price of K40,000 were reported to have been sold. However, no receipts and deposit slips were presented for audit as proof of having been paid for by the bidders. See table 4 below.

Table 4: Unaccounted for Motor Vehicles

No	Type	Reg No.	Reserve Price K
1	Nissan Hardbody	GRZ 270 CA	25,000
2	Nissan Patrol	GRZ 575 CB	15,000
	Total		40,000

ii. Failure to Advertise Pending Sale of Assets

Clause 3 of the Terms of Reference (Annex A of the contract) provided that the auctioneer should advertise and publicise pending sales of assets to attract more participants.

Contrary to the Terms of the Contract, the Auctioneer did not advertise the pending assets valued at K212,900 despite being paid amounts totalling K99,698 (3.5% of K2,848,500).

Further, the contract did not contain a liquidated damages clause as a remedy for breach of contract or remedy for failure to perform.

d. Disposal of Institutional Houses

On 14th June 1996, Cabinet approved the modalities on the sale of Government Pool houses through the issuance of the Handbook for the Administration of the Civil Service Home Ownership Scheme.

Clause I Part 3 of the Handbook provides guidance on the administrative procedures of selling Government pool houses to serving sitting tenants retrenched, retired and



deceased civil servants which commences with an application on form GHP 1 supported by copies of an allocation slip, latest pay slip and the National Registration Card (NRC).

After they are verified by the Controlling Officer of the Ministry of the applicant, they are sent to the Controlling Officer in the Ministry of Works and Supply (now Ministry of Infrastructure, Housing and Urban Development) for valuation by Government Valuation Department which should in turn submit it for consideration before the Ad-hoc Supervisory and Monitoring Committee whose recommendation should include the value of the property, the length of service of the officer, the appropriate discount the officer is entitled to, the final price of the property and the mode of payment for the property.

On completion, the Ad-hoc Supervisory and Monitoring Committee should forward all successful applications to the Commissioner of Lands with copies sent to the Permanent Secretary, the Secretary to Treasury, Ministry of Finance and Economic Development, Permanent Secretary, Public Service Management Division, and the Director, Government Valuation Department. In addition, the Ad-hoc supervisory and Monitoring Committee should prepare a report to the Regulatory Committee on the total number of applications, the number of successful applications, the number of houses offered for sale to date, and the number of applications rejected and the report on rejected applications.

Upon receipt of a successful application from the Ad-hoc Supervisory and Monitoring Committee, the Commissioner of Lands should issue offers letters to the applicant stating the price of the property and all the fees to be paid.

The applicant should indicate in writing the acceptance of the offer within thirty (30) days from the date of the offer and paying of the lease and registration fees to the Commissioner of Lands. The Commissioner of Lands should then inform the Secretary to the Treasury and Pensions Board the date of sale for the purposes of effecting payment and/or deductions.

Further, an officer who does not accept the offer to purchase the house shall continue to live in the government pool house and pay rent (economic rent) at 10%



of the salary for a period of six (6) months from the date of offer. The sales proceeds constitute revenues for the Ministry.

During the period under review, the Ministry planned to collect revenue in amounts totalling K2,649,719 out of which amounts totalling K429,756 was collected.

The following were observed:

i. Failure to Collect Outstanding Revenue - Sale of Institutional Pool Houses

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.”

Pool houses were sold during the period from 1997 to 2025 from which revenue in amounts totalling K79,039,599 should have been collected. However, only amounts totalling K74,703,414 were collected leaving a balance of K4,336,185. See table 5 below.



Table 5: Uncollected Revenues from Sale of Pool Houses

Year	Offer Price K	Amount Paid K	Unpaid Balances K
1997	8,309,889	8,302,202	7,687
1998	11,476,336	11,428,007	48,329
1999	4,965,997	4,867,363	98,635
2000	4,933,666	4,551,276	382,390
2001	7,834,650	7,418,701	415,949
2002	5,109,484	4,572,792	536,693
2003	5,657,590	5,232,818	424,771
2004	3,152,060	3,007,657	144,403
2005	2,408,940	2,306,961	101,979
2006	1,779,025	1,741,076	37,949
2007	1,971,077	1,933,191	37,886
2008	3,016,939	2,926,518	90,421
2009	1,234,133	1,203,243	30,890
2010	1,161,214	1,136,902	24,312
2011	904,176	880,981	23,194
2012	1,884,343	1,805,381	78,962
2013	2,905,263	2,410,138	495,124
2014	1,276,277	1,122,514	153,762
2015	1,964,443	1,933,516	30,927
2016	960,934	788,224	172,710
2017	819,897	609,285	210,612
2018	764,745	678,110	86,636
2019	155,926	128,786	27,140
2020	1,172,756	971,103	201,652
2021	1,447,377	1,279,881	167,496
2022	722,605	573,222	149,383
2023	394,205	300,221	93,984
2024	188,042	173,472	14,570
2025	467,610	419,872	47,738
Total	79,039,599	74,703,414	4,336,185

ii. Failure to Invoke the Provisions of the Offer Letter on Clients who Defaulted on Payments

The offer letters from the Ministry of Lands required the purchaser to confirm within eighteen (18) months of the date of the offer letter that payment of the full purchase price has been made and in case of failure to pay the purchase price, the purchasers were required to pay assessed economic rent except where the purchase price had to be paid in instalments, through the Ministry of Finance and National Planning.

Further, Clause 9 of Cabinet Circular No. 12 of 1996 embeds a restriction on the offer letter issued by the Commissioner of Lands to the effect that the property so purchased from Government shall not be disposed of and/or in case



of land sub-divided for a period of five (5) years but the said property can devolve upon death within the five (5) year period.

Contrary to the requirement, although amounts totalling K4,336,185 had been outstanding for the period ranging from 1997 to 2025 which was beyond the eighteen (18) months period, the Ministry had not collected any assessed rental income from the said purchasers and no time to pay agreements or instalment payments plan to liquidate the purchase prices were signed with the said purchasers.

Further, some properties were disposed of within the restricted period.

As at 31st August 2026, the amounts due were still outstanding, and no action had been taken by the Ministry to have the amounts collected.

iii. Poor Management of Sale of Institutional Houses

A review of the database for institutional pool houses revealed that the amounts outstanding of K4,336,185 included purchasers who have either died, retired and have no capacity to pay the amounts that have been outstanding from 1997 to 2025 attributed to the Ministry's failure to adhere to the guidelines of the Ad-hoc Committee on the payment of the purchase consideration by the purchaser through payroll deductions while the said purchasers were still in active service.

The Ministry stated that the lapse arose primarily due to weak post-offer monitoring mechanisms in that after issuance of offer letters, follow-up on compliance with the 18 months payment condition was not consistently enforced. It was however questionable as to why the Ministry did not make alternative decisions regarding the collection of the debt.



10 Head: 23 Ministry of Home Affairs and Internal Security – National Immigration Services Department

Programme: 2021 Non-Tax Revenue

Activities: 102 Fees

10.1 Mandate

The National Immigration Services Department is mandated to facilitate and regulate entry and exit of persons in the country and control the stay of immigrants and visitors to contribute to internal security and sustainable socio-economic development.

10.2 Budget against Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total revenue provision of K1,112,000,000 was made against which amounts totalling K1,599,276,179 in respect of Immigration Fees and Charges were collected resulting in a positive variance of K487,276,179.

10.3 Audit Findings

An examination of accounting and other records maintained at the Department headquarters and selected stations revealed the following:

a. Failure to Remit Revenue

Section 28 (1) of the Public Finance Management Act No. 1 of 2018 states, “General revenues collected by appointed agents on behalf of Government shall be transmitted to the Consolidated Fund as prescribed by the Treasury.”

In 2024, Access Bank (Zambia) Limited were appointed as Agents to collect revenue in respect of Immigration Fees such as VISA fees and border pass fees.

As at 31st January 2025, the Bank had a balance of US\$39,940 in respect of revenue that had been collected in the prior year but had not been remitted as at 31st December 2024. In addition, during the period from January 2025 to March 2026, revenue in amounts totalling US\$393,880 was collected bringing the total revenue collected to US\$433,820.

Contrary to the Act, as at 31st August 2026, the Bank had not remitted the funds to the Treasury.



b. Failure to Facilitate the Exit of Prohibited Immigrants

Section 27 (2) of the Immigration and Deportation Act, No. 18 of 2010 states, “An immigration officer may, as a condition precedent to the issuance of a temporary permit, require a prohibited immigrant or any other person to deposit such sum, not being more than a prescribed amount, for the purpose of securing compliance with the conditions specified in the permit and, if any such condition is not complied with, the Director-General of Immigration shall authorise that the money be used for purposes of deporting the person or that the money be forfeited to the State. Further, Section 27 (3) of the Act provides that a temporary permit shall specify the prescribed conditions attaching to the permit and the period of the permit’s validity.”

During the period under review, there were seventeen (17) immigrants who were issued with temporary permits to which deposits in amounts totalling K408,000 were made to secure compliance with the permits that were issued. However, the immigrants did not comply with the conditions of the permits in that they did not exit the country within the period provided in the permits. As at 31st August 2026, no action had been taken.

11 Head: 68 Ministry of Tourism

11.1 Mandate

The mandate of the Ministry is to promote and explore the tourism potential of the country in order to contribute to national development. 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.

11.2 Budget Against Actual Collection

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total revenue provision of K263,572,112 was made against which amounts totalling K474,475,777 was collected resulting in over-collection of K210,903,665 representing 80% above target. See table 1 below.



Table 1: Budget and Actual Revenue

Revenue Type	Budget K	Actuals K	Variance K
Casino Licence Fees	1,800,000	1,580,000	(220,000)
Tourism Enterprise	4,200,000	3,127,594	(1,072,406)
Hunting and Park Fees			
Wildlife Hunting Licence Fees	94,769,371	93,850,250	(919,121)
Wildlife Hunting Concession Fees	17,178,990	48,914,310	31,735,320
Wildlife Animal Certificates/Permit Fees	3,340,533	6,632,838	3,292,305
Wildlife Tourism Variable Fees	120,761,445	294,608,496	173,847,051
Wildlife Tourism Concession Fees	20,261,773	23,933,518	3,671,745
Hotel Managers Registration	1,260,000	1,603,258	343,258
Miscellaneous Revenue			
Cultural Villages	-	78,366	78,366
Tourism Development Credit Facility (TDCF) Loan Repayments	-	147,147	147,147
Total	263,572,112	474,475,777	210,903,665

11.3 Audit Findings

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

a. Failure to Meet Budgetary Target – Casino Fees, Tourism Enterprise Revenues and Wildlife Hunting Fees

A review of the budget against the actual collected revenues revealed that even though the Ministry exceeded its budgetary target by 80%, it did not meet its budgetary targets on Casino Licence, Tourism Enterprises and Wildlife Hunting Licence Fees. See table 2 below.

Table 2: Failure to Achieve Budgetary Targets

Revenue Type	Budget K	Actuals K	Variance K
Casino Licence Fees	1,800,000	1,580,000	(220,000)
Tourism Enterprise	4,200,000	3,127,594	(1,072,406)
Wildlife Hunting licence fees	94,769,371	93,850,250	(919,121)
Total	100,769,371	98,557,844	(2,211,527)

b. Failure to Collect Tourism Concession Fees

Section 11 (1) 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 that Controlling Officer's control.



Further, Sub-section (7) of the Act provides that the Controlling Officer shall collect, account and promptly remit to the Treasury all monies due to the Government under the responsibility of the Controlling Officer.

According to the Concession Agreements, the Concessionaires were required to pay concession fees by the due date without a penalty with a grace period of 14 days.

Thereafter, interest on amounts outstanding at Bank of Zambia rate was to accrue, commencing on the 15th calendar day after each date.

A review of records for concession fees due for the period under review revealed that the department did not collect concession revenues in amounts totalling K18,529,225 contrary to the Terms of the Agreement.

Further, the Ministry did not charge penalties in amounts totalling K1,035,784 (at 5.59% per annum).

**c. Failure to Register Mortgages at Ministry of Lands and Deeds Registry -
Management of Tourism Development Credit Facility**

To enhance and increase the involvement of the majority of Zambians in tourism and addressing the challenges of limited access to financing for the local people to participate in the sector, the Government initiated the Tourism Development Credit Facility (TDCF). The programme commenced in 2003 with an allocation of twenty million kwacha (K20,000,000) to the Ministry aimed at providing affordable finance for micro, small and medium tourism enterprises. The Facility was to operate as a loan rather than as a grant-based financing programme on the principle of a revolving fund in order to grow the fund further so as to reach a wider target of beneficiaries.

The loan agreements and conditions were categorised as follows:

- Micro scale category of beneficiaries to obtain loan amount of K50,000,
- Small scale to obtain loan amount above K50,000 to a maximum of K150,000,
- Medium scale category to obtain loan amount above K150,000 to a maximum of K300,000,



- The repayment period of the loans was 15 and 48 months for micro, small and medium scale categories,
- The interest on the loan was to be charged at the rate of 5%, 10% and 15% for micro, small and medium scale respectively on reducing balance, and
- Beneficiaries in the small and medium category were also required to provide title deeds as collateral for the loan obtained, and these were to be retained by the Ministry of Tourism and Arts until the loan was fully repaid.

The grace period for the loan repayments and total duration ranged from three (3) to thirty-six (36) months.

Section 6 of the Lands and Deeds Registry Act provides that any document required to be registered as aforesaid and not registered within thirty (30) days pursuant to Section 5 (2) (a), shall be null and void.

Inquiries from management revealed that following the non-repayment of loans by borrowers, the Ministry of Tourism had written to the Ministry of Justice to help in enforcing the recovery of the said loans.

In a letter dated 15th December 2025, the Ministry of Justice advised that the loans advanced to the borrowers were effectively mortgages in that landed property was used as collateral and thus the said mortgages should have been registered at Ministry of Lands as one of the documents that require registration under Section 4 (1) and 5 (1) of the Lands and Deeds Registry Act.

In this regard, the registration of mortgages had not been completed as at 31st August 2026. Further, revenue in amounts totalling K5,426,286 remained uncollected and no action had been taken to enforce the repayments.

d. Management of Casinos

i. Failure to Collect 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 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 due in 2025 in amounts totalling K347,360 (licence fees K197,360 and penalty fees K150,000) in respect of eleven (11) casino operators.

As at 31st August 2026, the outstanding amounts had not been collected despite the issuance of demand notices.

ii. Failure to Maintain a Complete Database of Casinos and Non-Submission of Statement of Accounts

Section 82 (1) (m) of the Public Finance Management Act No. 1 of 2018 provides that a person commits an offence if that person, wilfully and without lawful authority, fails to keep proper records or conceals or destroys information that is required to be recorded by this Act.

A review of the casino database revealed that there were twenty-eight (28) land casinos and forty-five (45) online casinos regulated by the Ministry.

However, inquiries from management revealed that there was no comprehensive law and collaboration with Smart Zambia and Zambia Information and Communication Technology Authority (ZICTA), to regulate all online casinos most of which are in foreign jurisdiction but being accessed in Zambia.

In this regard, the Ministry had not been able to generate the expected revenues from these casinos due to lack of a system of monitoring as the casinos regulated are those registered with the Ministry.

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 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 and that 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 guideline, fifty-seven (57) out of seventy-three (73) casinos had not submitted statements of accounts.

iii. Failure by Casinos to Provide Quarterly Returns

Regulation 37 of the Tourism and Hospitality (Casino) Regulations, 2017 provides that a casino shall submit quarterly returns not later than the fourteenth day from the end of each quarter in Forms XVII set out in the First Schedule of the Regulations

Contrary to the Regulations, forty-three (43) casinos did not submit quarterly returns.

Consequently, the gross turnover and the summary of casino fees payable by the said casinos as the basis of the fees chargeable by the Ministry could not be ascertained.

e. Loss of Revenue on Unpaid for Exemptions

Section 61 (3) of the Tourism and Hospitality Act No 13 of 2015 provides for an establishment holder to be exempted from employing a qualified hotel manager. Further, the Tourism and Hospitality (Registration of Hotel Managers) Regulations, 2016 requires that exemption fees should be paid upon issuance of the manager exemption certificate.

It was observed that eighty-eight (88) establishments which had applied and granted exemptions, during the period under review, had not paid exemption fees in amounts totalling K158,350.



f. Failure to Collect Revenue - Accommodation - Management of Hostel Board of Management (HBOM)

The Department's budget forms part of the Ministry budget and in the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total revenue provision of K38,454,344 was made against which amounts totalling K43,660,508 were collected resulting in an over-collection of K5,206,164.

Further, HBOM collected amounts totalling K1,200,783 being 20% of the net sales remitted by all lodges for operations bringing the total collection to K44,861,291.

Regulation 134 (1) of the Public Finance Management (General) Regulations of 2020 provides that an office holder who collects revenue is required to bring to account, on a daily basis the total collections received.

Contrary to the Regulations, Livingstone Lodge was expected to collect K107,950 in respect of accommodation fees owed. However, the Lodge collected amounts totalling K65,150 resulting in under collection of K42,800.

Management in its response stated that of the owed amounts, K17,350 were discounts to members of Hotels and Catering Association of Zambia (HCAZ) as per the Association's constitution and the difference of K25,450 were managerial discretion discounts of K50 per night to loyal repeat customers.

According to the memo by the Executive Secretary dated 20th March 2012, which was reiterated in the memo dated 14th November 2024, a lodge manager is only entitled to one complimentary night as manager and not for him to give discounts to clients.

However, the manager offered discounts at his discretion without any written authority and the main guest registers for the HCAZ were not presented for audit to show which card numbers were offered the discounts and the rates offered to the eligible members.

g. Failure to Account for Office Infrastructure – Annex to Ministry Building

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



Further, Regulation 40 (1) (2) and (3) of the Public Finance Management (General) Regulations of 2020 provides that a head of an accounting unit shall keep and maintain a register of public assets and liabilities of a public body and shall submit to the Accountant-General a quarterly report of public assets and liabilities under its charge.

A review of records and physical verifications revealed that the Ministry building had an annex housed by shops and a restaurant of which the Ministry was not sure whether it belonged to them or not.

Further, the Certificate of Title was not presented for audit showing the perimeter and/or boundary of the Ministry Infrastructure.

h. Failure to Provide Information for Audit

Section 73 (1) of the Public Finance Management Act No. 1 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.

Contrary to the Act, the following information in relation to Casinos was not presented for audit:

- The receipts and deposit slips/transfers made by casinos for monthly casino levy.
- Declarations that the fees payable in respect of the gross winnings of any particular period had been paid by the licensed casinos.
- Receipts and deposit slips/bank transfers for the annual retention fee of K3,000 to cover administrative expenses in accordance with the guidelines for licencing of Casinos.

Consequently, it was impossible to ascertain whether the casinos had remitted 20% of their gross revenues based on calculations prescribed in the Tourism and Hospitality Act and whether, the said Casinos had paid the retention fees of K3,000 each.



12 Head: 85 Ministry of Lands and Natural Resources - Non-Tax Revenue

12.1 Mandate

The Ministry is mandated to administer and manage land and natural resources in a sustainable manner in order to develop the country sustainably.

12.2 Budget against Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a revenue provision of K327,671,845 was made for the Ministry against which amounts totalling K237,560,592 were collected, resulting in an under collection of K90,111,253. See table 1 below.

Table 1: Budget against actual Collection

Revenue Type	Estimated Revenue K	Actual Revenue Collections K	(Under)/Over-Collection K
Preparation Fees	2,645,064	-	(2,645,064)
Consideration Fees	71,586,173	81,752,754	10,166,581
Consent Fees	5,175,039	5,016,895	(158,144)
Survey Fees	16,100,090	19,163,293	3,063,203
Document Fees and Registration Fees-Lands	63,480,690	46,118,266	(17,362,424)
Interest on Late Payments	8,625,345	-	(8,625,345)
Ground Rent	90,850,141	61,045,424	(29,804,717)
National Titling	69,209,303	24,443,960	(44,765,343)
Miscellaneous	-	20,000	20,000
Total	327,671,845	237,560,592	(90,111,253)

12.3 Audit Findings

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

a. Failure to Attain Output Target

Section 47(1) and (2) 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.



It further states that a Controlling Officer who contravenes the National Planning and Budgeting Act is liable to disciplinary action as may be determined by the appointing authority.

Contrary to the Act, the Ministry failed to meet output target on six (6) revenue streams by K103,361,037 and there was no evidence to show that disciplinary action had been taken for failure to attain output targets as at 31st August 2026. See table 2 below.

Table 2: Failure to Attain Output Target

No.	Description	Estimated Revenue K	Actual Revenue Collections K	Variance K
1	Preparation Fees	2,645,064	-	(2,645,064)
2	Consent Fees	5,175,039	5,016,895	(158,144)
3	Document Fees and Registration Fees-Lands	63,480,690	46,118,266	(17,362,424)
4	Interest on Late Payments	8,625,345	-	(8,625,345)
5	Ground Rent	90,850,141	61,045,424	(29,804,717)
6	National Titling	69,209,303	24,443,960	(44,765,343)
	Total	239,985,582	136,624,545	(103,361,037)

Further, the Ministry planned to produce 50,000 certificates of titles under Land Administration and Regulation during the year. However, only 9,571 titles were produced.

b. Failure to Bill Ground Rent due to Incomplete Details of Land

According to the Lands (Ground Rent Fees and Charges) Regulations of 2006, the size of a property is a prerequisite in the computation of ground rent.

A review of the Ministry's lands register revealed that land size information was not recorded with respect to 74,840 properties and therefore the ground rent could not be computed. Consequently, estimated revenue in amounts totalling K3,322,896 (based on the minimum ground rent fee of K44.4 per property) was not collected.



c. Irregularities in the Administration of National Land Titling Programme - Medici Land Governance Contract

On 18th August 2020, the Ministry entered into a Contract with Medici Land Governance Limited (MEDICI) for the creation of 4,000,000 Certificates of Title under the National Land Titling Programme for the project period of ten (10) years.

The overall scope of work includes the collection of land ownership information and issuance of titles for 4,000,000 parcels of land identified for land registration under the Systematic Land Registration Programme as follows:

- 1,500,000 certificates of titles within the first 3 years
- 2,500,000 certificates of titles in the next 4 years

The Service Provider agreed to finance the project in full using private capital amounting to US\$22,954,112 and that they would be paid from fees collected from the issuance of certificates of title under the Project.

It was further agreed that on the successful completion of the above milestones, the parties may extend the Contract for a further period to be agreed between them for production of 3,500,000 certificates of titles by 1st August 2030.

Clause 6.4 of the SCC outlined the amount of fees to be collected from the issuance of certificates of title as follows:

- ZMW1,000 per certificate of title for low-cost areas.
- ZMW1,308 per certificate of title for medium-cost areas.
- ZMW1,385 per certificate of title for high-cost areas.
- ZMW1,462 per certificate of title for commercial properties

Under the contract, the fees payable composed of consideration fees, registration fees, preparation fees and ground rent out of which the minimum fees of K1,000 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, 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 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, among others.

However, a review of billing report revealed that revenue in amounts totalling K13,179,886 had not been collected as at 28th February 2026. These revenues had been outstanding since 2020. See table 3 below.

Table 3: Outstanding Revenue

Category	No. of Properties	Amount Billed K	Amount Paid K	Amount Outstanding K
Low Cost	8,733	24,246,149	11,427,665	12,818,483
Medium	621	2,431,928	1,240,557	1,191,371
High Cost	1	4,250	1,385	2,865
Commercial	52	276,553	170,562	105,992
Religious	164	177,653	116,477	61,176
Total	9,571	27,136,532	12,956,645	13,179,886

As at 31st August 2026, the amounts had still not been collected.

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, a review of billing report revealed that from the commencement of the project, only 131,152 certificates of titles had been issued representing 3.3 % of the targeted 4,000,000. See table 4 below.



Table 4: Cumulative Certificates of Titles Issued Under the Contract

Year	Enumeration Completed	Verification Completed	Total Offer Letters Issued	Total Title Certificates Issued
2020	9,497	768	12,088	877
2021	133,847	109,804	50,240	17,096
2022	134,541	134,326	96,620	48,064
2023	54,170	38,253	46,751	37,483
2024	31,581	14,503	14,955	18,058
2025	3,053	2,020	13,644	9,574
Total	366,689	299,674	234,298	131,152

As at 31st December 2025, revenues in amounts totalling K12,956,645 had been collected under the contract.

d. Incomplete Migration of Properties from ZILMIS to ZILAS

COBIT 2019 BAI07 on Manage Change Acceptance and Transitioning requires organisations to ensure that data migration processes are formally tested, validated, and accepted prior to deployment. In addition, management is required to ensure that migration results are adequately documented and approved by relevant business and IT stakeholders to confirm the completeness, accuracy, and integrity of migrated data.

In Paragraph 15.3 c (ii) of the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31st December 2024, mention was made of the 243,103 properties that did not have land size specified or had negative size indicated on the system which resulted in estimated loss of revenue in amounts totalling K10,064,464 based on the minimum ground rent fee of K41.

In response, the Controlling Officer informed the Committee that the Ministry had since migrated to a new Land Information System (ZILAS), which mandated the entry of land area sizes during property creation. Further, to address legacy data gaps, the Ministry had initiated a data cleaning exercise targeting old records with missing land sizes and a comprehensive data cleaning strategy was being developed.

In their Report for the Fifth Session of the Thirteenth National Assembly the Public Accounts Committee urged the Controlling Officer to expedite the comprehensive



data cleaning exercise and ensure that all legacy records with missing or erroneous land sizes, are verified and corrected without delay.

An analysis of property records in the Legacy Zambia Integrated Land Management Information System (ZILMIS) revealed that not all properties were successfully migrated to the Zambia Integrated Land Administration System (ZILAS). Specifically, 982 property records that existed in ZILMIS were missing from the ZILAS property master database, resulting in data gaps and the potential loss of critical land administration information.

The review further revealed weaknesses in the data migration process, including inadequate migration procedures, insufficient validation checks, and the absence of reconciliation mechanisms to confirm the completeness of data transferred between the two systems. Consequently, the migration process did not provide assurance that all records were accurately and completely migrated to ZILAS.

13 Head: 89 Ministry of Agriculture

13.1 Mandate

The Ministry of Agriculture is mandated to facilitate the development of a sustainable and diversified agricultural sector for food and nutrition security and income generation.

13.2 Budget against Actual Revenue Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total revenue provision of K453,873,600 was made against which amounts totalling K2,638,008,960 were collected resulting in an over-collection of K2,184,135,360. See table 1 below.



Table 1: Budget against Actual Collection

Revenue Type	Estimated Revenue K	Returns Actual Revenue K	Over Collection K
Plant Quarantine	18,000,000	20,628,443	2,628,443
Import and Export Permits	12,000,000	14,662,920	2,662,920
Inspection Fees	10,000,000	12,399,146	2,399,146
Basic and Certified Seed Sales	1,500,000	243,483	(1,256,517)
Crop Variety Licence (Royalties)	2,500,000	250,000	(2,250,000)
Parental Lines Sales	100,000	-	(100,000)
Food Reserve Agency - Grain Sales	-	2,182,422,569	2,182,422,569
Proceeds from Fertiliser Sales	409,773,600	407,402,400	(2,371,200)
Total	453,873,600	2,638,008,960	2,184,135,360

13.3 Audit Findings

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

a. Programme 129034 – Food Reserve Agency (Grain Sales) - Lack of Budget Estimates

Section 11 (1) (q) of the Public Finance Management Act No. 1 of 2018 stipulates that 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 preparing institutional annual budgets in accordance with the National Planning and Budget Act.

Contrary to the Act, the Ministry did not plan to collect revenue from the sale of maize.

b. Failure to Collect Royalties from the Sale of Seed - Programme 129023: Crop Variety Licences (Royalties)

The Zambia Agriculture Research Institute (ZARI) is a Department in the Ministry of Agriculture which conducts Agricultural Research. The major focus of ZARI is to generate agricultural production technologies suitable for all farmer categories and varying farming environments. However, given to small-scale and emergent farmers whose ability to access information on existing technologies is limited.

In 2024 and 2025, the institution signed contracts with eleven (11) seed production companies in mutual desire to promote production of crop varieties developed by



ZARI being the owner of the licensed variety. The contracts further stated that the companies were granted non-exclusive rights to use, produce, and sell the licenses varieties for 5 years. See table 2 below.

Table 2: Contracts Signed with Seed Companies

Date Signed	Name of Company	No. of Contracts	Varieties
19. 08.24	Stewards Globe	2	Maize, Wheat, groundnuts, rice, sunflower
31.10.24	Kekeli Seed Company	1	Maize, Cowpeas, Beans, Groundnuts, Sunflower, Pigeon pea, Pearl Millet and Sorghum
19.01.24	Peniel Agri Solutions	1	Soyabeans, Beans, Groundnuts and cowpeas
	Share Africa Zambia	1	cowpea, groundnuts, soyabran, beans, sunflower
24.06.24	Agroacres Seed Company Ltd	1	Beans, Groundnuts and Soyabeans
21.02.24	Vilma Enterprises Ltd	1	Soyabeans, Cowpea, Beans, Sorghum, Groundnuts and Millets
21.02.24	Thema General Suppliers Ltd	1	Soyabeans, Cowpea, Beans, Sorghum, Groundnuts and Millets
30.06.25	Blue Print Seed Co. Ltd	1	Soyabeans, Maize, Sorghum, Sunflower, Orange Maize, Groundnuts and Pearl Millets
02.04.24	Chems Agro and Marketing Ltd	1	Sorghum, Beans, Maize, Cowpea, Sunflower and Groundnuts
03.09.25	Zambian Crop and Veterinary Ltd	1	Rape, Okra and Amaranthus
15.07.24	Munobe Tasulwa Ltd	1	Groundnuts, Soyabeans, Cowpeas, Maize, Beans, Sunflower and Sorghum

On 19th August 2024, ZARI (Licensor) signed a contract with Stewards Globe Ltd also known as Afriseed (Licensee) to promote production of the maize variety - GV 6002 (licensed varieties) developed by the licensor. The contract period was five (5) years.

Article 4.1 of the Commercialisation agreement on royalties states that Licensee will pay to Licensor royalties of 3% of the gross sales of certified seed sold and Licensee shall make available sufficient records to verify the amount of the basic seed sold.

Contrary to the provisions in the contract, although Stewards Globe Ltd (Afriseed) was invoiced a total of K3,750,577 as royalties to be paid, ZARI only received K250,000 leaving a balance of K3,500,577.

However, contrary to Article 4.1 of the contract, management had not acted against the company for the unpaid balance.

It was further observed that as at 31st August 2026, ZARI did not collect royalties from the ten (10) licensees that were licensed to multiply and commercialise ZARI bred seed varieties as they did not make available records of certified seeds sold and therefore ZARI would not invoice and collect royalties from the licensees.



c. Programme 129064: Proceeds From Fertiliser Sales

Zambia Integrated Agricultural Management System (ZIAMIS) was introduced to improve on the effectiveness and efficiency of FISP implementation. It is used to manage the electronic registration of farmer beneficiaries, suppliers, agro-dealers and redeeming of inputs, administer GRZ contributions and insurance pay-outs as per guidelines of the FISP manual.

In the 2025/2026 farming season, the Ministry of Agriculture budgeted for 1,024,434 farmer beneficiaries from which 1,024,734 were approved for the farming season. A total of 1,024,730 benefitted resulting in a variance of 296.

The following were observed:

i. Questionable Deposits by Farmers

During the 2025/2026 farming season, amounts totalling K409,982,000 were deposited by 1,024,730 farmers from the ten (10) provinces.

It was observed that a total of 225 farmers deposited a sum of K90,000 in what was indicated as a Chiefs Bank. However, no documentary evidence was availed in form of deposit slips or a bank statement to confirm the transactions rendering the reported amount of K90,000 questionable.

ii. Questionable Beneficiaries

Clause 3.1.2 FISP Beneficiary, Identification and Selection provides that for the 2025/2026 Farming Season, Farmers who were bonded to sale maize grain or any other designated crop to the Food Reserve Agency (FRA) during the 2024/2025 Farming Season and successfully managed to do so would automatically be selected as beneficiaries under the FISP. However, farmers who would fail to sell maize to FRA were to be removed from the beneficiary list and replaced with new farmers. For replacements, the Camp Agricultural Committee (CAC) was responsible for identification of individual FISP beneficiary farmers with verified digital information following the selection criteria set out in Annex 1. During this process, the Camp Extension Officer (CEO) would serve as secretariats.



A review of the list of beneficiaries for the 2024/2025 farming season revealed that out of a total of 1,024,950 farmers who benefited from the fertiliser, a total of 558,550 farmers who benefited from 2024/2025 farming season had supplied maize to the Food Reserve Agency (FRA) while 466,400 farmers did not fulfil the bond but accessed inputs costing K186,560,000 in the 2025/2026 farming season.

PART IV
EXPENDITURE
PARAGRAPHS



14 Head: 8 Cabinet Office - Girl's Education and Women's Empowerment and Livelihoods for Human Capital (GEWEL 2) Project

14.1 Project Background

The GEWEL 2 Project is overseen by a Project Steering Committee (PSC), chaired by the Secretary to the Cabinet and comprising Permanent Secretaries from the four (4) implementing institutions, namely the Ministry of Community Development and Social Services (MCDSS), Ministry of Health (MoH), Ministry of Education (MoE), and the Gender Division under Cabinet Office. The PSC provides strategic guidance and oversight and is supported by a National Secretariat housed within the Gender Division, while each implementing institution is responsible for managing its respective Designated Account, funding flows, financial management and procurement activities.

14.2 Project Description

On 30th April 2024, the Government of the Republic of Zambia and the International Development Association of the World Bank Group signed a Grant Financing Agreement of Special Drawing Rights (SDR112,800,000) equivalent to US\$157,000,000 to finance the Girls' Education and Women's Empowerment and Livelihoods for Human Capital (GEWEL 2) Project.

The GEWEL 2 Project is a social protection project aimed at promoting human capital development and productivity among poor and vulnerable girls and women, while strengthening adaptive social protection delivery systems.

According to the Financing Agreement, the project is to be implemented over a period of four (4) years with a closure date of 30th June 2028.

14.3 Project Financing and Consumption

During the period under review, the International Development Association (IDA) had cumulatively disbursed a total amount of US\$66,149,949 (K1,635,097,408) out of the total budget of US\$65,535,753 (K1,618,733,099) for the first year of the GEWEL 2 project resulting in an over disbursement of US\$614,197 (K15,170,592).

As at 31st December 2025, amounts totalling US\$43,426,742 (K1,070,603,615) had been spent on project activities representing an absorption rate of 66% of the available funds.



The project has the following components:

a. Project Component 1: Supporting Women’s Livelihoods for Climate Smart Productive Inclusion (SWL)

The SWL Project is implemented by the Ministry of Community Development and Social Services, with the aim of increasing access to livelihood support for rural women in extremely poor households.

b. Project Component 2: Institutional Strengthening and Systems Building for Cash ‘Plus’ Delivery

The Institutional Strengthening and Systems Building for Cash ‘Plus’ Delivery (ISSB) aims to strengthen adaptive social protection systems and the capacities of institutions involved in GEWEL-2 Project, with a focus on girls’ and women’s empowerment and digital solutions, as well as broader sectoral coordination, particularly as it pertains to GEWEL-2 and project specific governance and coordination issues.

c. Project Component 3: Keeping Girls in School and Beyond (KGS) Project

The Keeping Girls in School (KGS) Project aims at increasing access to secondary education for disadvantaged adolescent girls in extremely poor households in selected districts in Zambia and is implemented by the Ministry of Education.

The Project targets poor and vulnerable girls from Social Cash Transfer (SCT) households to access upper primary (4-6) and secondary schools (7-12) in a cash ‘plus approach and provide the girls with financial support for school related costs and fees, while also scaling other support services, to increase access to school, improve retention, progression, and transition to tertiary and/or work.

Table 1: Project Components

Project Component	Budget K	Funding K	Expenditure K	Unspent Funds K	Absorption Rate
Supporting Women’s Livelihoods for Climate Smart Productive Inclusion(SWL)	498,912,496	510,795,213	196,222,862	314,572,351	38%
Institutional Strengthening and Systems Building (ISSB)	49,997,557	38,115,206	24,321,386	13,793,820	64%
Keeping Girls in School and Beyond (KGS)	541,090,234	497,381,474	315,929,100	181,452,374	64%



14.4 Audit Findings

An examination of accounting and other records maintained at the Project Implementing Offices and selected districts revealed the following:

a. Irregular Payment of School Fees

Section 5.10.4 of the GEWEL 2 Project Implementation Manual of 2024 states that KGS beneficiaries receive support for school related costs and fees for the duration of their upper primary and secondary education. Further, Section 5.7.1(c) defines eligible beneficiaries as girls enrolled in Grades four (4) to twelve (12) or Form Five (5).

Upon completion of Grade 12, beneficiaries cease to meet the eligibility criteria and are required to exit the programme, unless they are legitimately repeating or sitting as external candidates with valid examination registration.

Contrary to the provision, there were 420 beneficiaries for which school fees in amounts totalling K567,242 were irregularly paid despite having completed Grade 12/Form 5 in 2024.

b. Irregular Payments to Over Aged KGS Beneficiaries

Section 5.7.1 of the GEWEL 2 Project Implementation Manual of 2024 stipulates that KGS beneficiaries must be adolescent girls living in a SCT household, not benefiting from another bursary, and enrolled in or qualified to enrol in an eligible grade.

Contrary to the Provision, amounts totalling K335,990 were irregularly paid as education grants and school related fees in respect of 579 beneficiaries who did not meet the eligibility criteria in that they were aged below seven (7) years and therefore, could not be in Grade 4 or a higher grade.

c. Irregular Disbursement of School Fees and Education Grants to Inactive Beneficiaries

Section 5.7.3(c) of the Project Implementation Manual (PIM) requires that the verification process identifies whether the girls are in-school or out-of-school.

During the period under review, the Ministry paid amounts totalling K1,600,280 in respect of 2,977 beneficiaries as school fees and education grants. It was however,



observed that the 2,977 beneficiaries dropped out of school in 2023-2024 academic year rendering the payments irregular.

15 Head: 14 Ministry of Mines and Minerals Development

15.1 Mandate

The mandate of the Ministry is the development and management of minerals in a sustainable manner for the benefit of the people of Zambia.

15.2 Audit Findings

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

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total budget provision of K1,088,752,676 was made against which amounts totalling K1,035,138,187 were released resulting in an underfunding of K53,614,489.

As at 31st December 2025, amounts totalling K1,035,138,187 had been spent. See table 1 below.

Table1: Budget, Funding and Expenditure

Programme	Budget K	Supplementary K	Authorised Budget K	Funding K	Over/(Under) Funding K	Expenditure K
Mineral Resource Development and Management	387,785,565	400,000,000	787,785,565	787,319,300	(466,265)	787,319,300
Petroleum Exploration	510,000	-	510,000	508,307	(1,693)	508,307
Mines Technical Services	131,451,936	8,794,928	140,246,864	117,359,173	(22,887,691)	117,359,173
Mines Development	67,129,780		67,129,780	61,084,715	(6,045,065)	61,084,715
Mines Safety Health Environment	45,699,165		45,699,165	32,403,285	(13,295,880)	32,403,285
Management and Support Services	47,381,302		47,381,302	36,463,406	(10,917,896)	36,463,406
Total	679,957,748	408,794,928	1,088,752,676	1,035,138,187	(53,614,489)	1,035,138,187

b. Programme 2108: Mineral Resource Development and Management

The Ministry through its Mineral Resource and Development Management Department is responsible for promoting mining technology innovation, diversified and sustainable mining as well as local and foreign participation in the mining value chain.



The following were observed:

i. Unsupported Payments

Regulation 46 (1) and 55 (a) of the Public Finance Management (General) Regulations 2020 stipulate that a payment voucher relating to purchases should be supported by a purchase order, the supplier's invoice and proof of delivery or performance.

Contrary to the regulations, payments totalling K12,980,220 involving ninety-four (94) transactions for the procurement of various goods and services during the period under review were not supported with relevant documents such as boarding pass, authority to travel, activity reports and fuel computation among others. See table 2 below.

Table 2: Unsupported Payments

No.	Programme	No. of Transactions	Amount K
1	Mines Development and Minerals	25	2,301,836
2	Mines and Technical Services	25	8,452,599
3	Management and Support Services	41	2,179,445
4	Petroleum Exploration	3	46,339
	Total	94	12,980,220

ii. Unauthorised Vehicles Drawing Fuel

A scrutiny of fuel coupons, fuel registers and statements revealed that forty five (45) vehicles that were not under the Ministry of Mines and Mineral Development fleet drew fuel in amounts totalling K55,854 without authority.

c. Programme 2110: Mines Development and Management

The Ministry through its Mines Development Department is responsible for promoting the development and management of mineral resources.

The following were observed:

i. Failure to Collect Outstanding Area Charges

Section 77 (1) and (2) of the Mines and Minerals Development Act No. 11 of 2015 provides that a holder of a mining right or mineral processing licence shall pay to



the Republic an annual area charge of such amount as may be prescribed, or as may be calculated in the manner prescribed by the Minister, by statutory instrument, which shall be payable on the grant of the mining right or mineral processing licence, and thereafter annually on the anniversary thereof until the termination of the mining right or mineral processing licence.

Contrary to the Act, area charges in amounts totalling K30,479,393 had not been collected by the Ministry as at 31st August 2026. See table 3 below.

Table 3: Outstanding Area Charges

No.	Type of Licenses	Amount K
1	Artisanal	15,465
2	Mineral Processing Licenses	99,917
3	Large Exploration License	22,269,615
4	Small Exploration License	206,208
5	Large Mining Licenses	7,496,773
7	Small Mining License	391,416
	Totals	30,479,393

ii. Failure to Collect Penalty Fees for Breach of Licence Conditions

Section 115(1) of the Mines and Minerals Development Act No.11 of 2015 states, “An authorised officer may, where satisfied that a person has committed an offence for which the penalty does not exceed two hundred thousand penalty units or where a person has admitted the commission of an offence under this Act for which the penalty does not exceed two hundred thousand penalty units, summarily demand from the person the payment of a fine not exceeding six thousand penalty units in respect of the offence.”

During the period under review, 5,222 clients were fined amounts totalling K626,640,000 by the Ministry for offences such as non-submission of reports, pegging and area charges. As at 31st August 2026, the funds had not been collected. See table 4 below.



Table 4: Uncollected Penalty Fees

No.	Type of Offence	No. of Entities	Amount K
1	Annual Report	315	37,800,000
2	Quarterly Reports	328	39,360,000
3	Pegging	2,302	276,240,000
4	Area Charge	831	99,720,000
5	Mineral Return	1,242	149,040,000
6	Future Plans	204	24,480,000
	Total	5,222	626,640,000

d. Programme 2138: Mines Technical Services

The Ministry through its Support to Mining Bureau Department is responsible for promoting mining technical services. The programme was meant to cater for the operationalisation of the Artisanal Small Scale Mining Marketing Model which was meant to establish Gold Marketing Centres that will provide a readily available market for artisanal and small-scale miners.

The following were observed:

i. Construction of Prefabricated Gold Trading Centre - Rufunsa District

On 14th December 2023, the Ministry signed a contract with Matty Construction Limited for the construction of a Gold Trading Centre in Rufunsa District at a contract sum of K9,382,353 VAT inclusive with a completion period of eight (8) months from the date of signing the contract.

The scope of works included construction of Gold Trading Centre office block, two (2) sleeping quarters, kitchen, guard house and associated external works. The following were observed:

- Delayed Completion of Works**

A review of documents availed for audit revealed that the works commenced on 19th May 2024 and were expected to be completed by 17th January 2025. The completion date was initially extended by four (4) months to 17th May 2025 and was later extended by an additional three (3) months to 18th August 2025. A further extension was made from 18th August 2025 to 30th March 2026.



As of July 2026, amounts totalling K5,617,886 had been spent on the project leaving a balance of K3,764,467.

As at 31st August 2026, the works had not been completed.

- **Failure to Claim Liquidated Damages on Delayed Completion of Project**

Clause 46.1 of the General Conditions of the Contract provides that if the contractor fails to complete the works by the intended completion date, the contractor shall pay liquidated damages at the rate of 0.1% of the final contract price. The maximum amount of liquidated damages shall be 10% of the final contract price.

Contrary to the provisions of the contract, the Ministry had not claimed liquidated damages in amounts totalling K938,235 for periods up to 100 days.

ii. **Supply and Delivery of Gold Processing Equipment**

The Ministry engaged Commodity Monitor Limited on two (2) distinct contracts to supply and deliver four (4) gold processing equipment at a total cost of K13,546,952 (US\$530,300) with a delivery period of 120 days. See table 5 below.

Table 5: Supply and Delivery of Gold Processing Equipment

Supplier	Contract Date	Contract Sum US\$	Amount K	Details	Quantity	Delivery Period (Days)
Commodity Monitors Ltd	6/13/2024	289,850	7,660,736	Gold Processing Equipment	2	120
Commodity Monitors Ltd	12/13/2023	240,450	5,886,216	Gold Processing Equipment	2	120
Total		530,300	13,546,952		4	

The following were observed:

- **Failure to Inspect and Test the Gold Processing Equipment**

Clause 25.2 of the General Conditions of Contract provides that inspections and tests shall be conducted at the manufacturer's premises and in Lusaka at either the purchaser's premises or the authorised dealer's premises.



The four (4) gold processing equipment costing US\$530,300 were received on 4th April 2024 and 9th October 2024 by the Ministry.

However, there was no evidence to show that the inspections and testing were conducted.

- **Non - Installation and Commissioning of Gold Processing Equipment**

The Schedule of Requirements and Technical Specifications of the contracts provides for the installation and commissioning of the gold processing plant at different mine sites in Zambia.

Enquiries made, and physical inspections conducted revealed that the four (4) gold processing equipment costing US\$530,300 had not been installed and commissioned twenty-six (26) months after receipt.

As at 31st August 2026, the equipment was being kept at the Cadastre Mining Department in Lusaka. *See pictures below.*



Gold processing Equipment in Wooden Boxes

Further, the Invoices from Commodity Monitor Ltd had a component for installation, commissioning, education and training of miners quoted at US\$55,300 (K1,382,500).

However, the installation, commissioning, education and training of miners had not been executed, despite the Ministry having paid.



- **Undistributed Gold Platinum Testers Calibration Weights**

In June 2024, the Ministry procured eight (8) Gold Platinum testers calibration weights at a cost of K635,881.

As at 31st August 2026, the weights had not been distributed to the intended beneficiaries. See pictures below.



Undistributed gold platinum testers and calibration weights

- iii. **Failure to Maintain Updated Cadastral Maps**

Section 6 (1) and (2) of the Mines and Minerals Development (General) Regulations, 2016 stipulates that the mining cadastral office shall maintain an updated cadastral map which shall be open to the public for inspection.

A review of documents availed for audit revealed that the last cadastral map published by the Ministry was in 2010. Consequently, it was not possible for the public to ascertain land ownership and property boundaries.

- iv. **Rehabilitation of the Laboratory at the Geological Survey Department**

On 17th March 2023, the Ministry engaged ACM Industrial Suppliers Limited for the rehabilitation of a chemistry laboratory at the Geological Survey Department at a contract sum of K3,278,893 VAT inclusive with the completion period of 120 days commencing on 17th March 2023 and ending on 17th July 2023. As at 31st July 2026, the contract had expired. The following were observed:

- **Delays in Completing the Geological Survey Laboratory Infrastructure Rehabilitation**

A review of documents availed for audit revealed that the Ministry had paid amounts totalling K1,113,863 for the rehabilitation of the laboratory out of a total contract sum of K3,278,893.



As at 31st August 2026, the rehabilitation works had not been completed thirty six (36) months after the expiry of the contract.

- **Non-Delivery of Donor Funded Laboratory Equipment**

On 13th March 2025, the Ministry signed an agreement with the Japanese Government through the Japanese International Cooperation Agency (JICA) project for installation of laboratory equipment worth US\$1,000,000 with the first scheduled delivery of equipment being mid-2026.

The conditions that were given for the installation of the equipment required the rehabilitation of the laboratory to be completed before delivery of the equipment. As at 31st July 2026, the equipment had not been delivered to the Ministry as a result of non-completion of the rehabilitation works.

e. Programme 2139: Petroleum Exploration

The Ministry through the Petroleum Exploration Department is responsible for promoting petroleum and gas exploration.

The following were observed:

i. Failure to Settle Outstanding Obligations

A review of records revealed that the Ministry had outstanding obligations in amounts totalling K4,969,059 in respect of settling-in-allowances, acting allowances, leave travel benefits, terminal benefits, suppliers of goods and services and utility bills, some dating as far back as 2023. See table 6 below.

Table 6: Unsettled Outstanding Obligation

No.	Type of Bill	Amount K
1	Settling-in-allowances	97,026
2	Acting allowances	3,155,950
3	Leave travel benefits	3,000
4	Terminal benefits	232,764
5	Suppliers of goods and services	893,987
6	Utility bills	586,332
	Total	4,969,059



ii. Failure to Avail Receipt Books

Regulation 115 (1) of the Public Finance Management (General) (Amendment) Regulations of 2023 requires that where a receipt form, whether used or unused, is lost or damaged, the office holder shall immediately report the loss or damage to the sub-warrant holder, warrant holder and controlling officer, and a copy of the report shall be sent to the Auditor General and the Secretary to the Treasury.

Contrary to the Regulation seventy six (76) receipt books issued to the cashier and recorded in the register of accountable documents were not availed for audit.

16 Head: 18 The Judiciary of Zambia

16.1 Mandate

The Judiciary of Zambia is mandated to administer justice fairly and independently, interpret the law and constitution and protect the rights of all people in Zambia.

16.2 Budget, Revenue and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total budget provision of K939,426,863 made to cater for the operations of the Judiciary against which amounts totalling K933,240,180 were funded resulting in under funding of K6,186,683.

As at 31st December 2025, amounts totalling K926,940,399 had been spent.

16.3 Audit Findings

A review of accounting and other records maintained at the Judiciary headquarters and selected stations revealed the following:

a. Lack of Risk Management Policy

Section 11 (1) (a) of Public Finance Management Act No. 1 of 2018 states, “A Controlling Officer shall establish and maintain an effective, efficient and transparent system of financial and risk management and internal control.”

Contrary to the Act, as at 31st August 2026, there was no Risk Management Policy in place.



b. Failure to Settle Staff Obligations

As at 31st December 2025, the Judiciary owed amount totalling K5,313,998 in respect of personnel related bills such as Settling in Allowance, Salary Arrears, Loading and Off-Loading allowance, leave travel benefits and commutation of leave days allowance.

As at 31st August 2026, the outstanding obligations had not been paid. See table 1 below.

Table 1: Failure to Settle Staff Obligations

No.	Description	Amount K
1	Settling In Allowance	2,270,993
2	Salary Arrears	16,687
3	Loading and Offloading	108,040
4	Leave Travel Benefits	217,000
5	Commutation	2,701,278
	Total	5,313,998

c. Lack of 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 deed.

Contrary to the Act, title deeds were not secured in respect of various parcels of land on which fifty three (53) properties were located.



17 Head: 26 Ministry of Information and Media

17.1 Mandate

The Ministry is responsible for implementing the Broadcasting and Television Services, Information Services, Information and Media Policy.

17.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total provision of K204,421,050 was made to cater for the operations of the Ministry against which amounts totalling K191,156,998 were released resulting in an under funding of K13,264,052.

As at 31st December 2025, amounts totalling K186,255,903 had been spent leaving a balance of K4,901,095. See table 1 below.

Table 1: Budget, Income and Expenditure

Programme	Total Authorised K	Total Funding K	Total Expenditure K	Variance K
Media Development, Standards and Regulation	70,901,757	69,749,555	69,364,680	384,875
Information Services and Management	73,953,794	70,044,774	67,110,546	2,934,229
Management and Support Services	59,565,499	51,362,668	49,780,677	1,581,991
Total	204,421,050	191,156,998	186,255,903	4,901,095

17.3 Audit Findings

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

a. Failure to Implement Planned Activities - Programme 3446: Media Development, Standards and Regulation

The objective of the programme was to provide appropriate legal and policy framework in order to have a responsible and responsive media industry and improved access to information by the public through the implementation of three (3) sub-programmes, namely Broadcasting and Press Regulation and Standard; Press and Media Development; and Spokesperson Support.

A review of the Annual Report for year 2025 revealed that the Ministry planned to implement 581 activities under the programme.



However, as at 31st December 2025, only 291 activities had been implemented leaving 290 activities not implemented resulting in a programme performance of 50%. See table 2 below.

Table 2: Failure to Achieve Planned Activities

No.	Sub-Programme	Key Output & Output Indicator	Annual Target	Achieved	Variance	Percentage of Achievement
1	Media Organisations capacity built.	Number of Media Personnel Trained	200	165	35	83%
2	Media Laws Reformed	Number of Media Laws Developed	1	1	0	100%
		Number of Institutions sensitised on Governments Communication Strategy	25	5	20	20%
		Number of Media Laws Reviewed	1	1	0	100%
		Number of policies Reviewed	2	1	1	50%
		Number of Press Briefings held	96	14	82	15%
3	Press Services	Number of Government Forum Programmes developed for Television	48	37	11	77%
		Number of Government Forum Programmes developed for Radio	48	48	0	100%
		Number of Press Statements issued	120	16	104	13%
4	International Press Events Commemorated	Number of Media Marked Days Events Commemorated	4	2	2	50%
5	Press Recognition Awards Held	Number of Local Press Awards presented	1	1	0	100%
6	Government Programmes Promoted amongst MPSA's	Number of MPAs Interaction Meetings	35	0	35	0%
Total			581	291	290	50%

b. Programme 3447: Information Services and Management

The objective of the programme was to enhance news coverage and publicity of Government programmes and projects in order to solicit for public participation in matters of national development.

The following were observed:

i. Failure to Implement Planned Activities

A review of records such as the Annual Workplan and Budget, and Annual Report for 2025 revealed that the Ministry planned to implement 80,413 activities under the programme. However, as at 31st December 2025, only 385 activities had been implemented leaving 80,028 activities not implemented resulting in a programme performance of 0.48%. See table 3 below.



Table 3: Failure to Achieve Planned Activities

No.	Sub-Programme	Key Output & Output Indicator	Annual Target	Achieved	Variance	Percentage of Achievemen
1	News gathered	Number of News Items gathered	17000	0	17000	0%
		Number of News Items disseminated to media houses	17000	0	17000	0%
2	Documentaries produced and aired	Number of Documentaries produced and aired	250	0	250	0%
3	Television Content Aired	Number of ZANIS news bulletins aired	365	365	0	100%
4	Radio Programmes	Zambia Today programme	62	0	62	0%
5	Social Media Managed	Number of followers on social media platforms (facebook, twitter, instagram,	40000	0	40000	0%
		Number of Stories/Posts shared on social media Platforms (Facebook, Twitter, Instagram, Youtube, Tiktok)	5400	0	5400	0%
		Number of Live streamings of Government Events	96	0	96	0%
6	Public Address Services Offered	Number of Public events serviced	220	0	220	0%
		Number of Public Adress Equipment procured to service Districts	20	20	0	100%
	Total		80413	385	80028	0.48%

ii. Construction of Provincial Broadcasting Studios – Solwezi, Northwestern Province

On 19th December 2023, the Ministry of Information and Media signed a contract with Pangeni Works Limited for the construction of broadcasting studios in North-Western Province at a total cost of K32,801,009 with a completion period of 12 months ending on 5th February 2025.

On 2nd June 2025, an addendum to the contract was signed for an extension of the contract by 32 weeks to 9th January 2026.

As at 31st July 2026, the contractor had been paid amounts totalling K8,846,728 consisting of advance payment (K8,200,252) and Interim Payment Certificate No. 1 (K646,476). There were no outstanding Interim Payment Certificates.

The following were observed:

- A review of a letter dated 23rd December 2025 revealed that during the site visits carried out by the Ministry on 3rd July 2025, 15th August 2025, 9th October 2025, 26th November 2025 and 19th December 2025 the contractor



did not have a site foreman on site despite having been instructed by the contract manager. This resulted in a lack of supervision on site.

- The project had not been completed six (6) months after the expected revised completion date. Further, a review of the status report dated 16th January 2026 revealed that the contractor had only performed 26% of the works. At the time of physical verification in August 2026, the contractor was not on site. See pictures below.



- Further, the Ministry had not invoked Clause No. 45.1 of the contract to claim liquidate damages in amounts totalling to K3,280,101 as at 31st August 2026.
- A review of the status report by the Contract Manager and other records revealed that the Contract Manager recommended that the contract be extended with costs under liquidated damages. It was therefore questionable why the Ministry requested to extend a contract for a contractor who had failed to perform.

iii. Questionable Contract for the Supply and Delivery of 109 Laptops

On 2nd September 2025, the Ministry engaged Joshisa Electronics and General Dealers for the supply and delivery of 109 Laptops at a contract sum of K3,161,000 with a delivery period of 2-3 weeks. The contract was later extended to eight (8) weeks ending on 28th October 2025. The payment was to be made after the supplier had fully delivered the laptops.

A review of procurement records revealed that, despite a due diligence exercise that was carried out in June 2025 failing to locate the physical premises of Joshisa Electronics and General Dealers, the supplier was contracted to supply 109 laptops. Following delays in delivery, the supplier was issued with a notice



of contract termination on 14th November 2025. However, after the supplier advised the Ministry on 1st December 2025, that the laptops were ready for delivery, despite the contract having expired, the Ministerial Procurement Committee approved the rescission of the termination on 18th December 2025 and awarded a new contract for the same laptops to the same supplier. Although the supplier had been paid in full as at 31st December 2025, a physical inspection and comparison between the contractual specifications and the laptops that were delivered revealed that the laptops delivered were of inferior quality. See table 4 below.

Table 4: Comparison of Laptops

Feature	HP Envy 16 (Specified)	HP 360 (Delivered)
CPU Name	Intel Core i7-13700H	AMD Ryzen 7 7730U
CPU Cores / Threads	14 Cores, 20 Threads (High-performance)	8 Cores, 16 Threads (Power-efficient)
Display and Extras	Brighter, More Color Accurate Screen, Longer Battery Life, Superior Webcam	Bright, Less Accurate Color Screen, Short Battery Life, Average Webcam
Performance	Faster Processor Options	Adequate
Speed (CPU Boost Clock)	2.4GHz to 5.0 GHz (Faster)	2GHz to 4.5 GHz (Slow)
Power Consumption	45W+	15W to 28W
Multitasking	Excellent	Good
Cost	Costly	Cheaper
General Comment	Larger displays and significantly more powerful Central Processing Unit (CPU) and General Processing Unit (GPU) options that handle heavy processing loads meant for users performing design, engineering, video editing, AI workloads, or multitasking on large spreadsheets. Sustains high performance for longer periods under heavy workloads when handling large Excel models, Power BI reports, coding projects, data analysis, multimedia creation, and engineering applications.	Handles normal business multitasking well for Microsoft 365, meetings, reports, and presentations but is not intended as a workstation replacement.



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

18.1 Mandate

The Ministry of Home Affairs and Internal Security – Zambia Correctional Service is mandated to manage all Prisons and Correctional Centres across the Country.

18.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a provision of K1,254,257,541 was made to cater for the operations of the Zambia Correctional Service against which amounts totalling K1,148,858,034 were received resulting in an underfunding of K105,399,507.

As at 31st December 2025, amounts totalling K1,148,857,663 had been spent. See table 1 below.

Table 1: Budget, Funding and Expenditure

Code	Programme	Budget K	Funding K	Underfunding K	Expenditure K
4135	Custodial Services	605,666,360	591,917,696	13,748,664	591,917,332
4136	Rehabilitation Services	295,433,430	209,427,044	86,006,386	209,427,041
4137	Social Reintegration	47,753,574	47,098,582	654,992	47,098,582
4156	Correctional Services Training	67,498,870	66,550,853	948,017	66,550,849
4199	Management and Support Services	237,905,307	233,863,859	4,041,448	233,863,859
	Total	1,254,257,541	1,148,858,034	105,399,507	1,148,857,663

18.3 Audit Findings

An examination of accounting and other records maintained at the Service Headquarters and selected facilities revealed the following:

a. Failure to Distribute Generators – North-Western Regional Office

On 22nd November 2022, the North-Western Regional Office received two (2) generators from Zambia Correctional Service Headquarters whose value could not be ascertained and were to be delivered to Mwinilunga and Zambezi Correctional Facilities.

However, as at 31st August 2026, the generators had not been delivered to the correctional facilities. See picture below.



Undistributed Generators

b. Maintenance of Prison Infrastructure

Section 11 (n) of the Public Finance Management Act No. 1 of 2018 stipulates that a Controlling Officer is responsible for the management and safeguarding of public assets and revenue.

A physical inspection of various correctional facilities revealed that the facilities were in a deplorable state. However, there was no budgetary allocation that was made for the rehabilitation of the facilities. See table 2 below.



Table 2: Maintenance of Prison Infrastructure

No.	Region	Name of Correctional Facility	Description	Observations
1.	Western	Mongu Central Facility	Sanitary Facilities- Nyango Correctional Farm	Toilet had no cistern and there was no running water. The floor and the walls were damaged. In addition, part of the roof had been blown off. See pictures below. <i>No running water in the toilet Dilapidated ablution block</i>
2.	Eastern	Lundazi	Staff Houses	The houses were in a dilapidated state in that they had uninsulated electrical wires, broken windowpanes, and cracks. Further, the houses were not painted and had leaking roofs. See pictures below.



No.	Region	Name of Correctional Facility	Description	Observations
				    <i>Uninsulated wires and stained walls</i>
3.	Eastern	Petauke Correctional Facility	Lack of Office Space and Staff Houses	Staff houses had broken windowpanes, cracked and peeled off walls.   <i>Staff houses with broken windows and cracked walls at Petauke</i>



No.	Region	Name of Correctional Facility	Description	Observations
4	Southern	Livingstone Correctional Facility	Staff Houses	They were damaged sewer manholes, cracked and unpainted walls.    <i>Damaged sewer manhole Unpainted house Cracked Walls</i>
5	Luapula	Kalasa Lukangaba Open Air Farm	Housing Units	The staff and storeroom were not in good condition in that they had leaking roofs. See pictures below.   <i>Staff House – Leaking roof Storeroom with leaking roof</i>
6	Muchinga	Chinsali Correctional Facility	Staff Houses	The houses had uncovered septic tanks, the doors were falling apart and the windows were damaged. See pictures below.



No.	Region	Name of Correctional Facility	Description	Observations
				  <i>Uncovered septic tank and broken windows</i> <i>Doors falling apart</i>
7	Lusaka	Lusaka Central and Old Camp Mwembeshi Farm	Staff Houses	- The houses had broken windowpanes, the doors were damaged and the walls had cracked. - The paint was peeling off while some houses had corroded iron sheets, others had broken asbestos and blown off roofs. - There were damaged pad locks, blocked sewerage systems and cracks in the foundation.  <i>House with blown off roof</i>



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No.	Region	Name of Correctional Facility	Description	Observations
8	Northern	Milima Female Correctional Facility	Prison Cell	The prisons cell was dilapidated in that the walls had cracks. See picture below.  <i>Cell block with cracked wall</i>



c. Management of Liabilities – Failure to Settle Staff and Other Obligations

As at 31st December 2025, the Zambia Correctional Service owed amounts totalling K317,667,683 in respect of staff and other obligations. See table 3 below.

Table 3: Outstanding Staff and Other Obligations

No.	Obligations	Amount K
1	Personal Emoluments	28,241,267
2	Staff Allowances	17,471,309
3	Food Rations	226,327,797
4	Utilities	34,531,277
5	Motor Vehicles	8,068,950
6	Other RDCs	3,027,083
	Total	317,667,683

19 Head: 45 Ministry of Community Development and Social Services

19.1 Mandate

The Ministry is mandated to provide and facilitate for the provision of equitable social protection services to vulnerable individuals or communities, and provision of child development and welfare interventions.

19.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a provision of K11,768,118,392 was made to cater for the operations of the Ministry against which amounts totalling K11,011,364,208 were released resulting in an underfunding of K756,754,184.

As at 31st December 2025, amounts totalling K11,003,393,268 had been spent. See table 1 below.



Table 1: Budget, Funding and Expenditure

Programme	2025 Approved Estimate K	2025 Supplementary K	2025 Total Authorized K	Amount Funded K	Under Funding K	2025 Actual Expenditure K
Social Assistance	8,289,221,473	1,560,000,000	9,849,221,473	9,145,419,543	703,801,930	9,145,362,934
Social Welfare	83,345,722	-	83,345,722	78,326,610	5,019,112	76,816,378
Community Development	1,443,673,822	318,497,623	1,762,171,445	1,732,319,554	29,851,891	1,726,777,744
Non-Governmental Regulation and Standards	6,744,164	-	6,744,164	6,430,034	314,130	6,326,126
Child Development	30,919,277	-	30,919,277	19,974,624	10,944,653	19,621,059
Management and Support Services	35,716,311	-	35,716,311	28,893,842	6,822,469	28,489,026
Total	9,889,620,769	1,878,497,623	11,768,118,392	11,011,364,208	756,754,184	11,003,393,268

19.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and seventy-two (72) stations revealed the following:

a. Failure to Use Electronic Government Procurement System – Lusaka Province

Zambia Public Procurement Authority Circular No. 13 of 2024 provides mandatory guidance that all procurements of goods, works and services shall be carried on the e-GP system in line with section 16 (1) of the Public Procurement Act No.8 of 2020 with effect from 16th April 2024.

Contrary to the Circular, three (3) offices under Lusaka Province procured goods and services in amounts totalling K3,650,905 from thirty (30) suppliers without using the e-GP System. See table 2 below.

Table 2: Failure to Use Electronic Government (e-GP) System

Station	No. of Suppliers	Amount K	Department
Chongwe	5	486,300	Community Development
Luangwa	4	401,598	
Chilanga	5	470,997	
Chongwe	16	2,292,010	Social Welfare
Total	30	3,650,905	



b. Programme 5451 - 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 following were observed:

i. Payments to Beneficiaries without Disability Cards or Certificates

Guideline No. 3.1 (b) (ii) of the Social Cash Transfer Guidelines of 2018 identifies a household with a member or members with severe disability; as a household that has a member or members with severe disability as indicated by the disability medical assessment form signed by a medical practitioner or the Zambia Agency for Persons with Disability (ZAPD) card.

Contrary to the Guideline, during the period under review, amounts totalling K1,166,400 were paid to 162 beneficiaries at two (2) stations under the disability component without disability cards issued by ZAPD or medical certificates issued by a medical practitioner. See table 3 below.

Table 3: Payments to Beneficiaries without Disability Card or Certificate

Province	District	No. of Beneficiaries	Amount Paid K
North Western	Chavuma	2	14,400
Eastern	Lumezi	160	1,152,000
	Total	162	1,166,400

ii. Procurement of Malfunctioning Power Banks

On 19th July 2024, the Ministry engaged Rechaji Investment Limited for the supply and delivery of 6,400 smart phones and 6,400 power banks at a contract sum of K18,300,160 VAT inclusive with a revised delivery period of eight (8) weeks. Included in the terms of the contract was a defect liability period of 365 days from the date of delivery. The equipment was to be used for identification,



remuneration and validation of beneficiaries in the 116 districts under Social Cash Transfer programme.

The supplier was paid in full and the equipment was delivered on 21st May, 2025. Subsequently, in June 2025, the equipment was distributed to the district offices.

A physical inspection carried out in May 2026, in Chipata, Kasama and Lavushimanda districts revealed that out of the 180 delivered equipment, eighty-one (81) power banks valued at K43,691 were defective and had not been functional since they were delivered.

As at 31st August 2026, the defective power banks had not been replaced by the supplier.

c. Food Security Pack Sub-Programme - Programme - 5453 Community Development

The objective of the programme is to enhance the lives of the people through the collective efforts and facilitate programmes such as the Food Security Pack, Livelihood and Empowerment Support Schemes, Community Self Help Initiative and Community Skills Development interventions which will contribute towards reduction of poverty and inequalities.

The objective of this sub programme was to empower poor and vulnerable but viable farmers with farming inputs and accompanying services to enhance food security.

The following were observed:

i. Irregular Inclusion of Farmer Input Support Programme (FISP) Beneficiaries into FSP Programme

Guideline No. 2.8 of the Food Security Pack Guidelines 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 Industries should collaborate to give special preference to the poor and vulnerable farmer groups for continuous development.



Further, the FSP beneficiary farmer households upon selection on the programme will be supported to join cooperatives or farmer groups. These will ensure that at the end of the two (2) farming seasons, beneficiary households will be able to meet the requirements necessary to access the Farmer Input Support Programme services.

Contrary to the Guideline, during the period under review, 345 farmer beneficiary households irregularly collected farming inputs in amounts totalling K3,054,127 under FISP from the Ministry of Agriculture after having collected farming inputs valued at K1,590,095 under FSP from the Ministry of Community Development and Social Services during the 2024/2025 farming season as shown in table 4 below.

Table 4: Irregular Inclusion of FISP Beneficiaries into FSP Programme

Province	Station	Number of Beneficiaries	FSP Amount K	FISP Amount K
Copperbelt	Chililabombwe	4	16,800	33,600
	Chingola	8	33,600	67,200
	Kalulushi	17	71,400	142,800
	Kitwe	10	42,000	84,000
	Luanshya	15	63,000	126,000
	Masaiti	18	75,600	151,200
	Mufulira	10	42,000	84,000
	Ndola	9	37,800	75,600
Southern	Namwala	15	53,144	126,000
	Kazungula	26	135,928	218,400
	Siavonga	2	10,456	16,800
Western	Nkeyema DCDO	24	112,047	357,791
	Lukulu DCDO	24	88,498	201,600
North Western	Solwezi	46	235,750.00	386,400
	Kasempa	19	46,318.20	159,600.00
	Zambezi	4	20,500.00	33,600
	Chavuma	8	41,000.00	67,200
	Ikelenge	34	174,250.00	285,600
Luapula	Chifunabuli	14	78,078	117,600
	Mansa	16	89,232	134,336
	Chipili	22	122,694	184,800
	Total	345	1,590,095	3,054,127



ii. Failure to Recover Produce and Pass-on-Gifts from FSP Beneficiaries

Guideline No. 3.0 of the Food Security Pack Guidelines of 2019 provides that the FSP beneficiary farmer households will be required to give back part of their produce to the program. This is because the pack is not intended as a completely free handout. Instead, it is a 'conditional grant' to stimulate a sense of care for other vulnerable households in communities. The recoveries shall be in kind. However, cash will still be accepted in place of in-kind payments.

Further, Guideline No. 3.2.3.1 of the Food Security Guidelines stipulates that the Satellite Committees or Community Welfare Assistance Committees (CWACs) will oversee all the collections of recoveries under the supervision of the Community Development Assistant (CDA) or the Area Food Security Committee (AFSC).

Contrary to the Guidelines, ten (10) district offices did not recover produce valued at K2,028,501. See table 5 below.

Table 5: Payback Not Recovered

Province	District Community Development Office	Expected K	Actual K	Balance as at 11th July 2026
Copperbelt	Masaiti	920,465	807,187	113,278
Central	Kabwe	344,730	256,409	88,321
	Ngabwe	644,640	451,275	193,365
	Kapiri Mposhi	389,985	33,290	356,695
Western	Kaoma	593,850	492,439	101,411
	Luampa	366,180	130,950	235,230
Luapula	Chiengi	456,430	364,000	92,430
North Western	Solwezi	288,320	31,874	256,446
Northern	Kasama	1,056,564	705,400	351,164
Southern	Siavonga	455,321	215,160	240,161
	Total	5,516,485	3,487,984	2,028,501

iii. Failure to Distribute Motorbikes to the Districts

On 14th April 2025, Geotech Limited supplied and delivered 120 motor bikes costing K8,352,000 to the Ministry Headquarters for use on FSP monitoring activities in the provinces. However, an examination of stores records and



distribution schedules availed for audit in May 2026 revealed that out of 120 motorbikes, the Ministry distributed ninety-one (91) leaving twenty-nine (29) motorbikes costing K1,620,000 undistributed to fourteen (14) districts, twelve (12) months after delivery. See table 6 below.

Table 6: Failure to Distribute Motor Bikes

No.	District	Allocation	Unit Price K	Total Cost K
1	Lusaka Provincial Office - Lusaka	2	60,000	120,000
2	Chilanga	2	60,000	120,000
3	Chongwe	2	60,000	120,000
4	Kafue	2	60,000	120,000
5	Luangwa	3	60,000	180,000
6	Lusaka	2	60,000	120,000
7	Rufunsa	2	60,000	120,000
8	Provincial Office Chinsali	3	60,000	180,000
9	Lusaka	1	60,000	60,000
10	Isoka	1	60,000	60,000
11	Kanchibiya	2	60,000	120,000
12	Lavinshimanda	2	60,000	120,000
13	Mafinga	1	60,000	60,000
14	Shiwangandu	2	60,000	120,000
	Total	29		1,620,000

d. Failure to Achieve Target: Programme 5454 –Non-Governmental Regulation and Standards Programme

The Non-Governmental Regulation and Standards Programme consists of three (3) sub-programmes, namely: Non-Governmental Organisations (NGOs) Regulations and Standards, NGO Standards and NGO Coordination. The objective of the programme is to provide for the registration, coordination and regulation of NGOs in Zambia.

A review of the Annual Work Plan and Budget for the period under review revealed that the Ministry planned to undertake six (6) activities under the programme. However, a scrutiny of the Ministerial Annual Report revealed that the programme had an unfavourable performance of 29%. See table 7 below.



Table 7: Target and Actual Performance

No.	Key Output and Output Indicator	2025		
		Target	Actual Performance	% Achieved
1	NGO registration meetings held			
	Number of NGO Board meetings held	4	-	0%
	Number of NGOs verified	300	286	95%
2	NGO Board meeting activities			
	Number of NGOs inspected	1,200	885	74%
3	Provinces in which standards and guidelines have been disseminated			
	Number of Provinces in which standards and guidelines have been disseminated	5	5	100%
	Number of standards and guidelines copies printed	2,500	-	0%
	Number of terrorist financing risk assessment reports updated	2	1	50%
	Total	4,011	1,177	29%

The Ministry planned to inspect 1,200 NGOs but instead inspected 885, representing 74% achievement. Inquiries with management revealed that the failure to achieve the target was attributable to inadequate budgetary provision.

Further, the Ministry planned to print 2,500 standards and guidelines but did not print any, resulting 100% under performance. As at 31st August 2026, there was no explanation provided for the underperformance.



20 Head: 46 Ministry of Health

20.1 Mandate

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

20.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a provision of K21,498,161,511 was made to cater for various activities against which amounts totalling K16,944,741,177 were released, resulting in an underfunding of K4,553,420,334.

As at 31st December 2025, amounts totalling K16,892,590,001 had been spent. See table 1 below.

Table 1: Budget, Funding and Expenditure

Programme	Provision K	Releases K	Underfunding K	Expenditure K
Primary Health Services	8,432,981,709	7,004,237,890	1,428,743,819	6,992,811,354
Hospital Services	11,073,119,453	7,980,637,272	3,092,482,181	7,952,141,566
Central Technical Services	16,029,146	11,893,407	4,135,739	9,733,499
Human Resources Development	271,084,678	260,760,112	10,324,566	260,517,367
Management and Support Services	1,704,946,524	1,687,212,496	17,734,028	1,677,386,215
Total	21,498,161,511	16,944,741,177	4,553,420,334	16,892,590,001

In addition, the Ministry received other funds in amounts totalling K4,067,075,940 from Cooperating Partners, Cabinet Office, NHIMA and various sources, as well as funds brought forward from the previous year of K773,474,863 bringing the total funds from other sources to K4,840,532,803. As at 31st December 2025, amounts totalling K4,392,838,719 had been spent.



20.3 Audit of Annual Performance of the Ministry

A review of the Ministry's performance against the annual targets set out in the Annual Operational Plan (AOP) revealed that out of seventeen (17) targeted outputs, ten (10) were fully achieved, three (3) were partially achieved while four (4) were not achieved.

20.4 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Health Offices (PHO) and selected Hospitals and Colleges of Nursing and Midwifery revealed the following:

a. Failure to Implement Activities - Programme 5531 - Primary Health Services Programme

The objective of the programme is to provide primary clinical care, outreach, community health, referral and surveillance services, as well as construction and rehabilitation of primary health facilities.

As a result of the underfunding of K1,428,743,819 under this programme shown in Table 1 above, the Ministry did not implement the following activities. See table 2 below.

Table 2: Unimplemented Activities due to Underfunding

No.	Unimplemented Activities	Unfunded Budget Line K
1	Anti Retroviral Drugs (ARV)	33,152,170
2	Public health-Vacines and Medical Supplies	12,169,997
3	Medical Equipment - Clinical Care and Diagnosis	32,705,519
4	Office Administration	100,000
5	Personal Emoluments	554,056
6	Grants for Primary Health Care	1,350,062,078
	Total	1,428,743,819

b. Expired Drugs - Contract for the Supply and Delivery of Renal Dialysis Consumables - Management of Essential Drugs and Medical Supplies

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total budget provision of K1,633,752,235 was made to cater for the



procurement of essential drugs and medical supplies under the Primary Health Services sub-programme. As at 31st December 2025, the activity had been fully funded.

On 7th June 2021, the Ministry of Health awarded a Framework Contract to Augusta Limited for the supply and delivery of Renal Dialysis Consumables (CAPD Fluids) at a contract sum of US\$22,013,409 (K496,182,239) with a delivery period of 4-6 weeks which was extended for a period of two (2) years. The contract was further extended for a period of one (1) year from 8th June 2023 to 9th June 2024. In 2024, the contract was extended for an additional eighteen (18) months from 9th June 2024 to 9th December 2025.

In December 2024, the Ministry of Health ordered 32,298 quantities of CAPD from Augusta Limited at a cost of US\$2,744,639.19 (K79,594,537) on the basis of the framework contract. On 7th February 2025, the General Manager of Augusta Limited wrote to the Permanent Secretary (Administration) to confirm receipt of the order.

In addition, Augusta inquired whether they could proceed to deliver the short dated (*short shelf life*) drugs in part or in full for them to make the stock available to ZAMMSA.

In response, in a letter dated 17th February 2025, the Permanent Secretary - Donor Coordination informed Augusta Limited that the Ministry granted them permission to deliver 12,000 quantities of short dated drugs.

In March 2025, Augusta delivered 12,000 out of 32,298 quantities which were distributed as shown in table 3 below.

Table 3: Delivery of 12,000 CAPD Fluids

No.	Facility	Quantity
1	UTH Adult	6,240
2	UTH Paediatrics	720
3	Kitwe Teaching Hospital	480
4	Ndola Teachig Hospital	480
5	Livingstone University Teaching Hospital	240
6	Kasama General Hospital	720
7	Arthur Davison Children Hospital	240
8	Levy Mwanawasa UTH	2,880
	Total	12,000



A review of the stock control cards and physical inspections at the health facilities carried out in April and May 2026 revealed the following:

- Under the terms of the order, the supplier was required to deliver the CAPD fluid by 7th March 2025 in order to allow for the consumption of the fluids before the expiry date of 7th May 2025. However, the Livingstone Teaching Hospital received 240 quantities of CAPD fluids on 21st May 2025, which was fourteen (14) days after the stated expiry date.
- Ninety six (96) packs of the expired CAPD fluids at Livingstone Teaching Hospital which were received on 21st May 2025 had not been disposed of, as at 31st August 2026, fifteen (15) months after expiry.
- A total of 364 quantities of the CAPD fluids valued at US\$9,100 (K176,176) was issued to various patients despite the fluids having expired. See table 4 below.

Table 4: Issued Expired CAPD Fluids

Date of Delivery	Facility	Expired (Packs)	Value of Expired Fluids US\$	Value of Expired Fluids K
14/03/2025	UTH Adult Hospital	220	5,500.00	106,480
21/05/2025	Livingstone Teaching Hospital	144	3,600.00	69,696
	Total	364	9,100.00	176,176

c. Delayed Completion of Projects – Northern Province

Physical inspections of projects carried out from February to March 2026 revealed that four (4) projects had been delayed by periods ranging from ten (10) to twelve (12) months. See table 5 below.



Table 5: Delayed Completion of Projects

Institution	District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid to Contractor K	Scope of Works	Observations	Period of Delay
Kaseke Rural Health Centre (RHC)	Mungwi	Construction of Maternity Annex and Associated external works	Kompes Enterprise Limited	15.02.2025 to 16.06.2025	1,579,445	941,211	Construction of sub structure, concrete work, brickwork and blockwork, roofing, carpentry, joinery and ironmongery, metal work, plumbing installations and firefighting equipment, electrical installation, floor, wall and ceiling finishes, glazing, painting and decorating, external works and water reticulation.	The outstanding works included beam filling, interior and exterior plastering, painting and decorating, glazing, plumbing and electrical fittings, construction of drainage, canopy, fitting of ceiling board. The contractor was not on site.  <i>Incomplete Kaseke Maternity Annex</i>	12 Months
Chisanga Urban Health	Kasama	Construction of Maternity Annex and	Holy Hope Entrepreneur	15.02.2025 to 24.05.2025	1,576,710	884,311	Construction of sub structure, concrete, brick and blockwork, roofing, carpentry, joinery and ironmongery, metal work,	The outstanding works included plumbing, painting of interior and exterior walls, glazing and electrical	12 months



Institution	District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid to Contractor K	Scope of Works	Observations	Period of Delay
Centre (UHC)		Associated external works					plumbing installations and firefighting equipment, electrical installation, floor, wall and ceiling finishes, glazing, painting and decorating, external works and water reticulation.	installation. The contractor was on site.  <i>Incomplete Maternity Annex</i>	
Chilongoshi RHC	Kasama	Construction of Maternity Annex and Associated external works	Mormo Enterprises Limited	15.02.202 to 16.06.2025	1,587,025	900,865	Construction of sub structure, concrete, blockwork, roofing, carpentry, joinery and ironmongery, metal work, plumbing installations and firefighting equipment, electrical installation, floor, wall and ceiling finishes, glazing, painting and decorating, external works and water reticulation.	The outstanding works included plumbing works, painting of interior and exterior walls, ceiling board, fitting of windowpanes and doors, electrical installation and spoon drain. The contractor was on site.	12 Months



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Institution	District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid to Contractor K	Scope of Works	Observations	Period of Delay
								 <i>Incomplete Maternity Annex</i>	
Chungu RHC	Lupososhi	Construction of Maternity Annex and Associated external works	Brings Business Enterprises Limited	15.02.2025 to 16.07.2025	1,634,926	867,719	Construction of Sub structure, concrete work, blockwork, roofing, carpentry, joinery and ironmongery, metal work, plumbing installations and firefighting, electrical installation, floor, wall and ceiling finishes, glazing, painting and decorating, external works and water reticulation.	The outstanding works included beam filling, interior and exterior plastering, painting and decorating, glazing, plumbing and electrical fittings, construction of drainage, canopy and fitting ceiling board. The contractor was on site.  <i>Incomplete maternity annex</i>	12 Months



d. Programme 5532 - Hospital Services Programme

The objective of the programme is to provide safe, affordable, accessible, and timely hospital services to the citizens.

The following were observed:

i. Failure to Implement Activities

As a result of the underfunding of K3,092,482,181 shown in Table 1 above, the Ministry did not implement the following activities.

Table 6: Unimplemented Activities due to Underfunding

No.	Unimplemented Activities	Unfunded Budget Line K
1	Procurement of Medical and Surgical Supplies	158,422,090
2	Specialised Medical Commodities and Supplies	157,730,799
3	Laboratory commodities and supplies	155,163,515
4	Procurement of Cancer Drugs	101,634,038
5	Medicines and Medical Supplies Distribution	100,513,268
6	Medical Equipment - Clinical Care & diagnostic	581,256,485
7	Specialised medical imaging commodities	24,662,023
8	Nursing and Midwifery Section	17,150,000
9	Clinical Care Excellence	100,000,000
10	Infrastructure Section	1,266,525,535
11	Essential Drugs and Medical Supplies (fo)	251,066,843
12	Blood Transfusion Commodities	122,506,727
13	Clinical Care Excellence	5,500,000
14	Personal Emoluments	841,738
15	Grants	49,509,120
	Total	3,092,482,181

ii. Delayed Commencement of Works - Contract for Construction, Supply, Delivery, Installation and Commissioning of Essential Equipment for the Cancer Treatment Centre in Livingstone

On 25th August 2025, the Ministry of Health engaged Jiangsu Gold Civil Construction Company Limited for the construction, supply, delivery, installation, and commissioning of essential equipment for the Cancer Treatment Centre in Livingstone at a contract sum of K422,342,384 VAT inclusive with a completion period of twelve (12) months commencing on 18th September 2025 and ending on 17th September 2026.



The contract provided for service, maintenance and upgrade to continue for two (2) years after completion. In this regard, the contract sum included an amount of K28,800,000 to cater for this.

The contractor took possession of the site on 18th September 2025 and mobilised on 2nd October 2025 and was paid an advance payment of K67,243,019 on 6th November 2025.

On 24th February 2020, the Ministry of Health engaged G.E.S Architects to provide Consultancy Services, for the Design and Supervision of two (2) Cancer Treatment Centres and Extension of the Cancer Diseases Hospital in Lusaka at a contract sum of US\$1,494,100.

A subsequent review of the contract signed between the Ministry of Health and Jiangsu Gold Civil Construction Company Limited revealed that under Particular Conditions of Contract GCC 1(x), the Ministry of Infrastructure, Housing and Urban Development (MIHUD) was appointed as the Project Manager.

A physical inspection conducted on 22nd April 2026, revealed that the contractor had mobilised equipment to the site. However, the construction works had not commenced seven (7) months after site possession and six (6) months after the advance payment of K67,243,019. See pictures below.



Contractor Equipment and Shelter for the Project Workers



iii. Contract for Designing, Constructing and Equipping District Hospitals and Health Centres Through Turnkey Solution

On 15th August 2024, the Government through the Ministry of Health engaged NMS Infrastructure Limited for Designing, Constructing and Equipping of five (5) District Hospitals and 120 Health Centres through Turnkey Solution at a contract sum of US\$427,247,613.28 (K11,224,734,746) VAT exclusive with a completion period of three (3) years commencing on 15th August 2024 to 15th August 2027.

The following were observed:

- **Questionable Budgeting for Construction of Mini Hospitals Phase II**

Particular Conditions of Contracts (PCC) 14.1 of the contract stipulates that the Advance Payment shall be 25% for mobilisation and purchase of materials and equipment upon submission of appropriate guarantees no later than 30 days after possession of site.

Based on the revised contract, the expected advance payment was US\$53,405,951.66 (K1,281,742,848)

A review of the Estimates of Revenue and Expenditure for the financial years ended 31st December 2025 and 2026 revealed that budget provisions of K249,481,917 (19.5% of the advance payment) and K249,510,105 (19.5% of the advance payment) were made, respectively, to cater for the construction of mini hospital under Phase II.

As at 31st May 2026, an amount K220,016,572.60 (17.2% of the advance payment) had been paid as advance payment to the contractor out of US\$53,405,951.66 (K1,281,742,848).

- **Failure to Mobilise after Payment of Advance**

Particular Conditions of Contract (PCC) 14.1 of the contract stipulates that the Advance Payment shall be 25% for mobilisation and purchase of materials and equipment upon submission of appropriate guarantees no later than 30 days after site possession.



A physical inspection carried out in April 2026 at twenty-one (21) sites revealed that the contractor had not mobilised, nine (9) months after the payment of K220,016,573.

- **Questionable Inclusion of Already Paid for Phase 1 Mini Hospital Under Phase 2**

A physical inspection carried out in April 2026 revealed that Kafubu Mini Hospital, which was earmarked for construction in Lufwanyama District under Phase 1 and was fully paid for at a cost of US\$1,530,752.33 (K40,216,231) was also included in the list of Mini Hospitals to be constructed under Phase 2 rendering the decision made questionable.

iv. Questionable Upgrading and Replacement of Medical Equipment - Construction of King Salman Bin Abdulaziz Specialist Hospital in Lusaka District

On 10th January 2018, the Government of the Republic of Zambia, through the Ministry of Finance, signed a Loan Agreement with the Saudi Fund for Development (SFD) in amounts totalling SAR375,000,000 (US\$100,000,000) to finance the construction and equipping of the 800-bed capacity, King Salman Bin Abdul Aziz Specialised Hospital in Lusaka District.

Subsequently, on 2nd April 2020, the Ministry of Health signed a contract with Zhong Ding International Engineering Company of Saudi Arabia in Joint Venture with Wah Kong Enterprises (Zambia) Limited for the construction of the 800-bed capacity specialist hospital, at a contract sum of US\$126,274,599.58 exclusive of Value Added Tax (VAT), with a contract duration of thirty-six (36) months commencing on 20th May 2020 and ending on 20th June 2023.

On 12th July 2021, an addendum was signed to include the Value Added Tax (VAT) component bringing the total contract sum to US\$146,478,535.51.



Further, on 24th October 2024, another addendum was signed for the upgrading and replacement of medical equipment at a total sum of US\$3,985,028.10, resulting in an upward adjustment of 3.16% of the initial contract sum from US\$126,274,599.58 to US\$130,259,627.68 VAT Exclusive.

As at 31st December 2025, the contractor had been paid amounts totalling US\$74,784,278.89 leaving a balance of US\$55,475,348.79 VAT exclusive and VAT in amounts totalling US\$13,322,211.23 had accrued and not been remitted to ZRA.

As at 31st August 2026, justification for the upward revision of the contract sum made on 24th October 2024 which resulted in the Ministry meeting the cost of the upgrade and replacement of medical equipment prior to completion and hand over of the hospital had not been availed for audit. In addition, supporting documentation from the suppliers of the equipment showing the change in specifications and price of the medical equipment; the Minutes for the MPC approval of the upgrades to equipment and the list of all medical equipment procured; and the approval of the variation of the contract by the Attorney General and other approval authorities; had not been availed for audit

Further, it could not be ascertained why the upgraded medical equipment had not been delivered twenty-one (21) months after the variation of the contract to upgrade and replace medical equipment. As at 31st July 2026, the delivery status of the upgraded medical equipment could not be ascertained.

In response, management stated that the aspect of overpricing may not have arisen as these were prices that were reviewed and agreed upon between the Ministry and the Contractor. However, the proof of price reviews by the Ministry and Contractor was not availed for audit verification as of July 2026.



v. Delayed Completion of the Operating Theatre at Senanga General Hospital

In Paragraph 30 of the Auditor General's report on the Audit of Accounts of the Republic for the financial year ended 31st December 2021, mention was made of the stalled and abandoned construction of the operating theatre at Senanga General Hospital.

On 26th July 2023, the Western Provincial Health Office Sub Procurement Committee engaged Mbuzan General Dealers of Lusaka District to complete the operating theatre at a contract sum of K1,611,704 with a contract duration of twelve (12) weeks commencing 26th July 2023 and ending 26th October 2023.

The scope of works included substructure, concrete work, brick and block work, roofing, metal work, carpentry and joinery, ironmongery, structural steelwork, electrical installation, plumbing installation, floor, wall and ceiling finishes, glazing, painting and decorations.

As at 31st August 2026, the contractor had been paid amounts totalling K1,118,634 leaving a balance of K493,070.

A physical inspection of the project carried out on 3rd March 2026, twenty eight (28) months after the expected completion date revealed that the project had been roofed with plumbing installations, painting and decorations outstanding.

vi. Management of Hospitals

The health service delivery is structured in a three-tier pyramidal referral system with primary health care (community level, health posts, health centres, mini hospitals and district hospitals); secondary health care (general hospitals); and tertiary health care (teaching hospitals).

In addition, the Ministry of Health through its Basic Health Care Package (BHCP) has set standards of health delivery services that include the essential equipment required. The standards are set for each level of care including first (1st), Second (2nd) and third (3rd) level hospitals. An inspection of



nineteen (19) selected hospitals at different levels of care revealed the following:

- **Inadequate Medical Staff**

Standard 2.3.2 of the National Health Care Standard of 2020 states, “The facility should 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. Notwithstanding the generality of this standard, no service shall be operated without appropriately qualified critical staff. All specialised units shall be staffed at least by one full-time specialist.”

Contrary to the Standard, during the period under review, four (4) hospitals did not have full staff complement in that only 7% to 75% of the staff establishment had been filled. See table 7 below.

Table 7: Understaffing

Province	Hospital	Level of Care	Establishment Register	Filled	Variance	% Filled
Eastern	Chipata Central Hospital	3	1,394	740	654	53
Lusaka	Kafue General Hospital	2	615	46	569	7
	Levy Mwanawasa University Teaching Hospital	3	1,922	1,092	830	57
	Lewanika General Hospital	3	734	553	181	75

In addition, the following were observed:

- **Chipata Central Hospital**

- ◎ **Maternity (Delivery Ward) Services**

Standard No. 3.1.2 of the Midwifery Care Standards of 2023 provides that the midwife/patient ratio in the Labour Ward should be 1:1.

Contrary to the Standard, the labour ward operated with three (3) staff members per shift attending to more than thirty (30) patients per day, representing a midwife/patient ratio of 1:3.



⊙ Neonatal Intensive Care Unit (NICU)

Standard No. 3.1.2 of the Midwifery Care Standards of 2023 provides that the nurse/patient ratio in the NICU should be 1:1.

Contrary to the Standard, the NICU operated with four (4) staff members per shift attending to more than forty (40) patients per day representing a midwife/patient ratio of 1:10.

○ **Management of Equipment - Failure to Install Equipment**

Medical Equipment Standard Lists for 1st to 3rd Level Hospitals of December 2022 and Equipment Planning and Monitoring Tool Procedures Manual for first referral level hospitals list equipment that should be found in hospitals. An inspection carried out at sixteen (16) hospitals revealed the following:

⊙ **Chongwe District Hospital - Lusaka Province**

In October 2025, Chongwe District Hospital received a radiology digital system from the Ministry of Health Headquarters. A physical inspection carried out in June 2026 revealed that the equipment had not been installed.

⊙ **Choma General Hospital - Southern Province**

Section 6.4.3 of the National Health Care Standards of 2020 requires the ultrasound room to have a functional mammogram imaging machine.

On 27th December 2025, the Hospital received the mammogram imaging machine and the CT Scan machine from Ministry of Health through the Zambia Medicine and Medical Supplies Agency (ZAMMSA).

A physical inspection carried out on 18th July 2026 revealed that the equipment had not been installed.



- **Inadequate Hospital Infrastructure**

- **Mbala General Hospital**

- ◎ **Non-Existence of Ear, Nose and Throat (ENT) Clinic and Services**

The National Health Care Standards require that a level 2 hospital should provide specialised surgical services, including an Ear, Nose and Throat (ENT) Clinic equipped with essential medical equipment such as an ENT treatment chair, ENT endoscope, flexible laryngoscope, rigid oto-nasal scope, examination light, BP machine, stethoscope, thermometer, otoscope, tuning forks, dressing trolley, patella hammer, X-ray film viewer, transfer forceps, and washing basin, each provided at a minimum of one set per room.

Contrary to the Requirement, the Facility did not have an established ENT clinic resulting in the lack of essential ENT equipment and failure to offer ENT services.

- ◎ **Lack of Histopathology Services at the Facility**

National Health Care Standards require that a level 2 hospital should provide comprehensive laboratory services, including histopathology, supported by essential equipment such as embedding machines, microtomes, tissue processors, staining machines, microscopes, and related infrastructure.

Contrary to the Requirement, the Facility could not offer histopathology services due to lack of a functional histopathology unit. Consequently, samples requiring histopathological analysis were referred to Chinsali General Hospital, located approximately 400 km away from the facility.

- **Zambezi District Hospital - Inadequate Wards – Female Ward**

The Health Professions Council of Zambia compliance monitoring tool for level one Hospital Standard 16 and 17 of 2020 provides for the distinction of medical wards, surgical wards and gynaecology wards.



Contrary to the Standard, a physical inspection carried out in February 2026 revealed that the female medical, surgical and gynaecology wards were housed in one (1) ward.

- **Livingstone University Teaching Hospital - Inadequate Space in the ENT Section**

A review of assessment reports and physical inspection carried out on 7th May 2026 revealed that the eye clinic was relocated to the ENT section, resulting in inadequate space in the ENT department.

Inquiries with management revealed that the eye clinic was relocated in September 2024 following the recommendation by the Ministry of Infrastructure, Housing and Urban Development for its demolition due to sinking slabs, recurring cracks, differential settlement and the absence of critical structural components.

As at 31st August 2026, twenty three (23) months after the recommendation, no action had been taken by management to implement the recommendation from the technical team of the Ministry of Infrastructure, Housing and Urban Development and the eye clinic was not in use. See pictures below.



Undemolished eye clinic

- **Other Observations**

- **Laboratory Services – Nakonde District Hospital**

Standard No. 5.1 of the National Health Care Standards of 2020 requires a laboratory section to include human resource, size and layout, ventilation and lighting, standard operating procedures,

laboratory audit, storage practices of lab reagents and supplies, occupational health and other departments that is specimen transportation, collection bay, serological tests, haematology, clinical chemistry.

Further, the Medical Equipment Standard list for 2nd Level Hospitals of September 2012 sets out the type of equipment that should be available in the laboratory department which includes; centrifuge, Bunsen burner, binocular microscope, timer, autoclave, incubator, first aid kit, counting chambers, CD4 counting machine, bio safety cabinet, fridges among others.

Contrary to the Standards, a physical inspection conducted in March 2026 revealed the following:

- ⊙ The laboratory roof was leaking
- ⊙ The following were lacking; rest room, spill kits, first aid kit, towels, counting chambers, CD4 counting machine, bio safety cabinet, Bunsen burner, anaerobic jar and haemoglobin meter.
- ⊙ The department had non-functional air conditioner, sockets and centrifuge machine. See pictures below.



Non-functional Air Conditioner and Centrifuge machine

- ⊙ The lab storeroom did not have adequate space and shelves resulting in some of the lab supplies being piled up to the roof and walkways. See picture below.



Piled lab supplies boxes

- © The lab storeroom lacked the temperature regulation, chart and air conditioner.

- **Laundry Unit - Solwezi General Hospital**

The Medical Equipment Standard Lists for Level 2 Hospitals requires the Hospital to maintain a laundry subunit. The standard requires a level hospital to ensure that it has at least one full-time staff who is oriented in the management of hospital laundry.

In addition, Standard No. 23.5.2 of the National Health Care Standards of 2020, requires that a facility shall ensure the laundry room conforms to the Public Health Building Regulations which require that the facility should ensure the laundry has separate sections/rooms for storage of linen, receiving linen, washing and toilets.

Contrary to the Requirements, Solwezi General Hospital did not have adequate space for storage of bed linen and the linen was stored in an open place. See picture below.



Linens stored in an open place



○ **Failure to Establish an Oxygen Plant - Mbala General Hospital**

The Medical Equipment Standard Lists for 2nd level Hospitals states that a 2nd Level Hospital must have an Oxygen Plant which shall enable the Hospital bed with a minimum of 10-15 m² of space and two oxygen points be supplied with oxygen.

Contrary to the Requirement, Mbala General Hospital operated without an oxygen plant. To cater for the lack of oxygen, during the period under review, amounts totalling K853,291 were spent on the procurement and transportation of oxygen from Kitwe to Kasama.

○ **Rehabilitation Services – Mbala General Hospital - Physiotherapy Active Room**

Standard No. 9 of the National Health Care Standards 2020 requires that, a Level 2 hospital rehabilitation section should comprise key units, including Physiotherapy (passive and active), Occupational Therapy, Speech and Language Therapy, Prosthetics and Orthotics, Paediatric Therapy, and Geriatric Services.

Section 9.3 of the National Health Care Standards (2020) requires that the Physiotherapy Active Room should:

- Have adequate natural and artificial ventilation, supported by an air conditioner or air extractors
- Be equipped with adequate physiotherapy equipment, including mobility aids such as crutches and functional exercise equipment
- Maintain functional equipment to support active patient rehabilitation

Contrary to the Standard, the room did not have an air conditioner or air extractors, resulting in inadequate ventilation and essential mobility aids such as crutches were not available.



- **Lack of Prosthetics and Orthotics Section - Mbala General Hospital**

Standard No. 40 (1)(b)(2) of the persons with disability Act of 2012 states that the minister will facilitate access by persons with disabilities to quality mobility aids, devices, assistive technologies and forms of live assistance intermediaries. Further, the national health care standards of 2020 require each 2nd level Hospital to have prosthetics and orthotics section which deals with the provision and use of artificial devices that replaces a missing body part such as a limb.

Contrary to the requirement, the prosthetic and orthotics section was unavailable at Mbala General Hospital, making it not possible to ascertain how patients requiring artificial devices were accessing such services.

- **Speech and Language Therapy - Mbala General Hospital**

It was observed that the facility did not have essential equipment such as functional tape recorders, tympanometry and audiometer, pretend play materials and Picture Exchange Communication System (PECS) for Speech and Language Therapy.

- **Occupational Therapy Room**

Standard No. 9.7.7 of the National Health Care Standards (2020) requires that the Occupational Therapy Room be equipped with essential therapy tools such as sensory boxes, puzzles, weighted vests, vibrating pens, weighted pencils, audio boxes, and kinetic sand. Additionally, the room should have standard assessment tools including Beery Visual-Motor Integration, Test of Visual Perceptual Skills, Visual Perception Development, and Test for Handwriting Skills.

It was observed that all the required equipment and standard assessment tools were not available in the Occupational Therapy Room.



○ **Geriatric Physiotherapy Units - Mbala General Hospital**

Standard No. 9.5 of the National Health Care Standards (2020) requires that Geriatric Physiotherapy units be equipped with essential rehabilitation equipment, sanitation facilities, and supplies. These include mobility aids (zimmer frames, tripods, walking sticks, elbow crutches), therapy equipment (parallel bars, thera-bands, wedges, exercise surfaces, wall rails), proper sanitation (running water—hot and cold, soap, sanitizer, paper towels or hand dryer, and a pedal bin), and necessary clinical supplies (topical analgesics, stationary bicycles, cyclates, power stations, and balance training equipment). It was observed that all essential equipment, sanitation facilities, and clinical supplies were not available in the Geriatric Physiotherapy Unit.

○ **Paediatric Physiotherapy Units - Mbala General Hospital**

Standard No. 9.4 of the National Health Care Standards (2020) requires that Paediatric Physiotherapy units be equipped with essential rehabilitation equipment, sanitation facilities, and supplies. These include mobility aids, therapy equipment (parallel bars, thera-bands, wedges, exercise surfaces), specialized paediatric rehabilitation tools, proper sanitation (running water, soap, sanitizer, waste bins), and necessary clinical supplies (Plaster of Paris, exam gloves, and IEC materials).

It was observed that all essential equipment, sanitation facilities, and clinical supplies were not available in the Pediatric Physiotherapy Unit.

vii. Loss of Revenue from Rejected NHIMA Claims

Regulation 8 (d) of the Public Finance Management (General) Regulations, Statutory Instrument No. 97 of 2020 states, “an accounting officer shall collect and receipt public monies in a timely manner.”

Contrary to the Regulation, a review of NHIMA monthly claims revealed that out of the claims in amounts totalling K59,373,119 that were submitted to NHIMA, amounts totalling K54,819,334 were accepted while amounts



totalling K4,078,730 were rejected due to various reasons such as unauthorised patients, miss match of age, duplicate of age and unauthorised diagnosis resulting in loss of collectable revenue for the already offered service to the patients by the hospitals.

As at 31st August 2026, management had not updated and reconciled rejected claims with NHIMA. See table 8 below.

Table 8: Rejected NHIMA Claims

No.	Province	Station	Claimed Amount K	Eligible Amount K	Rejected Amount K
1	Eastern	Chipata Central Hospital	22,048,426	20,069,079	1,979,347
		Petauke District Hospital	3,275,642	2,941,620	334,022
2	Central	Kabwe Women New born and Children Hospital	10,705,054	10,047,576	657,478
3	Southern	Choma General Hospital	8,011,723	7,794,266	217,457
		Livingstone Teaching Hospital	12,441,198	12,018,203	422,995
4	Muchinga	Nakonde District Hospital	1,845,268	1,217,475	152,738
5	Northern	Mbala General Hospital	1,045,808	731,115	314,693
	Total		59,373,119	54,819,334	4,078,730

viii. Failure to Use Electronic Government Procurement System (e-GP)

Section 16 (1) of the Public Procurement Act No. 8 of 2020 stipulates that a procuring entity shall use the electronic government procurement system or any other electronic procurement system that the Minister may, by statutory instrument, prescribe.

Contrary to the Act and Circular, three (3) stations procured various goods and services from various suppliers involving 139 transactions costing K2,061,331 outside the electronic Government procurement (e-GP) system. See table 9 below.



Table 9: Non-Utilisation of E-GP

Province	Station	No. of Transactions	Amount K
Northern	Mbala General Hospital	130	1,802,468
Lusaka	Levy Mwanawasa University Teaching Hospital	6	218,654
Muchinga	Nakonde District Hospital	3	40,209
Total		139	2,061,331

e. Programme 5534 - Human Resource Development

The objective of the programme is to train pre-service and in-service health workers in order to provide quality health services.

The following were observed:

i. Irregular Transfer of Officers on Unfunded Positions – Northern Province

Section 6 (a) of the Terms and Conditions of Service for the Public Service of 2023 states, “no appointment promotion or transfer should be made to any post in the Public Service unless that post is approved, funded and is vacant.”

Contrary to the Terms and Conditions of Service, thirty-one (31) officers who were paid salaries in amounts totalling K4,870,620 were transferred to Lukupa College of Nursing and Midwifery on positions which were not funded. Consequently, the officers were placed in wrong salary scales during the period from 10th April 2019 to 31st December 2025.

As at 31st August 2026, the salary scales had not been normalised.

ii. Delays in Concluding Disciplinary Cases – Southern Province

Section 28 (a) of the Disciplinary Code and Procedures for Handling Offences in the Public Service requires that disciplinary cases should, wherever possible, be heard within seven working days upon completion of investigations, unless there are exceptional circumstances.



Contrary to the Procedures, a disciplinary case involving a Senior Accountant at Choma Provincial Health Office who was suspended and recommended for dismissal on 22nd October 2015 had not been concluded ten (10) years and seven (7) months after suspension. The officer had been paid salaries in amounts totalling K1,526,598 during this period without rendering any service to the Government.

iii. Other Observations

- **Failure to Maintain Properties**

Standard 3.2 of the NMCZ Education and Training Standards, 2024 requires that physical facilities, furniture, and equipment, including accommodation, be safe, clean, well-maintained, and sufficient to meet the needs of students and educators.

A physical inspection of infrastructure at five (5) stations revealed inadequate maintenance, resulting in deterioration of infrastructure and equipment. See table 10 below.

Table 10: Properties Not Maintained

No.	Province	District	Station	Finding
1	Copperbelt	Kitwe	Kitwe College of Nursing	Mosi-o-Tunya Hostel Block – First Floor The kitchen and bathroom had peeled off wall paint, damaged ceiling board and leaking water pipes. See pictures below.  <i>Peeled Wall Paint Damaged Ceiling Board</i> Mosi-o-Tunya – Second Floor The kitchen and bathroom had leaking water pipes, cracked and damaged walls, unused building sand on the



			kitchen floor, clogged water pipes without running water and broken washing basin. See pictures below.  <i>Leakages causing fungi on the wall</i>  <i>Nonfunctional hand basin</i> Kasaba Bay Hostel Block – First Floor The Kitchen and passage had peeled off wall paint, damaged ceiling board, leaking water pipes, disconnected taps, damaged tiles, and non-functional stove. See pictures below.   <i>Damaged Tiles</i> <i>Damaged Ceiling Board</i> Blue Lagoon Hostel Block The passage and bathroom had old and damaged partition boards, detached bathroom door, broken windowpanes and had no running water. See pictures below.   <i>Damaged Partitioning Boards Soaked and Damaged Wall</i>
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				Old Lecture Theatre The lecture theatre had cracked and stained walls, non-functional air conditioning system, broken chairs, and damaged ceiling board. New Midwifery Hostel Block The bathroom had unpainted walls and non-flushable toilets. Cafeteria and Dining Room The cafeteria and dining room had one industrial stove which was non-functional. See picture below.   <i>Non-functional Stove Non-functional Hand Basins</i> Computer Laboratory The computer laboratory had damaged ceiling board, non-functional air conditioning system, broken windowpanes and damaged tiles. See pictures below.  <i>Damaged Tiles</i>
		Chingola	Nchanga College of Nursing and Midwifery	The college had non-functional air-conditioning units, geysers, damaged tiles, cracked wall, leaking roof and sagging ceiling boards among others. Main Classroom – New Wing  <i>Stained Ceiling Board</i>



				Kitchen Lounge – New Wing  <i>Tiles Detached off the Wall</i> Female Hostels – New Wing  <i>Unhinged Door</i> Main Kitchen – Old Wing  <i>Unhinged Cabinet Door</i> Female Hostel Block -Top Floor - Old Wing  <i>Non-functional Geysers and Unhinged Door</i>
2	Lusaka	Rufunsa	St Luke Mission's Mission College of Nursing and Midwifery	There was a damaged sewer pipe and unhinged door at the students' hostels.



3	Northern	Kasama	Lukupa College of Nursing	  Dilapidated Chalets at Lukupa College of Nursing
4	North Western	Solwezi	Solwezi College of Nursing and Midwifery	 <i>Block 3 Hostel Burnt in 2024</i>  <i>Flat E Staff House burnt in 2024</i>  <i>Dilapidated ceiling board for staff house block A and B</i>

iv. Infrastructure Development - Rehabilitation of Lusaka District Health Office Block - Variation of Contract Without Approval

On 5th July 2023, the Lusaka Provincial Health Office engaged Ngalitas Hardware and Electrical Limited for the rehabilitation of the Lusaka District Health Office Block at a contract price of K1,669,791 VAT inclusive with a completion period of twelve (12) weeks.



The scope of works included demolition, removals and superstructure works; structural steel works and roofing; plumbing and electrical installations; floor and ceiling finishing; and painting and decoration.

Section 77 (1)(2) of the Public Procurement Act No. 8 of 2020 states, “An amendment or variation to a contract shall not be effected without the approval of the Treasury and the legal advice of the Attorney-General and that a proposed amendment or variation to a contract shall not be submitted to the Attorney-General without prior written authorization of the appropriate approvals authority.”

Contrary to the Act, Lusaka Provincial Health Office amended the contract for rehabilitation of Lusaka District Health Office Block from the initial K1,669,791 to K2,060,247 resulting in a variation of contract by K390,456 without the approval of the Secretary to the Treasury and the Attorney General.

f. Management of Contracts - Failure to Avail Final Accounts - Third-Party Account

A review of payment vouchers revealed that on 13th February 2025, amounts totalling K348,156 were paid to nineteen (19) officers and four (4) drivers to undertake the preparation of final accounts for fourteen (14) stalled construction projects in Southern, North-Western, and Copperbelt provinces. See table 11 below.



Table 11: Stalled Construction Projects

No.	Project Description
1	Construction of Kazungula District Hospital Phase 1
2	Construction of Namwala District Hospital Phase 3
3	Construction of Chililabombwe District Hospital Phase 1
4	Construction of Gwembe District Hospital Phase 2
5	Construction of Chavuma District Hospital Phase 3
6	Construction of Masaiti District Hospital Phase 3
7	Upgrade of Ndeke to level 1 hospital
8	Completion of the Psychiatry Unit at Ndola Teaching Hospital
9	Completion of Flats at Solwezi General Hospital
10	Completion of Choma District General Hospital Phase 3
11	Completion of Kalomo District Hospital Phase 2
12	Completion of Ikelenge District Hospital Phase 2
13	Completion of Mwinilunga District Hospital Phase 1
14	Completion of Mufulira District Hospital Phase 1

According to an Internal Memorandum dated 7th February 2026 from the Permanent Secretary to the Acting Director Policy and Planning, the schedule of activities also included the procurement unit raising letters of termination for each of the contractors indicated in the table above.

On 12th January 2026, request was made for correspondence files of some of the contracts in *table 12 above*. However, as at 31st August 2026, the requested information had not been provided.

g. Clinical Care and Diagnostics Services

During the period under review, ZAMMSA procured and delivered various drugs and medical supplies to facilities in the provinces.

The following were observed:

i. Unrecovered Stolen Drugs - Lunzua Health Post-Mbala District

A review of records and enquiries with management at Lunzwa Health Post revealed that on 2nd October 2025, drugs valued at K102,185 were stolen from the Pharmacy at the facility. According to management, the matter was reported to the Zambian Police in October 2025.

However, the Police report availed for audit was dated 26th March 2026, five (5) months after the date of the theft and no recoveries had been made.



ii. Failure to Store Drugs Under the Required Conditions

Standards 4.2.1 and 4.3.1 of the National Health Care Standards of 2020 require the dispensary room and bulk stores 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).

Further, 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.

Contrary to the Standards, dispensary and bulk stores inspected at Lukupa RHC did not have an air conditioner thereby exposing drugs to unfavourable conditions that could cause damage or reduction in potency and shelf life of the drugs.

In addition, Chilenje Bulky Hub had leakages on the roof, cracked walls, insufficient storage space for medicine and drugs, damaged concrete by the doorstep compromising the security of the locking system.

h. Programme 5599 – Management and Support Services

The objective of the programme is to provide effective and efficient administrative and management support services to the institution's mandated functions.

The following were observed:

i. Failure to Implement Activities

As a result of the underfunding of K17,734,028 shown in table 1 above, the Ministry failed to implement the following activities.



Table 12: Unimplemented Activities Due to Underfunding

No.	Unimplemented Activities	Unfunded Budget Line K
1	Infrastructure Section	3,000,000
2	Contribution to International Organisations	4,187
3	Information Communication and Technology	1,204,213
4	Internal Audit	420,610
5	Public Relations	124,581
6	Infrastructure Section	4,070,552
7	Grants - VARIOUS	8,709,404
8	Personal Emoluments	200,481
	Total	17,734,028

ii. Non-Civil Servants Occupying Hospital Houses – Chipata Central Hospital

A review of the asset register and an inspection of the staff houses at the hospital revealed that fifty two (52) houses were occupied by non-civil servants and families of deceased employees who had been paid their repatriation allowances. Further, the occupants were not paying rentals and it was not clear on what basis they were occupying the staff houses.

Inquiries with management revealed that some tenants had occupied the houses for more than ten (10) years despite not working for the hospital.

iii. Failure to Settle Outstanding Obligations

As at 31st December 2025, the Ministry had outstanding obligations in amounts totalling K3,564,361,363 in respect of other personal emoluments (K1,998,059,122) and suppliers of goods and services (K1,566,302,241).

A review of suppliers' ledgers revealed that some invoices had been outstanding from as far back as 2014.

iv. Failure to Use Electronic Government Procurement System (e-GP) - Kasama PHO

Section 16 (1) of the Public Procurement Act No. 8 of 2020 stipulates that a procuring entity shall use the electronic government procurement system (e-GP) or any other electronic procurement system that the Minister may, by statutory instrument, prescribe.



Further, Circular No. 19 of 2022, Part 1, gives guidance on the usage of the e-GP.

Contrary to the Act and Circular, Kasama PHO procured various goods and services from seven (7) suppliers involving twelve (12) transactions costing K267,362 without using the e-GP system.

v. Weaknesses in the Management of Staff Establishment Register

The staff Establishment Registers define the posts in an institution and the reporting lines. All posts on the payroll incurring remuneration are required to appear on the Establishment Register and all positions not appearing under the Establishment Register are considered unauthorised posts. Ministries, Provinces and Agencies (MPAs) are required to obtain treasury authority from Ministry of Finance for all recruitments on positions not on the establishment register.

A comparison of the payroll against the staff establishment registers revealed the following:

- **Officers Stationed at the College without Positions on the Establishment Register – Lukupa and Mporokoso College of Nursing**

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 designated duty stations.

Contrary to the Circular, a comparison of Establishment Registers and payroll records at the two (2) Colleges of Nursing revealed that there were twenty-five (25) positions on the Establishment Register which were filled by fifty three (53) officers resulting in an excess of twenty eight (28). The excess staff were paid salaries in amounts totalling K3,907,488. See table 13 below.



Table 13: Officers not on the Establishment Register

Station	Positions on the Establishment	Actual Positions	Excess Staff	Amount K
Lukupa College of Nursing	4	17	-13	1,842,756
Mporokoso College of Nursing	21	36	-15	2,064,732
Total	25	53	-28	3,907,488

- **Failure to Define Salary Scales on the Staff Establishment Register - Headquarters**

Regulation 21(d) of the Public Finance Management (General) Regulations of 2020 stipulates that any recurrent expenditure estimates for personal emoluments supported by details from the Establishment Register for posts 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.

Contrary to the Regulation, there was one (1) salary scale which was not defined on the Staff Establishment Register, where seven (7) officers were sitting. See table 14 below.

Table 14: Undefined Salary Scale on ER

Salary	Establishment Register	Payroll	Variance
L1	0	7	-7

vi. Delayed Confirmation of Officers

Section 25 (b) (i) of the Terms and Conditions of Service for the Public Service of 2023, requires that officers selected for promotion should normally be appointed by the Civil Service Commission or the responsible officers to act for a period of not less than three (3) months with a view to establishing their suitability for substantive promotion.

However, a review of the payroll documents revealed that eighty (80) officers who were paid salaries amounting to K1,156,552 had not been confirmed as at 31st August 2026 despite acting for periods ranging from three (3) to eighty-four (84) months. See table 15 below.



Table 15: Delayed Confirmation of Officers

Province	No. of Officers	Amount K
Muchinga	53	334,904
Lusaka	25	535,844
Northern	2	285,804
Total	80	1,156,552

vii. Delayed Termination of Officers from the Payroll

Sections 37, 38 and 40 (a) of the Terms and Conditions of Service for the Public Service of 2023, provides that a responsible officer can terminate the payment of a salary on account of death, resignation, retirement or dismissal.

A review of payroll and other records revealed that seventy-seven (77) officers were terminated from the payroll due to death. However, there were delays ranging from one (1) to twelve (12) months in terminating the officers' from the payroll resulting in the irregular payment of amounts totalling K5,790,691. See table 16 below.

Table 16: Delayed Termination of Officers

Province	No of Officers	Amount K
Headquarters	1	75,721
Lusaka	76	5,714,970
Total	77	5,790,691

viii. Irregular Payment of Salaries to an Officer with an Expired Contract - Headquarters

Clauses (a) and (i) of the standard contract of service for officers in public service states that a contract period shall be specified in the contract, and it shall be terminated by either party by giving three (3) months' notice.

Contrary to the contract terms, salaries in amounts totalling K225,581 were paid to one (1) officer whose contract had expired.



ix. Salary Inputs Performed by Unauthorised End Users

Section 3.5 (v) of Treasury and Financial Management Circular No. 6 of 2019 stipulates that Controlling Officers are responsible for appointment of payroll End-Users in their respective institutions.

During the period under review, seven (7) end users who did not belong to the Ministry and were not authorised by the Controlling Officer irregularly performed fifteen (15) actions on ten (10) officers who occupied eight (8) positions such as registered midwife nurse, typist, planner, environmental health technologist and accounts assistant. See table 17 below.

Table 17: Unauthorised Salary Inputs

Province	No. of End-users	No. of Officers	No. Positions	No. of Actions
Central	4	6	4	7
Muchinga	3	4	4	8
Total	7	10	8	15

x. Serving Officers Aged Above Sixty (60) Years

Regulation 4 (1) of the Public Service (Retirement Age) (Amendment) Regulations of 2015 stipulates that an officer shall retire on the sixtieth anniversary of the date of the officer's birth.

In addition, Regulation 4 (2) stipulates that an officer can retire on attaining the age of fifty-five (55) or sixty five (65) years provided that the officer has given twelve months' notice and that it has been approved by the President.

Contrary to the Regulations, sixty three (63) officers who had attained the normal retirement age of sixty (60) years were still in active service and were paid salaries in amounts totalling K3,669,122. Supporting documents such as approval for late retirement or valid contracts were not availed for audit. See table 18 below.



Table 18: Officers Aged Above Sixty (60) Years without Valid Contracts

Province	No. of Officers	Amount K
Central	3	198,774
Copperbelt	16	1,178,464
Lusaka	42	2,158,943
Muchinga	2	132,941
Total	63	3,669,122

xi. Misplaced Officers – Headquarters

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 reconciliation of the payroll and staff returns revealed that a total of 2,247 officers at twenty-two (22) stations drew salaries in amounts totalling K365,540,667 from pay-points that were different from their physical stations.

xii. Weaknesses in the Payment of Allowances

• Irregular Payment of Hardship Allowances

Section 170 of the Terms and Conditions of Service for the Public Service of 2023 read together with the Public Service Management Circular No. B 2 of 2010 require an officer serving in an area declared to be a rural and remote area to receive a 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% of the basic salary while remote hardship allowance was at 25%.

Contrary to the requirements, sixteen (16) officers whose workstations were not designated for payment of rural hardship allowance were irregularly paid amounts totalling K200,951. See table 19 below.



Table 19: Irregular Payment of Rural Hardship Allowance

Province	No. of Officers	Amount K
Central	2	12,083
Copperbelt	11	78,760
Lusaka	1	84,797
Muchinga	2	25,310
Total	16	200,951

In addition, two (2) officers under Ndola Provincial Health Office whose workstations were not designated for payment of remote hardship allowance were irregularly paid amounts totalling K23,086 during the period under review.

- **Payment of Basic Salaries above the Revised Basic Pay – Lusaka Province**

Public Service Management Division (PSMD) Circular No. B. 19 of 2024 revised annual basic salaries. The revised basic pay was effective 1st January 2025.

However, an analysis of payroll reports revealed that the Ministry irregularly paid six (6) officers' basic salaries in amounts totalling K2,109,502 instead of K1,607,597 resulting in overpayment of K501,905. As at 31st August 2026, the overpaid amounts had not been recovered.



21 Head: 52 Ministry of Water Development and Sanitation

21.1 Mandate

The Ministry is mandated to provide policy guidance on water resources management and development and ensure access to safe water supply and sanitation.

21.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total provision of K2,458,566,035 was made to cater for operations of the Ministry against which amounts totalling K1,753,438,521 were released resulting in an underfunding of K705,127,514.

As at 31st December 2025, amounts totalling K1,753,370,816 had been spent. See table 1 below.

Table 1: Budget, Funding and Expenditure

Code	Programme Name	Total Authorised K	Releases K	Underfunding K	Expenditure K	Variance K
2118	Water Resource Management and Development	813,538,129	421,094,875	(392,443,254)	421,094,550	325
2119	Water Supply and Sanitation	1,604,515,094	1,294,475,622	(310,039,472)	1,294,430,043	45,579
2199	Management and Support Services	40,512,812	37,868,024	(2,644,788)	37,846,223	21,801
	Total	2,458,566,035	1,753,438,521	(705,127,514)	1,753,370,816	67,705

21.3 Audit findings

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

a. Unfavourable Programme Performance - Programme 2119 - 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.

A review of the Ministry's revised Annual Work Plan and Budget for the financial year ended 31st December 2025 revealed that the Ministry planned to undertake nine (9) activities under the Water Supply and Sanitation programme in order to meet the programme objectives.



However, the Ministry under performed in that despite being funded, 80% of the budgeted amount under this programme, only 67% of the planned activities were executed. See table 2 below

Table 2: Unfavourable Programme Performance

Sub Programme	Description	Target	Implementation Status	Unimplemented Activities	Percentage Achieved
9001 Sanitation	Number of water-borne sanitation facilities constructed at public institution	100	Works are progressing at various stages, With 14 sanitation facilities having been completed	Works are progressing at various stages with 86 uncompleted	83%
	Number of household connections to sewer network	6,000	3,417	2,583 households unconnected	57%
9002 Water Supply	Number of piped water schemes constructed	100	15	85	15%
	Number of boreholes rehabilitated	500	103	397	21%
	Number of hours of water supply increased	19	15.2	3.8	80%
	Number of household connections made to the water supply network	30,000	21,558	8,442	72%
	Number of boreholes constructed	947	374	573	40%
	Number of boreholes mechanised/upgraded to piped water schemes	400	104	296	26%
	Number of Piped Water Schemes Rehabilitated	100	19	81	19%
	Total	38,166	25,619.20	12,547	67%

b. Programme 2199 - Management and Support Services

The objectives of the programme were to provide effective and efficient administrative and management support services to the institution's mandated functions.

The following were observed:

i. Failure to Settle Outstanding Personal Emoluments

As at December 2025, the Ministry had outstanding personal emoluments in amounts totalling K358,382 relating to leave travel benefit, repatriation, terminal benefits and settling in allowance, some of which had been outstanding from as far back as April 2024.



ii. 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, as at 31st August 2026, the Ministry did not secure title deeds in respect of 663 parcels of land on which various properties were located.

22 Head: 68 Ministry of Tourism

22.1 Mandate

According to the Tourism and Hospitality Act No. 13 of 2015, Zambia Wildlife Act No. 14 of 2015 and Government Gazette Notice No. 836 of 2016, the Ministry is mandated to:

- i. provide for the sustainable development of the tourism industry through effective tourism planning, management, promotion and coordination:
- ii. provide for the establishment, control and management of National Parks, Game Management Areas (GMAs), bird and wildlife sanctuaries, and
- iii. Provide for the conservation and enhancement of wildlife eco-systems, biological diversity and objects of aesthetic, pre-historic, historical, geological, archaeological and scientific interest in National Parks.

22.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total provision of K1,344,070,691 was made against which amounts totalling K969,597,673 were funded resulting in underfunding of K374,473,018.

As at 31st December 2025, amounts totalling K924,961,714 had been spent. See table 1 below.



Table 1: Budget, Funding and Expenditure

Code	Programme	Budget K	Supplementary K	Total Authorised K	Funding K	Under Funding K	Expenditure K
2128	Tourism Development and Promotion	691,247,213	-	691,247,213	349,104,160	(342,143,053)	304,774,213
2127	Wildlife Conservation and Management	349,681,335	54,135,351	403,816,686	403,816,686	-	403,755,903
2129	Arts, Culture, Preservation and Management	86,558,201	-	86,558,201	86,258,201	(300,000)	86,241,183
2199	Management and Support Services	162,448,591	-	162,448,591	130,418,626	(32,029,965)	130,190,415
	Total	1,289,935,340	54,135,351	1,344,070,691	969,597,673	(374,473,018)	924,961,714

22.3 Audit Findings

An Examination of accounting and other records maintained at the Ministry Headquarters and selected station revealed the following:

a. Compliance with Regulations

i. Irregular Use of Imprest to Procure Goods and Services

Regulation 94 (3) of the Public Finance Management (General) Regulations of 2020 states, “accountable imprest is imprest that is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time of payment.”

On 10th October 2025, accountable imprest in amounts totalling K572,619 was paid to cater for subsistence allowances, fuels and other services for the Southern Province Expo.

Contrary to the Regulation, amounts totalling K285,000 were used to procure goods and services whose value could be ascertained. The goods and services procured included hiring of Marque, Flooring and carpeting, Decorations, Internet connectivity for GSB, branding of stand, procurement of commissioning plaque, refreshments, setting up and breakdown.

ii. Failure to Settle Outstanding Obligations

As at 31st July 2026, the Ministry owed amounts totalling K25,849,332 to staff and suppliers, some of which had been outstanding from as far back as 2014. See table 2 below.



Table 2: Outstanding staff and Supplier Liabilities

No.	Description	Amount K
1	Terminal Benefits	11,096,854
2	Rural Hardship	179,581
3	Salary Arrears	813,789
4	Personal to Holder salary arrears	182,052
5	Settling in allowances	1,577,525
6	Loading and offloading	59,680
7	Acting allowances	96,089
8	Leave travel benefits	504,500
9	Repatriation - ZAWA	267,900
11	Personal emoluments (Hostels Board of Management (HBOM))	2,790,454
12	Suppliers	8,280,908
	Total	25,849,332

b. Failure to Maintain Infrastructure – Department of National Parks and Wildlife, Chilanga and Mumbwa

According to the National Infrastructure Policy of 2023, Government Ministries, Provinces and Spending Agencies are required to maintain and manage infrastructure in a sustainable manner.

A physical inspection conducted on 27th March 2026 at the Department of National Parks and Wildlife in Chilanga, revealed that the ceiling board for the corridor housing internal audit, legal and conservation departments was in a dilapidated state. See pictures below.



Dilapidated Ceiling Board

Further, an inspection of the office building at the Department of National Parks and Wildlife (DNPW) in Mumbwa on 17th May 2026, revealed that the infrastructure was in a dilapidated state. There were sections of the ceiling board



and the roof which were damaged. In addition, the conference room was not in a habitable state. See pictures below.



Old un-rehabilitated building occupied by officers



Dilapidated ceiling and leaking roof

c. Officers on Payroll Not on Staff Return

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 reconciliations between the Staff Establishment Register and Staff Assignment and reconciliation of staff assignment to staff returns are done monthly.

A comparison of payroll records to staff returns for the Ministry for the year 2025 revealed that 383 officers were on the payroll but not on the staff returns and they drew salaries in amounts totalling K3,306,531.



d. Failure to Terminate Officers from Payroll

Section 95 of the Terms and Conditions of Service for the Public Service 2023 states, “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, thirty-four (34) officers who had retired, were deceased, had been dismissed, went on secondment or on unpaid leave, had not been terminated from the payroll. As at 31st August 2026, they had been paid K726,583.

e. Failure to Register Employees on NHIMA

Section 13 of the National Health Insurance Act No. 2 of 2018 makes it mandatory for employers to register employees with the National Health Insurance Management Authority (NHIMA) within thirty (30) days of the commencement date of the contract of employment.

Contrary to the Act, forty-two (42) employees that were employed under the Hostels Board of Management (HBoD) during the period under review had not been registered with NHIMA as at 31st August 2026.

f. Failure to Settle Statutory Obligations – NAPSA and ZRA - Management of Hostels Board of Management (HBoM)

HBoM owed statutory obligations in amounts totalling K48,427,021 as at 31st July 2026. See table 3 below.

Table 3: Outstanding staff and Supplier Liabilities

Description	Principal Amount K	Penalty charged for Non Payment of Due Amounts K
Zambia Revenue Authority (ZRA)	2,997,129	33,501,864
National Pension Scheme Authority (NAPSA)	-	14,925,157
Total	2,997,129	48,427,021



23 Head: 80 Ministry of Education

23.1 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.

23.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a provision of K30,410,144,834 was made to cater for the operations of the Ministry against which amounts totalling K29,148,386,399 were released resulting in an underfunding of K1,261,758,435. See table 1 below.

Table 1: Budget, Funding and Expenditure

Programme	Approved Estimate K	Supplementary Funding K	Total Authorized K	Funding K	Under Funding K	Actual Expenditure K
Early Childhood Education	702,532,555	126,023,692	828,556,247	781,560,738	(46,995,509)	758,125,354
Primary Education	15,471,725,291		15,471,725,291	15,429,579,582	(42,145,709)	15,427,554,695
Secondary Education	7,623,423,887	1,255,000,000	8,878,423,887	7,917,969,283	(960,454,604)	7,864,548,840
Adult and Youth Literacy	54,783,633	-	54,783,633	54,783,633	(0)	54,538,527
University education	2,132,823,763	392,011,311	2,524,835,074	2,378,577,349	(146,257,725)	2,378,204,271
Management and Support Services	2,651,417,995	402,707	2,651,820,702	2,585,915,815	(65,904,887)	2,572,324,507
Total	28,636,707,124	1,773,437,710	30,410,144,834	29,148,386,399	(1,261,758,435)	29,055,296,194

As at 31st December 2025, amounts totalling K29,055,296,194 had been spent.

23.3 Audit Findings

An examination of accounting and other records maintained at Ministry Headquarters (HQ), Provincial Education Offices (PEOs), selected District Education Offices (DEOs), Teacher Training Colleges and schools revealed the following:

a. Programme 5501: Early Childhood Education

The objective of the Early Childhood Education (ECE) Programme was to achieve quantitative and qualitative improvements in ECE service delivery through the implementation of guidelines and standards, and to increase equitable access to ECE or children aged 3–6 years through the implementation of three (3) key output indicators by 31st December 2025.



As at 31st December 2025, the two (2) output indicators had not been fully achieved, as detailed in table 2 below.

Table 2: Status of Implementation – Early Childhood Education

Key Output	Output Indicator	Target	Achieved	Variance	% Achieved
Grade 1 entrants with ECE experience increased	Proportion of Grade 1 entrants with ECE experience	60	36	24	60%
Hubs and ECE Satellite centers established	Number of ECE Hubs and satellite centres constructed	40	0	40	0%
Programme Total		100	36	64	

b. Kanona ECE Hub – Serenje District - Sub-Programme 3006: Infrastructure Development

The objective of this sub-programme was to facilitate for the construction of 460 ECE Hubs and satellite centres during the period under review.

On 18th April 2023, the Ministry signed a contract with Pozzolana Engineers and Builders Limited for the construction of twenty (20) hub centres for Early Childhood Education in selected districts in Zambia under Lot 3. Among these was the Construction of Kanona Primary ECE Hub Centre at a contract sum of K3,864,753 VAT Inclusive with a completion period of twelve (12) months, effective from the date of site handover. The contract had been extended four (4) times.

As at 31st December 2025, payments in amounts totalling K2,268,039 being 58.68% of the contract sum had been made.

On 9th April 2026, addendum four (4) was signed extending the completion date for three (3) months without cost, from 9th April 2026 to 9th July 2026.

A site visit conducted in May 2026, revealed that the contractor abandoned the site in 2024. It was observed that the ECE hub, two (2) ablution blocks and a staff house were all roofed while the following works remained unfinished:

- i. Plumbing works
- ii. Electrical works
- iii. External works such as dish drains, covering of manholes and soakaway, painting

iv. Water reticulation system.

In addition, doors to the staff house and the equipment at the playgrounds had been vandalised. Further, although a sink was installed in the learner's ablution, it was not age appropriate.



Age-Inappropriate sink



Unfinished ECE Hub

c. **Programme 5503: Secondary Education**

The objective of the programme is to enhance the quality of education standards by improving student-teacher contact hours, increasing the proportion of fully qualified teachers, promoting gender equity and parity, strengthening the two-tier secondary education system, and achieving transition rates of 90 percent through the implementation of seven (7) key output indicators by 31st December 2025.

As at 31st December 2025, the Ministry had not achieved some of the key targets as shown below.

Table 3: Status of Implementation – Secondary Education

Key Output	Output Indicator	Target	Achieved	Variance	% Achieved
Grade 9 completion rate increased	Grade 9 completion rate increased	80	40	40	50%
Grade 12 completion rate increased	Grade 12 completion rate increased	85	76	9	89%
Transition rate from grade 9 -10	Transition rate from grade 9 -10	60	0	60	0%
Schools Gazetted	School establishments created	200	100	100	50%
Curriculum at all Levels Reviewed	Number of materials transcribed	5	0	5	0%
	Teachers and teacher educators trained to implement the revised curriculum	2000	0	2000	0%
	Number and type of teaching equipment installed	50	46	4	92%
Total		2,480	262	2,218	



d. Sub-Programme 3003: Curriculum and Materials Development

The objective of the sub-programme was to improve the quality and accessibility of secondary education through the review of curricula, development and transcription of learning materials, adaptation of examinations for learners with special educational needs, and capacity building of teachers in the implementation of the revised curriculum.

During the year under review, a total provision of K155,550,310 was made to cater for the curriculum reforms under four programs against which amounts totalling K104,477,633 were released and K104,359,544 was spent leaving a balance of K118,088.

In addition, donor support in amounts totalling K31,438,777 through Zambia Education Enhancement Project (ZEEP) was received bringing the total funds available to K135,916,410 being 87% of the budget.

The following were observed:

i. Delayed Implementation of New Curriculum

Section 4.3 of the 2023 Zambia Education Curriculum Framework refers to two (2) levels of Secondary Education namely: Ordinary Level (Forms 1 to 4) and Advanced Level (Form 5 to 6).

In addition, the 2025 Curriculum Implementation Plan required that the procurement, printing and distribution of syllabi, teaching modules and learning materials be completed by January and February 2025.

However, a review of the Ministry's position regarding the implementation of the 2023 curriculum for Secondary Education revealed that printing of syllabi, sample teaching and learning materials for 1st and 2nd term for Form 1 were still in progress, one (1) year since the commencement of the 2023 new curriculum on 10th January 2025.

In response to an inquiry dated 19th March 2026, management submitted that the Zambia Education Publishing House (ZEPH) was still printing the teaching modules. Audit verification confirmed that hard copies of the



syllabi, sample teaching modules and distribution schedules had since been produced. However, as at 31st August 2026, the learning materials had not been procured.

ii. Failure to Collect Revenue on Telecommunications Mast

Section 11 of the Public Finance Management Act No. 1 of 2018 stipulates that 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, as at 31st December 2025, two (2) schools were owed amounts totalling K66,000 by Infratel Zambia and Zamtel. The debt arose from the agreements between the schools and service providers and some of which had been outstanding from as far back as 2022. See table 4 below.

Table 4: Revenue Uncollected on Telecommunications Mast

Province	School	Year	Service Provider	Expected Amount K	Amount Collected K	Outstanding Balance K
North-Western	Solwezi Boys Provincial STEM Secondary School	2022	Infratel	12,000	-	12,000
		2023	Infratel	12,000	-	12,000
		2024	Infratel	12,000	-	12,000
		2025	Infratel	12,000	-	12,000
Luapula	Mansa School for Continuing Education	2023	Zamtel	6,000	-	6,000
		2024	Zamtel	6,000	-	6,000
		2025	Zamtel	6,000	-	6,000
	Total			66,000	-	66,000

e. Irregular Payment for Transportation Costs - Northern Province - Programme 5599: Management and Support Services

Regulation No.198 (3) of the Public Procurement Regulations of 2022 states, "A progress payment shall not exceed the cost or value of the goods, works or services delivered or completed."

On 1st July 2025, DRF Transport and General Dealers was paid K42,240 for transportation of 48 metric tonnes of Maize from the delivery point Mumba Primary School to fifty-four (54) primary schools in Lupososhi District.

However, only 44.6 metric tonnes (892 x 50 kg bags) of maize were transported to various schools leaving a balance of 3.4 metric tons (68 x 50 kg bags).



As at 31st August 2026, there was no record to support the transportation of maize by the transporter.

f. Management of Institutional Houses - Mwinilunga Boarding DEO – North-Western Province

During the period under review, thirty three (33) institutional houses were occupied by officers who were not entitled to occupy the houses. See table 5 below.

Table 5: Management of Institutional Houses

Occupied By	Number of Occupational Houses
Retired Officers	5
Deceased Officers Families	2
Other Public Service Employees	7
Non-Public Employees	19
Total	33

As at 31st August 2026, the matter had not been rectified.

g. Matters Cutting Across Programmes

i. Unaccounted for Officers

Regulation 78 (1) and (3) of the Public Finance Management (General) Regulations of 2020, provides that a public body shall 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) shall include a head count of staff each month regarding the payroll expenditure.

Contrary to the Regulation, twenty-four (24) stations did not account for 125 officers who drew salaries in amounts totalling K1,228,635 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.

As at 31st August 2026, the officers were still unaccounted for and their whereabouts unknown.



ii. Salaries Paid to Deserters – Luapula Province

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, four (4) officers who were absent from duty without leave for periods exceeding twelve (12) months were paid salaries amounting to K224,612 during the period they did not render service.

Although the officers had been dismissed from the Public Service by July 2026, the salaries paid during the period of unauthorised absence had not been recovered as at 31st August 2026. See table 6 below.

Table 6: Salaries Paid to Deserters

Station	No. of Officers	Amount K
Chembe DEO	1	57,959
Milenge DEO	1	79,151
Nchelenge DEO	2	87,502
Total	4	224,612

24 Head: 80 Ministry of Education – Zambia Education Enhancement Project

24.1 Project Background

The Zambia Education Enhancement Project (ZEEP) is a project in the Ministry of Education (MoE) which was to be implemented over a five-year period beginning 29th August 2017 and was expected to be completed by 31st October 2022. However, two (2) Additional Financing Agreements (AF1 and AF2) extended the closing date to 31st December 2025, with a further extension to 30th June 2027. The project was as a result of Government's realisation 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 amount of US\$60 million, first additional financing amounting to US\$120 million and second additional financing of US\$53 million.

The Parent project had three (3) components namely:

- Component 1 – Improving the quality of teaching and learning;
- Component 2 - Increasing equitable access to secondary education; and
- Component 3 - Enhancing planning, management, monitoring and evaluation capacity and project coordination.

The scope of the additional financing was for five (5) components namely:

- Component 1 - Improving the quality of teaching and learning conditions in language arts, science and mathematics in targeted primary and secondary schools;
- Component 2 - Increasing access to safe secondary schools;
- Component 3 - Strengthening institutional capacity for education service delivery and project management;
- Component 4 - Enhancing institutional capacity for implementation of safe school programme; and
- Component 5 - Contingency emergency response component.

24.2 Budget, Funding and Expenditure

During the period under review, a total budget of K2,095,581,273 (US\$75,380,621.32) was made to cater for project components 1 to 4, out of which amounts totalling K812,328,689 (US\$34,960,548.31) were released resulting in an under-funding of K1,283,252,584 (US\$40,420,073.02). The funded amount represented 38.76% of the budget. See table 1 below.

Table 1: Budget and Funding

Source of Funds	Budget		Funding		Variance	
	K	US\$	K	US\$	K	US\$
Investment Project Financing (IPF) (Components 2 & 3)	1,836,823,141	66,072,774.87	690,673,497	29,464,815.42	1,146,149,644	36,607,959.45
Performance Based Conditions (PBC) (Components 1 & 4)	258,758,131	9,307,846.46	121,655,192	5,495,732.89	137,102,939	3,812,113.57
Total Budget/Receipts	2,095,581,273	75,380,621.33	812,328,689	34,960,548.31	1,283,252,584	40,420,073.02

In addition, there was an opening balance of K690,697,045 (US\$25,180,956.29) bringing the total available funds to K1,503,025,734 (US\$60,141,504.60).



As at 31st December 2025, amounts totalling K1,016,607,609 (US\$40,124,465) had been spent representing 67.64% of the total available funds and 48.51% of the total budget, leaving an unspent balance of K486,418,125 (US\$20,017,039.60).

24.3 Audit Findings

An examination of accounting and other records maintained during the period under review revealed the following:

a. Audit of Performance Information - Failure to Undertake Planned Activities

A review of the approved 2025 Annual Work Plan and Budget (AWPB) revealed that the Project planned to implement 131 activities across all the four (4) components. However, a review of the progress reports for 2025 revealed that 68 activities had been implemented leaving 63 activities unimplemented as at 31st December 2025. This represented a performance of 52%.

Management in their response stated that most of the unimplemented activities were undertaken in the 2026 AWPB. However, from the sixty three (63) outstanding activities from 2025, forty (40) had been implemented while twenty three (23) were unimplemented as at 31st August 2026. See table 2 below.

Table 2: Unimplemented Activities

Component	No. of Activities not Implemented
Component 1.1	3
Component 1.3	4
Component 2	10
Component 3.1	5
Component 4	1
Total	23

b. Engineering Services Installation in the Parent ZEEP Schools – 82 Schools

During the period under review, a total budget provision of K100,842,500.00 (US\$3,627,428.06) was made for the implementation of three (3) activities under Engineering Services Installation as shown in table 3 below.



Table 3: Activities Under Engineering Services Installation

Item of Expenditure	Unit of Measure	Quantity of units	Unit Cost K	Item Total K
Solar water pump installation	Water pumps	74	176,250	13,042,500
Connect schools to ZESCO Power	Electricity supply	8	600,000	4,800,000
Provide infrastructure for power connection	Poles and conductors installation	40	500,000	20,000,000
Procurement and installation of Solar power Equipment	Solar power equipment	42	1,500,000	63,000,000
Total				100,842,500

The following were observed:

i. Contracts for the Construction of External School Power Supply Lines

In 2024, the Ministry on behalf of ZEEP entered into seven (7) contracts for the construction of external school power supply/lines for thirty-nine (39) schools in seven (7) provinces at contract sums of K17,178,541 with delivery periods ranging from fourteen (14) to sixteen (16) weeks from the date of site handover.

In 2024, the contractors were paid advance payments in amounts totalling K4,294,635. Further, in 2025, the contractors were paid amounts totalling K1,226,504 in respect of Interim Payment Certificates (IPCs) bringing the total amounts paid to K5,521,139. See table 4 below.

Table 4: Construction of External School Power Supply/line – ZEEP Parent

No.	Contractor	Contract Sum (VAT Inclusive) K	Contract Date	Amount Paid as at 31/12/24 K	Amount Paid as at 31/12/25 K	Total Paid K	Balance K	Lot No.	Province	No. of Schools
1	October Enterprises Limited	2,546,594	6/11/2024	636,649	-	636,649	1,909,946	1, 2	Central	6
2	Treo Zambia Limited	2,096,111	6/12/2024	524,028	-	524,028	1,572,083	6, 7	Lusaka & Northern Muchinga	4
3	Earthmac International Limited	2,236,016	6/6/2024	559,004	-	559,004	1,677,012	11		4
4	Kamach Ventures Limited	2,695,317	6/19/2024	673,829	-	673,829	2,021,488	3	Eastern	5
5	Lolimark General Dealers Limited	1,913,480	6/7/2024	478,370	589,516	1,067,886	845,594	4	Southern	5
6	Jasema Construction Limited	1,878,613	6/7/2024	469,653	-	469,653	1,408,960	1, 2	Central	7
7	Markus Engineering and Construction Limited	3,812,410	6/26/2024	953,102	636,988	1,590,090	2,222,320	8, 9	Luapula	8
	Total	17,178,541		4,294,635	1,226,504	5,521,139	11,657,402			39



The following were observed:

- **Failure to Encash Advance Bond**

On 19th August 2024, October First Enterprises was paid an advance amount of K636,649 (VAT inclusive) to cater for mobilisation and commencement of works. The advance was paid against an advance payment guarantee for the same amount issued on 4th July 2024 with an expiry date of 4th November 2024. However, the contractor neither took possession of the site nor commenced any works.

On 5th November 2024 (a day after the bond had expired), the Ministry wrote to the contractor requesting for the renewal of the advance payment guarantee to a date when works were expected to be completed.

On 19th October 2025, the Ministry wrote another letter to the contractor demanding for the recovery of amounts totalling K1,145,967 made up of the advance payment (K636,649), liquidated damages at 10% of the contract sum (K254,659) and penalty for non-performance at 10% of the contract sum (K254,659).

However, at the time the Ministry wrote to the contractor in October 2025, the advance payment guarantee had expired eleven (11) months prior. In this regard, it was questionable why the Ministry did not encash the bond before it expired.

Further, the contractor did not respond to any of the correspondences by the Ministry and as at 31st August 2026, the advance had not been recovered.

- ii. **Supply and Delivery of Laboratory Gas Cylinders and Accessories - Undelivered Items**

On 13th June 2024, the Ministry of Education signed a contract with Mecs Services Limited for the supply and delivery of gas cylinders and accessories at a contract sum of K918,511 VAT inclusive with delivery periods of 12 to 16 weeks from the date of advance payment of 24th August 2024. The advance payment amounted to K229,628 representing 25% of the total contract sum.



According to the contract, the laboratory equipment and accessories were to be delivered in quantities as shown in table 5 below.

Table 5: Quantities per Contract

No.	Description of Goods	Quantity Per School	Physical Unit
1	Filled LPG cylinders	1	Each
2	LPG Hose	5.1	Meters
3	Bunsen Burner	10	Each
4	Hose clips	20	Each
5	LPG Regulator	1	Each
6	Regulator wall bracket	1	Each
7	Fischer plug and screw	4	Each
8	Pigtail (1/4" to bull nose)	1	Each

On 23rd May 2025, the supplier was paid the outstanding balance of K688,883 (VAT Inclusive) as final payment for the contract.

A physical verification of selected schools carried out in April 2026 and a review of delivery notes and Goods Received Notes (GRNs) availed for audit from selected schools indicated that 1,032 items valued at K268,131 had not been delivered. See table 6 below.



Table 6: Undelivered Items from Selected Schools

Province	Name of School	No. of Items Ordered	No. of Items Delivered	Under-delivered Items	Value of Undelivered Items K
Luapula	Chipete	43	33	10	2,625
	Luminu	43	38	5	1,325
	Lupili	43	25	18	4,704
Eastern	Kalembe	43	8	35	9,096
	Chanida	43	8	35	9,122
	Chipangali	43	4	39	10,162
	Makungwa	43	8	35	9,096
	Kafunkha	43	2	41	10,682
	Lupamazi	43	4	39	10,162
	Kasamanda	43	9	34	8,862
	Kapungwe	43	1	42	10,941
	Mng'omba	43	2	41	10,682
	Kalovya	43	31	12	3,145
Muchinga	Lwanya	43	17	26	6,783
	Kaseya	43	37	6	1,585
	Mikuba	43	2	41	10,682
	Chalabesa	43	2	41	10,682
	Ntolondo	43	38	5	1,325
Southern	Lumbo	43	11	32	8,343
	Chikani	43	15	28	7,225
	Munjile	43	18	25	6,523
	Bbilili	43	12	31	8,083
	Siamoono	43	7	36	9,382
	Makomba	43	17	26	6,783
	Sianyolo (Sinadambwe)	43	7	36	9,382
	Hamapande	43	17	26	6,783
Central	Meembe	43	37	6	1,585
	Kamena	43	38	6	1,455
Lusaka	St. Michael	43	7	36	9,382
	Sikoongo	43	25	18	4,704
	Palabana	43	17	26	6,783
	Chifwema Secondary	43	5	38	9,902
	State Lodge B	43	11	33	8,472
	New Ngombe Primary	43	21	23	5,874
	New Mandevu Primary	43	15	28	7,303
	Lukwipa	43	15	28	7,303
	Shibuyunji	43	0	43	11,201
Total		1595	563	1032	268,131

Further, Section 82 (k) of the Public Finance Management Act No. 1 of 2018 states, “A person commits an offence if that person, wilfully and without lawful authority fails to provide any information that the Auditor-General, Accountant General, Controller of Internal Audit or a person authorized by the Auditor-General, Accountant General or Controller of Internal Audit may reasonably require under this Act.”

Goods Received Notes from forty four (44) schools in seven (7) provinces with an invoice value of K492,860 were not availed for audit. In this regard, it was not possible to verify the basis upon which payment was made.



c. Construction of 120 Secondary Schools

During the period under review, a total budget provision of K1,042,436,138 (US\$37,497,702.81) was made to cater for construction and electrical works, water reticulation, borehole drilling and remuneration of site foremen among others.

As at 31st December 2025, amounts totalling K936,670,933 (US\$37,481,830.06) were funded out of which a total of K788,015,594 was disbursed to the schools. See table 7 below.

Table 7: Funding for Construction of 120 School

No.	Province	No. of Schools	Funding for Construction of 120 Schools K	Funding for Borehole drilling K	Total K
1	Copperbelt	15	87,461,833	1,753,920	89,215,753
2	North-Western	23	216,202,241	2,790,120	218,992,361
3	Western	22	15,476,781	895,251	16,372,032
4	Southern	12	126,869,893	-	126,869,893
5	Luapula	8	82,282,244	-	82,282,244
6	Muchinga	8	-	99,760	99,760
7	Eastern	8	77,285,735	377,000	77,662,735
8	Northern	9	89,383,077	-	89,383,077
9	Central	8	56,050,006	-	56,050,006
10	Lusaka	5	31,087,733	-	31,087,733
	Total	118	782,099,543	5,916,051	788,015,594

The following were observed:

i. Failure to Commence Works

As at 31st August 2026, construction works had not started at two (2) sites in Lusaka and North-Western provinces due to land disputes.

ii. Failure to Utilise Funds

During the period under review, amounts totalling K242,491,859 were received by seven (7) provinces for the construction of thirty two (32) secondary schools in various districts. In addition, amounts totalling K87,840,171 were brought forward from the previous period, bringing the total funds available to K330,332,030. As at 31st December 2025, the schools spent amounts totalling K197,185,843 leaving a balance of K133,146,187. See table 8 below.



Table 8: Failure to Utilise Funds

Province	Name of School	Number of Schools	Balance B/F K	Funding K	Total Funds Available K	Expenditure K	Unspent Funds K
Western	Likuma Day Secondary School	1	4,821,833	3,930,085	8,751,918	5,949,113	2,802,805
	Nguma Day Secondary School	1	6,203,133	4,103,989	10,307,122	3,949,709	6,357,413
	Sishekano Secondary Boarding School	1	6,270,073	5,196,951	11,467,024	7,649,095	3,817,929
Muchinga	Katumba Boarding Secondary School	1	8,343,742	266,340	8,610,082	4,948,650	3,661,432
Southern	Light of Hope Day Secondary School	1	2,476,955	7,346,546	9,823,501	7,086,205	2,737,296
	Kawewa Day Secondary School	1	2,026,427	9,782,418	11,808,845	11,425,732	383,113
	Mapatizya Day Secondary School	1	2,927,474	11,073,592	14,001,066	5,717,013	8,284,053
	Siamenja Day Secondary School	1	3,929,284	9,597,135	13,526,419	10,245,340	3,281,079
	Chikanzaya Boarding School	1	477,778	11,987,929	12,465,707	7,913,097	4,552,610
	Syakalyabanyama Boarding School	1	746,919	11,888,934	12,635,852	7,309,539	5,326,313
North Western	Chipanda Day Secondary	1	2,343,706	7,832,816	10,176,522	4,426,791	5,749,732
	Humphrey Mulemba Secondary School	1	4,713,973	7,931,169	12,645,142	5,748,373	6,896,769
	Kyapatala Day Secondary	1	5,230,200	6,200,834	11,431,035	5,102,192	6,328,843
	Lwakela Day Secondary	1	1,586,260	11,190,123	12,776,384	3,767,403	9,008,980
	Mawande Day Secondary School	1	3,906,042	7,954,711	11,860,753	5,306,182	6,554,571
	Miluji Day Secondary School	1	2,443,305	11,788,443	14,231,749	3,262,102	10,969,646
	Miombe Day Secondary	1	2,805,977	10,016,177	12,822,154	2,904,771	9,917,383
	Mukunashi Day Secondary	1	1,122,181	10,194,546	11,316,727	6,552,452	4,764,275
	Mwininyilamba Day Secondary	1	1,855,851	9,438,638	11,294,489	3,790,243	7,504,246
Northern	Shukwe West Day Secondary	1	3,754,077	7,146,886	10,900,963	8,754,431	2,146,532
	Misambula Day Secondary School	1	3,114,135	8,848,397	11,962,532	10,946,023	1,016,509
Copperbelt	Kafuma Day Secondary School	1	3,182,00	7,677,660	7,680,842	7,378,630	302,212
	Minsundu Day	1	114,435	7,076,734	7,191,169	6,895,692	295,477
	Mapalo Day	1	120,120	7,119,942	7,240,061	7,014,602	225,459
	Chingola South	1	2,162,748	1,726,694	3,889,441	3,342,206	547,235
	Kamenza East	1	4,241,677	7,192,936	11,434,613	10,319,521	1,115,093
	Chilimina	1	4,334,139	8,126,047	12,460,186	7,741,134	4,719,052
	Kafue Park Day	1	1,373,690	4,675,061	6,048,751	5,160,118	888,633
	Kamakonde Day	1	435,973	1,146,906	1,582,880	1,428,741	154,138
	Buyantashi Day Secondary School	1	1,440,898	7,450,507	8,891,406	5,956,499	2,934,907
	Kalweo Day Secondary School	1	933,702	7,839,344	8,773,047	6,441,476	2,331,571
Central	Keezwa Day Secondary School	1	1,580,279	8,743,367	10,323,646	2,752,767	7,570,879
	Total	32	87,840,171	242,491,859	330,332,030	197,185,843	133,146,187

d. Unaccounted for Stores - Chinkonkwelo Secondary School Project

Between June 2023 and September 2024, Chikonkwelo Secondary School in North-Western province received amounts totalling K7,803,864 for the construction of the school. On 18th December 2024, the Ministry of Education cancelled the construction of the school due to land disputes.

At the time of cancellation, the construction works were at excavation level and as of March 2025, amounts totalling K921,156 had been spent on allowances (K42,000), purchase of building materials, tools (K401,008) labour (K477,798) and bank charges (K350).



As of April 2026, the works had not commenced. Further, building materials and tools costing K401,008 were not accounted for.

e. Undelivered Building Materials

Regulation 8 (3) of the Public Procurement Regulations 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.”

During the period under review, amounts totalling K1,159,100 were paid by Mukunashi Day Secondary School in North-Western Province to three (3) suppliers for the supply and delivery of various building materials. However, as at 31st August 2026, the building materials had not been delivered.

f. Inadequately Supported Payments

Regulation 46 (1) of the Public Finance Management (General) Regulations of 2020 provides that a payment voucher relating to purchases should be supported by a purchase order, the supplier’s invoice and proof of delivery or performance. Contrary to the regulations, thirty (30) payments in amounts totalling K1,888,433 made to various suppliers of building materials were not supported with relevant documents such as receipts, Goods Received Notes (GRNs) and goods acceptance reports. See table 9 below.

Table 9: Inadequately Supported Payments

Province	District	School	No. of Transactions	Amount K
North-Western	Mufumbwe	Miluji Day Secondary School	21	472,939
Copperbelt	Mpongwe	Kalweo Day Secondary School	9	1,415,494
		Total	30	1,888,433

g. Unaccounted for Stores

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, various stores items costing K2,358,794 procured during the period under review were not accounted for in that there were no receipt and disposal details. See table 10 below.

Table 10: Unaccounted for Stores

Province	Station	Amount K
North Western	Miluji Day Secondary School	66,050
Copperbelt	Kalweo Day Secondary School	1,936,764
Central	Kaundula Secondary School	355,980
	Total	2,358,794

25 Head: 86 Ministry of Fisheries and Livestock

25.1 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.

25.2 Budget and Funding

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total provision of K1,867,928,195 was made to cater for the operations of the Ministry against which amounts totalling K1,002,520,987 were released resulting in an under funding of K865,407,208. See table 1 below.

Table 1: Budget, Funding and Expenditure

Code	Programme	Budget Allocation K	Amount Funded K	Variance K	Expenditure K	Balance as at 31.12.2025 K
2130	Livestock Production and Productivity Improvement	537,054,126	297,206,910	239,847,216	293,772,048	3,434,862
2131	Fisheries Production and Productivity Improvement	202,471,374	111,681,398	90,789,976	111,305,109	376,289
2132	Animal Health Services	867,052,285	400,119,475	466,932,810	393,914,523	6,204,952
2136	Technical Services	40,687,596	17,087,218	23,600,378	16,723,417	363,801
2199	Management and Support Services	220,662,814	176,425,986	44,236,828	175,095,585	1,330,401
	Total	1,867,928,195	1,002,520,987	865,407,208	990,810,682	11,710,305



As at 31st December 2025, amounts totalling K990,810,682 had been spent leaving a balance of K11,710,305.

25.3 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. Programme 2130 - Livestock Production and Productivity Improvement

The objective of the programme is to facilitate increased livestock production and productivity, develop and promote appropriate and sustainable livestock production technologies, facilitate development and promotion of livestock breeds, utilisation of products and deliver enhanced extension and advisory services.

During the year under review, the Livestock Production and Productivity Improvement programme had a total provision of K537,054,126 to cater for the implementation of six (6) sub-programmes against which amounts totalling K297,206,910 were released resulting in an under funding of K239,847,216.

As at 31st December 2025, amounts totalling K293,772,048 had been spent.

i. Performance Information - Failure to Achieve Planned Outputs

Section 47(1) of the National Planning and Budgeting Act No. 1 of 2020 stipulates 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.

A review of the Annual Output Based Budget for the period under review revealed that the Ministry planned to achieve nineteen (19) key outputs to attain the programme objectives.

As at 31st December 2025, information relating to thirteen (13) outputs was availed for audit out of which only two (2) targets were achieved. See table 2 below.



Table 2: Failure to Achieve Planned Outputs

No.	Description	2025 Target	Achieved	Not Achieved
	Irrigated Pastures at Breeding Centres Established			
1	Number of Irrigated Pastures at Breeding Centres Established	3	0	3
	Artificial Insemination Centres Rehabilitated			
2	Number of Artificial Insemination Centres Established	12	1	11
	Milk Collection Centres Completed			
3	Number of milk collection Centres constructed	4	0	4
	Watering points established			
4	Number of watering points established	8	12	0
	Dams rehabilitated			
5	Number of dams rehabilitated	1	0	1
	Livestock infrastructure rehabilitated			
6	Number of livestock infrastructure rehabilitated	2	0	2
	Livestock value addition trainings conducted			
7	Number of trainings in livestock value addition and product development	6	0	6
	Grading standards for livestock products and by products developed			
8	Number of grading standards for livestock products and by products developed	1	0	1
	Appropriate technologies for processing and utilisation of livestock products and by-products promoted			
9	Number of appropriate technologies for processing and utilisation of livestock products and by-products	2	0	2
	Calves immunised against ECF			
10	Number of calves immunised against ECF	100,000	66,054	33946
	Smallholders supported with forage seed			
11	Number of Smallholders supported with forage seed	15,500	8,620	6880
	Community livestock based breeding programmes promoted and established			
12	Number of community based livestock breeding programmes promoted and established	4	4	0
	Cattle vaccinated against CBPP			
13	Number of Cattle vaccinated against CBPP	250,000	1,285,825	0

Information relating to the performance indicators of the six (6) planned key outputs was not availed for audit. In this regard, it was not possible to ascertain whether the targets were achieved. See table 3 below.



Table 3: Failure to Avail Information

No.	Description	2025 Target
	Artificial Insemination Centres Rehabilitated	
1	Number of superior breeding bulls procured	20
	Climate smart livestock technologies and practices developed and disseminated	
2	Number of climate smart livestock technologies and practices developed and disseminated	4
	Households supported with poverty alleviating livestock packages	
3	Number of households supported with poverty alleviating livestock packages through pass-on	2,960
	Land brought under rangeland management	
4	Number of hectares brought under rangeland management	7,500
	Degraded rangeland rehabilitated and oversown	
5	Number of hectares oversown and rehabilitated for rangelands	36,000
	Bio-mass in rehabilitated rangelands estimated	
6	Percentage of bio-mass estimated in rehabilitated rangelands	80

ii. Weaknesses in Management of Contracts

• Delayed Construction of Milk Collection Centre in Copperbelt Province - Lot 2

On 2nd June 2025, the Ministry engaged Imperial Contracts and Supplies Limited for the Construction of a Milk Collection Centre in Copperbelt Province - Misundu area Lot 2 at a contract sum of K1,749,421 with a completion period of six (6) months commencing on 21st August 2025 and ending on 20th February 2026.

A review of the site possession certificate revealed that the site was handed over to the contractor on 7th August 2025.

As at 31st May 2026, amounts totalling K437,355 had been paid to the contractor leaving a balance of K1,312,066.

A physical verification carried out on 13th May 2026 revealed that the contractor had only completed excavation of foundation box, construction of sub-structure, construction of super-structure up to upper window level, 100 days after the expected completion date.

The outstanding works included roofing and installation of ceiling boards, plastering, painting, plumbing works, electrical fittings, external works and drainage. Following the expiry of the contract in February 2026, no contract



extension documents were availed for audit, and the contractor was not on site. See pictures below.



Construction works in progress at Misundu Milk Collection Centre in Ndola

- **Contract for the Supply and Delivery of Brichiaria Spp and Stylosanthesis Spp Pasture Seed - Procurement of Pasture Seed with Short Shelf-Life**

On 12th September 2025, the Ministry engaged three (3) suppliers to supply 28,000 kg of Brichiaria Spp and 15,000 kg of Stylosanthesis Spp pasture seed to seven (7) provinces at a total contract sum of K20,207,200 with a delivery period of twenty (20) weeks commencing on 26th September 2025 and ending on 6th February 2026.

As at 31st May 2026, amounts totalling K5,051,800 had been paid to the suppliers leaving a balance of K15,155,400.

A review of documents such as stores ledgers, delivery notes and goods received notes and a physical inspection carried in May 2026 revealed that the suppliers delivered 28,000 kg of Brichiaria Spp and 15,000 kg of Stylosanthesis Spp to the seven (7) provinces. However, the seed had short shelf-life expiring in July 2026 before the start of the 2026/2027 planting season.

In addition, it was observed that, only two (2) provinces namely Central and Copperbelt had distributed Brichiaria Spp (2,050 kg) and Stylosanthesis Spp pasture seeds (1,375 kg) to the districts leaving a balance of 25,950 kg of Brichiaria Spp and 13,625 kg of Stylosanthesis Spp.

The provincial and district offices had not distributed the seed to the other intended farmers. See table 4 below.



Table 4: Undistributed Pasture Seed

Contractor	Province	Date Supplied	Expiry Date	Contract Sum K	Amount Paid K	Balance K	Brichiaria Spp Delivered	Brichiaria Spp Distributed to Districts	Brichiaria Spp Undistributed	Stylosanthesis Spp Delivered	Stylosanthesis Spp Distributed to Districts	Stylosanthesis Spp Undistributed
Alpha Group Limited	Southern	2/10/2026	Jul-26	9,155,000	2,288,750	6,866,250	7,000	-	7,000	3,500	-	3,500
	Western						3,500	-	3,500	2,500	-	2,500
	Lusaka						2,500	-	2,500	1,000	-	1,000
Aquiras Trading Limited	Central	2/10/2026	Jul-26	7,475,400	1,868,850	5,606,550	4,000	1,850	2,150	2,500	1,250	1,250
	Eastern						5,000	-	5,000	3,500	-	3,500
Mahuasa Investment Limited	Copperbelt	2/10/2026	Jul-26	3,576,800	894,200	2,682,600	2,500	200	2,300	1,000	125	875
	North-Western						3,500	-	3,500	1,000	-	1,000
Total				20,207,200	5,051,800	15,155,400	28,000	2,050	25,950	15,000	1,375	13,625

- Rehabilitation of Office Blocks and Associated External Works at Mochipapa Livestock Research Station in Choma, Southern Province - Lot 1**

On 2nd June 2025, the Ministry awarded a contract to Altavasta Investment Limited for rehabilitation works to the office blocks and associated external works at Mochipapa Livestock Research Station in Choma - Lot 1 at a contract price of K3,677,071 VAT inclusive with a completion period of ten (10) weeks commencing on 2nd June 2025 and ending on 11th August 2025. The scope of works included demolition works and removal of the roof, roofing, fitting of ceiling board, floor tiling, glazing, fitting of doors and painting.

As at 31st May 2026, the contractor had been paid amounts totalling K719,433 leaving a balance of K2,957,638.

A physical inspection carried out on 21st May 2026 revealed that the contractor had abandoned the site after removing the roof leaving the following works outstanding; roofing, fitting of the ceiling board, floor tiling, glazing, fitting of doors and painting. See pictures below.



Abandoned works – office block



In their response dated 8th July 2026, management stated that the delay in the execution of the contract was because the Ministry was unable to process the contractual advance payment within the timeframe stipulated in the contract, resulting in the expiry of the contract period before the works could commence. Further, to regularise the matter, the Ministry had since written to the Ministry of Justice seeking an extension of the contract period to enable the contractor execute the works.

However, as at 31st August 2026, the contract had not been extended and the contractor was not on site.

b. Failure to Develop Monitoring and Evaluation System for the Zambia Beef Export Project - Programme 2132 - Animal Health Services

On 22nd October 2025, the Ministry engaged Moses Kabwe Mwale for the consultancy services for the development of a monitoring and evaluation system for the Zambia Beef Export Project at a contract sum of K330,000 with a completion period of two (2) months commencing on 22nd October 2025 and ending on 21st December 2025.

On 17th December 2025, the Ministry paid the Consultant the full contract price of K330,000.

However, as at 31st August 2026, the consultant had not delivered the Monitoring and Evaluation System. Further, the performance bond provided by the Consultant had since expired.

c. Programme 2136 - Technical Services

The objective of the programme is to strengthen fisheries and livestock information services improve infrastructure and equipment, enhance training in fisheries and livestock production, and improve marketing of fisheries and livestock products.

The following were observed:

i. Performance Information

According to the Output Based Budget (OBB) for the year 2025, the Ministry planned to provide timely market information through the broadcasting of 1,400



radio programmes and sixty (60) television programmes, 420 feature articles, two (2) newsletters and the distribution of twelve (12) market bulletins for informed decision making. To facilitate domestic and foreign trade, the Ministry planned to construct one (1) fisheries and livestock marketing centre in Senanga and issue 9,798 import permits and 3,980 export permits.

- **Failure to Achieve Planned Outputs**

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.

A review of the Annual Output Based Budget for the year ended 31st December 2025 revealed that the Ministry had set five (5) targets out of which three (3) were not achieved as shown in table 5 below.

Table 5: Failure to Achieve Planned Outputs

No.	Description	2025 Target	Achieved	Variance
1	Number of Livestock Market Centre constructed	1	0	1
2	Number of import permits issued	9,798	6,236	3,562
3	Number of export permits issued	3,980	3,211	769

- **Use of Private Facilities without Cabinet Authority – North-Western Provincial Fisheries and Livestock Coordination Office (PFLCO)**

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 public conference facilities are unavailable or insufficient in terms of capacity.

Contrary to the Circular, amounts totalling K58,450 were paid to two (2) private facilities that provide conference services without authority from the Secretary to the Cabinet.

d. Programme 2199 - Management and Support Services

The objective of the programme is to provide effective and efficient administrative and management support services to the institution's mandated functions.



The following were observed:

i. Failure to Insure Motor Vehicle – Mongu Provincial Fisheries and Livestock Coordination Office

Regulation 41 (3) (b) of the Public Finance Management (General) Regulations 2020 states, “public assets are insured at a reasonable value to avoid loss to government.”

In addition, Cabinet Circular No. CM10 of 2023 dated 4th May 2023 required mandatory comprehensive insurance of all government vehicles with immediate effect in order to reduce huge costs of litigations by the third-party claimants on part of the Government.

On 16th August 2025, a Toyota Hilux registration No. GRZ 964 CP belonging to the Provincial Fisheries and Livestock Coordination Office (PFLCO) 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 resulting in a loss to government. See pictures below.



Uninsured Motor vehicle involved in road traffic accident

ii. Missing Motor Vehicle – Lusaka PFLCO

A review of records maintained at the Lusaka PFLCO and inquiries made with management revealed that a Nissan Hardbody registration number GRZ 103CB was not accounted for in that management could not establish the whereabouts of the motor vehicle.

As at 31st August 2026, the whereabouts of the motor vehicle had not been established.



iii. Irregular Payment of Salaries to Absent Officer – Lusaka Headquarters

Section 63 (b) of the Terms and Conditions of Service for the Public Service stipulates that 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, a Fisheries Technician who deserted the station of duty in January 2025 continued to be paid a salary. As at 31st August 2026, the officer had been paid amounts totalling K101,576.

26 Head: 88 Office of the President - Muchinga Province

26.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

26.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total provision of K113,500,606 was made to cater for the operations of the Province against which amounts totalling K97,627,513 were released by the Treasury resulting in an under funding of K15,873,093.

As at 31st December 2025, amounts totalling K97,392,064 had been spent leaving a balance of K235,449. See table 1 below.

Table 1: Budget, Funding and Expenditure

Code	Programme	Budget K	Funding K	Variance K	Expenditure K
6101	Community Development and Social Services	19,779,466	18,868,237	911,229	18,848,036
6102	Natural Resources Management	13,861,136	12,643,634	1,217,502	12,629,759
6103	Economic Development	16,277,279	11,708,345	4,568,934	11,604,753
6104	Local Government Services	5,173,252	3,652,097	1,521,155	3,644,613
6199	Management and Support Services	58,409,473	50,755,200	7,654,273	50,664,903
	Total	113,500,606	97,627,513	15,873,093	97,392,064



26.3 Audit Findings

An examination of financial and other records maintained at the Provincial Administration and five (5) selected district offices for the financial year ended 31st December 2025 revealed the following:

a. Programme 6102: Natural Resource Management

The objective of this programme is to enhance sustainable use of natural resources through effective management of Forestry, Meteorological Services and Water Resource Development through implementation of three (3) sub-programmes. None of the three (3) sub-programmes achieved their intended outputs.

A review of records relating to the implementation of the Natural Resource Management programme revealed weaknesses in the management and accountability of confiscated forest produce and the collection and remittance of forestry revenue.

The following were observed:

i. Unaccounted for Mukula Logs

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.”

A review of a status report availed by the Mpika District Forestry Office revealed that 5,595 Mukula logs were confiscated from 2021 to 2025. However, a physical inspection conducted in May 2026 revealed that only twenty-seven (27) logs were accounted for leaving a balance of 5,568 logs whose value could not be ascertained unaccounted for.

ii. Depositing of Revenues into Sheriff ‘s Account Instead of Transit Account

Section 101 (2) of the Forest Act, 2015 states, “The Director may sell or otherwise dispose of any property confiscated or forfeited under subsection (1) and handed over to the Director by order of the court and any moneys received



from the sale or disposal of the property shall be paid into the general revenues of the Republic”.

On 3rd December 2025, Mafinga District Forestry Office engaged Sheriff of Zambia to auction confiscated chain saw and thirty-two (32) mopane logs and realised amounts totalling K11,400. However, the funds were deposited into the Sheriff’s personal account instead of the Transit account.

b. Programme 6199: Management and Support Services

The objective of this programme is to provide effective and efficient administrative and management support services to the Provinces’ mandated functions through implementation of ten (10) sub- programmes. Out of the ten (10) sub-programmes, two (2) achieved their intended outputs while observations were made from eight (8) sub-programmes which did not achieve their intended outputs.

The following were observed:

i. Unauthorised Transfer of Funds

Section 32 (5) of the Public Finance Management Act No. 1 of 2018 stipulates that a transfer of public money shall not be made between the same bank or different banks without the written approval of the Secretary to the Treasury.

Contrary to the Act, amounts totalling K375,560 meant for the executive office management sub-program were transferred from Treasury Single Account to the General Deposit Account without authority from the Secretary to the treasury.

Although in response management indicated that the funds were paybacks for internal borrowings after seeking for approval from the Secretary to the Treasury, documentation to show approval were not produced for audit.

ii. Failure to Use the Electronic Government Procurement System

Circular No. 13 of the Zambia Public Procurement Authority (ZPPA) directed that with effect from 16th April 2024, all procuring entities, bidders and other stakeholders shall conduct procurement of goods and works using the



Electronic Government Procurement (e-GP) system in line with section 16 (1) of the Public Procurement Act.

Contrary to the Circular, the Provincial Administration and Mafinga District Administration office procured goods costing K124,934 outside the e-GP system.

In addition, materials for drilling boreholes and cooperate attires for the Water development and sanitation department costing K670,547 were procured outside the e-GP system.

iii. Missing Motor Vehicle - Nakonde District Administration

Section 41(5) of the Public Finance Management Act No. 1 of 2018 stipulates that a Controlling Officer shall ensure that all public assets and stores under the controlling officer's charge are accounted for in each financial year as shall be specified by the Secretary to the Treasury and, managed and safeguarded in line with the provisions of this ACT, Public Procurement Act of 2008 and any other law.

A review of the asset register and physical inspections revealed that a Toyota Landcruiser, registration number GRZ 840 DA was unaccounted for. Inquiries with management revealed that the vehicle was stolen whilst parked at Nakonde Civic Centre. A review of the police report dated 17th December 2025 revealed that the vehicle was stolen between 6th and 13th May 2025.

However, no insurance claim had been made as at 31st July 2026.

iv. Management of Personal Emoluments

• Irregular Payment of Rural Hardship Allowance

Section 170 of the Terms and Conditions of Service of 2023 stipulates that an officer serving in an area designated to be a rural area would be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

Contrary to the Terms and Conditions of Service, rural hardship allowance in amounts totalling K106,750 was paid to six (6) officers who were not



eligible in that their workstations were not designated for payment of such an allowance.

Further, in Paragraph 31 of the Report of the Auditor General for the financial year ended 31st December 2024, mention was made of the irregular payment of rural hardship allowance to six (6) officers. In response, management submitted that internal control measures had been instituted to ensure that no ineligible officers would receive the allowance and that recoveries had been instituted from those that were irregularly paid.

However, a scrutiny of records revealed that three (3) officers who had been irregularly paid amounts totalling K50,117 in 2024 continued receiving the allowance and were irregularly paid amounts totalling K53,717 in 2025.

- **Irregular 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 the Government and that employees accommodated in a standard house should not qualify for the payment of housing allowance.

Contrary to the Circular, two (2) officers who were accommodated in government houses were irregularly paid housing allowance in amounts totalling K36,720.

- **Irregular Payment of Allowances to Retirees**

The Public Service Management Division (PSMD) Circular No. B26 of 2022 provides that retired employees that served on permanent and pensionable terms of appointment that are retained on the payroll pending payment of pension benefits should be entitled to receive only the basic salary and housing allowance for those unaccommodated.

Contrary to the Circular, three (3) officers who retired from the service were irregularly paid amounts totalling K77,390 in respect of rural hardship, fuel and transport allowances for periods ranging from three (3) to six (6) months.



- **Failure to Fill Vacant Positions**

A review of the approved staff assignment registers for 2025 revealed that nine (9) positions which fell vacant during the year under review had not been filled. Included in the vacant positions were key positions such as District Planner, Assistant News and Information Officer and Senior Forestry Technician.

As at 31st July 2026, the positions had not been filled.

- **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.

Contrary to the provision, two (2) officers who proceeded on unpaid leave and resigned were maintained on the pay roll for periods ranging from four (4) to sixteen (16) months after their separation and irregularly paid salaries in amounts totalling K153,382 and K33,418 respectively.

Further, two (2) officers who were retired had not been moved to the separatees' payroll and were paid amounts totalling K176,859.

- **Unapproved Payroll End-Users**

Treasury and Financial Management Circular No. 6 of 2019 provides that Controlling Officers should be responsible for the appointment of payroll End-Users in their respective institutions.

Contrary to the Circular, eleven (11) end-users performed sixty-eight (68) input transactions on Provincial Administration payroll without appointment letters from the Controlling Officer.

c. Failure to Drill Fifteen (15) Boreholes - Water Development and Sanitation Account

On 30th September 2025, the department received amounts totalling K489,322 and 210 casing pipes from the Ministry Headquarters to facilitate the drilling and equipping of fifteen (15) boreholes in Kanchibiya, Mpika, Lavushimanda, Nakonde and Shiwang’andu districts.

As at 31st December 2025, amounts totalling K312,862 had been spent on the payment of subsistence allowances (K119,824) and fuel (K193,038).

As at 31st July 2026, the boreholes had not been drilled and the casing pipes were stored in Mpika despite the department incurring expenditure on subsistence allowance and fuel. See picture below.



Casing and water pipes stored in Mpika



27 Head: 89 Ministry of Agriculture

27.1 Mandate

The Ministry of Agriculture is mandated to facilitate the development of a sustainable and diversified agricultural sector for food and nutrition security and income generation.

27.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total authorised provision of K19,517,912,143 was made to cater for various activities against which amounts totalling K11,807,590,382 were released resulting in an under funding of K7,710,321,761.

As at 31st December 2025, amounts totalling K11,764,335,109 had been spent leaving a balance of K43,255,273. See table 1 below.

Table 1: Budget, Funding and Expenditure

Code	Programme	Total Authorized K	Funding K	Over/Under Funding K	Expenditure K	Balance K
2141	Agriculture Development and Productivity	16,205,557,161	8,541,975,626	7,663,581,535	8,515,029,269	26,946,358
2142	Agribusiness Development and Marketing	12,383,110	9,521,240	2,861,870	9,254,288	266,953
2143	National Food Reserves Management	2,455,200,000	2,455,200,000	-	2,446,516,666	8,683,334
2144	Agriculture Standards and Regulation	54,731,014	36,956,664	17,774,350	36,911,018	45,646
2199	Management and Support Services	790,040,858	763,936,851	26,104,007	756,623,869	7,312,982
	Total	19,517,912,143	11,807,590,382	7,710,321,761	11,764,335,109	43,255,273

27.3 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31st December 2025 revealed the following:

a. Programme 2141 - Agriculture Development and Productivity - Annual Performance Information

The objective of this programme was to enhance access to affordable agricultural inputs; promote irrigation and mechanised agriculture; and promote the uptake of improved technologies and practices through the provision of extension services.

A review of Ministry of Agriculture's performance against annual targets set out in the Operational Plan (OBB), revealed that nine (9) key output targets for the



financial year ended 31st December 2025 had underperformed despite the activities having been funded. See table 2 below.

Table 2: Key Output Targets Not Achieved

No.	Key Output and Output Indicator	Target	Actual	Variance	Percentage Achieved
1	Number of farmers trained in smart agriculture practices	200,000	159,767	40,233	80%
2	Number of motor bikes procured	750	120	630	16%
3	Number of centres of excellence established	25	10	15	40%
4	Number of kilometers of roads rehabilitated	300	0	300	0%
5	Number of kilometers of power lines constructed	200	0	200	0%
6	Number of E-extension tablets procured	200	0	200	0%
7	Number of farmer training centres rehabilitated	6	0	6	0%
8	Number of nutrition centres established	2	0	2	0%
9	Number of screen houses constructed	4	0	4	0%

b. Sub Programme 7001 - Farmer Input Support Programme

i. Failure to Implement FISP Graduation Plan

Part 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 should encompass a maximum participation of five (5) years on the programme.

Contrary to the Action Plan, 62,052 farmers in twenty-one (21) districts from four (4) provinces who deposited amounts totalling K520,987,779 during the 2025/2026 farming season had benefited from the programme for eight (8) years from 2017/2018 farming season without graduating. See table 3 below.



Table 3: Failure to Graduate Farmers

Province	Station	No. of Farmers	Redeemed Amount K
Western	Mongu	29	243,551
	Kaoma	3,371	28,247,569
	Nkeyema	3,128	26,249,935
	Luampa	918	7,684,656
	Senanga	130	1,089,026
	Kalabo	131	1,100,400
Central	Kabwe	10,881	91,400,400
	Kapiri Mposhi	10,013	84,109,200
	Chibombo	3,654	30,693,600
	Chisamba	6,943	58,321,200
	Shibuyunji	3,155	26,502,000
Luapula	Mansa	482	4,046,199
	Chienge	1,533	12,861,459
	Kawambwa	6,614	55,483,884
	Samfya	476	3,991,293
	Chipili	1,662	13,934,607
Muchinga	Chinsali	2,910	24,444,000
	Kanchibiya	1,651	13,868,400
	Isoka	1,321	11,096,400
	Nakonde	2,728	22,915,200
	Mpika	322	2,704,800
Total		62,052	520,987,779

ii. Farmers Sharing Mobile Numbers

Guideline 1 (5) of Annex 1 of the 2025/2026 FISP Electronic Voucher Implementation Handbook provides that for a beneficiary to qualify, they must have an active phone number registered on mobile money in their name and linked to their NRC on the ZIAMIS.

Further, Section 3.1.2 of the 2025/2026 FISP Electronic Voucher Implementation Handbook states, “Districts must ensure that farmer records on the ZIAMIS are correct and complete. Critical records such as NRC and mobile numbers are mandatory and must never be duplicated.”

Contrary to the Guidelines, 114 individual mobile phone numbers were found to have been shared among 263 farmers in sixty-one (61) districts. The beneficiaries were loaded with redeemable inputs in amounts totalling



K2,209,200 out of which amounts totalling K2,189,593 were successfully redeemed. See table 4 below.

Table 2: Farmers Sharing Mobile Phone Numbers

Province	No. of Districts	No. of Farmers	Redeemable Value K	Redeemed Amount K
Luapula	6	11	92,400	92,311
Central	9	13	109,200	109,044
Copperbelt	4	13	109,200	109,170
Eastern	10	112	940,800	939,317
Lusaka	4	7	58,800	41,944
Muchinga	4	5	42,000	42,000
Northern	8	16	134,400	134,116
Northwestern	8	51	428,400	428,384
Southern	8	35	294,000	293,307
Total	61	263	2,209,200	2,189,593

iii. Inactive Farmers Loaded with Redeemable Inputs

Guideline 1 (3) of Annex 1 of the 2025/2026 FISP Electronic Voucher Implementation Handbook provides that for each beneficiary to qualify on the FISP programme, a farmer must be actively involved in farming within the camp coverage area.

Contrary to the Guidelines, 2,128 inactive farmers were loaded with redeemable inputs in amounts totalling K17,761,800 out of which amounts totalling K17,247,842 were subsequently redeemed. In response, management stated that the farmers that redeemed would be made to pay back the funds.

However, as at 31st August 2026, the farmers had not paid back. See table 5 below.



Table 3: Inactive Farmers Loaded with Value

Province	No. of Districts	No. of Inactive Farmers	Value K	Redeemed Amount K
Central	9	375	3,141,900	3,112,937
Copperbelt	10	343	2,865,000	2,767,995
Eastern	12	119	983,400	931,693
Luapula	10	127	1,058,700	1,006,309
Northwestern	11	96	798,300	781,086
Lusaka	5	272	2,228,100	2,061,757
Muchinga	9	207	1,738,800	1,678,368
Northern	9	89	747,600	721,543
Southern	11	472	3,964,800	3,960,156
Western	3	28	235,200	225,998
Total	89	2,128	17,761,800	17,247,842

iv. Questionable Redemption of Inputs

Guideline 1 (5) of Annex 1 of the 2025/2026 FISP Electronic Voucher Implementation Handbook provides that for a beneficiary to qualify, they must have an active phone number registered on mobile money in their name and linked to their NRC on the ZIAMIS.

During the season under review, twenty-four (24) farmers were loaded with redeemable inputs in amounts totalling K387,000 out of which amounts totalling K386,100 were redeemed. However, the redemptions were questionable in that the names and other details of the beneficiaries were duplicated except for the NRC numbers. See table 6 below.

Table 4: Questionable Redemption of Inputs

Province	No. of Districts	No. of Farmers	Value K	Redeemed Amount K
Copperbelt	1	1	16,800	16,800
Eastern	1	1	16,800	16,800
Luapula	1	1	16,800	16,800
Northwestern	1	1	16,800	16,800
Lusaka	2	2	25,500	25,160
Northern	3	6	100,800	100,672
Southern	6	12	193,500	193,068
Total	15	24	387,000	386,100



v. Farmers Who Did Not Contribute the Farmer's Share but Redeemed Inputs – Copperbelt PACO

Guideline 3.2 of the 2025/2026 FISP Electronic Voucher Implementation Handbook provides that a ZIAMIS approved FISP beneficiary farmer will become eligible to collect inputs for that season only after the individual farmer has sold maize to FRA and/or new farmers made a deposit of their contribution, registered and uploaded on ZIAMIS.

Contrary to the Guideline, five (5) farmers who did not deposit the mandatory K400 contribution were granted full redemption packages valued at K8,400 each. Consequently, these farmers were loaded with redeemable inputs in amounts totalling K42,000 out of which amounts totalling K40,184 were successfully redeemed.

vi. Unapproved Farmers on E-Voucher

Guideline 3.1 of the 2025/2026 FISP Electronic Voucher Implementation Handbook provides that the FISP approved beneficiary list will be drawn from the existing national farmer register within ZIAMIS and that beneficiaries who are not on the register will automatically be ineligible to participate under FISP. Contrary to the Guidelines, 2,339 farmers whose details could not be traced on the authorised existing National Farmer Register on ZIAMIS redeemed inputs in amounts totalling K19,647,400. See table 7 below.

Table 7: Unapproved Farmers on E-Voucher

Province	Stations	No. of Farmers	Redeemed Amount K
Luapula	Mansa	1	8,200
Muchinga	Isoka	1,343	11,281,200
	Mpika	995	8,358,000
	Total	2,339	19,647,400

vii. Irregular Issuance of Farming Inputs to Civil Servants

Guideline 1 (9) (10) (11) of Annex 1 of the 2025/2026 FISP Electronic Voucher Implementation Handbook on selection criteria of individual farmer beneficiaries' states, "An individual beneficiary should not be employed by the



government of the Republic of Zambia (Civil Servant), public institutions (such as statutory bodies and parastatals), formal employment or any formal regular allowance from the Government.”

Contrary to the Guideline, 469 civil servants were included on the approved beneficiary list for 2025/2026 farming season and were loaded with inputs in amounts totalling K3,926,500 out of which amounts totalling K3,800,257 were redeemed. See table 8 below.

Table 8: Irregular Issuance of Inputs to Civil Servants

Province	No. of Districts	No. of Civil Servants	Value K	Redeemed Amount K
Central	10	87	722,700	720,949
Copperbelt	10	83	697,200	688,464
Eastern	15	69	579,600	578,922
Luapula	6	14	117,600	117,568
Northwestern	10	23	193,200	192,828
Lusaka	5	31	255,400	245,718
Muchinga	7	36	302,400	285,463
Northern	12	71	596,400	587,574
Southern	9	46	386,400	307,729
Western	6	9	75,600	75,042
Total	90	469	3,926,500	3,800,257

viii. Questionable Redeeming of Inputs by Beneficiaries with Deleted Status in ZIAMIS

Guideline 1 (3) of Annex 1 of the 2025/2026 FISP Electronic Voucher Implementation Handbook provides that for each beneficiary to qualify on the FISP programme, they must be actively involved in farming within the camp coverage area.

Contrary to the Guideline, eleven (11) beneficiaries with ‘deleted’ farmer status in ZIAMIS redeemed inputs in amounts totalling K92,400. See table 9 below.



Table 9: Beneficiaries with ‘Deleted’ Status in ZIAMIS

Province	Number of Beneficiaries	Farmer Status in ZIAMIS	Amount Redeemed K
Copperbelt	8	Deleted	67,200
North Western	1	Deleted	8,400
Southern	2	Deleted	16,800
Total	11		92,400

ix. Questionable Redeeming of Inputs by Beneficiaries with ‘Request for Delete’ Status in ZIAMIS

Guideline 1 (3) of Annex 1 of the 2025/2026 FISP Electronic Voucher Implementation Handbook provides that for each beneficiary to qualify on the FISP programme, they must be actively involved in farming within the camp coverage area.

A review of the farmer redemption reports revealed that thirty-five (35) beneficiaries with ‘request for delete’ status in ZIAMIS redeemed inputs in amounts totalling K294,000.

However, the redemption was questionable in that the request for deletion was not acted upon by the Ministry. See table 10 below.

Table 10: Beneficiaries with ‘Request for Delete’ status in ZIAMIS

Province	Number of Beneficiaries	Farmer Status in ZIAMIS	Amount Redeemed K
Copperbelt	18	Request for delete	151,200
Lusaka	7	Request for delete	58,800
North Western	2	Request for delete	16,800
Northern	7	Request for delete	58,800
Southern	1	Request for delete	8,400
Total	35		294,000

x. FISP Beneficiaries on Other Government Empowerment Programmes

Guideline 1 (12) of Annex 1 of the 2025/2026 FISP Electronic Voucher Implementation Handbook provides that a farmer should only benefit once and must not simultaneously access support from the Food Security Pack (FSP),



Sustainable Agriculture Financing Facility (SAFF), inputs under Constituency Development Fund (CDF) and any similar government programme.

Contrary to the Guideline, 4,213 beneficiaries from ten (10) provinces who redeemed FISP farming inputs in amounts totalling K34,923,488 also benefited from other Government programmes such as FSP and SAFF programmes. See table 11 below.

Table 11: FISP Beneficiaries on Other Government Empowerment Programmes

Province	FISP Beneficiaries on FSP	FISP Beneficiaries on SAFF	Redeemed Amount K
Muchinga	51	9	537,600
Central	1440	-	12,080,000
Luapula	45	2	394,706
Northern	941	16	8,444,316
Copperbelt	706	-	5,927,827
NorthWestern	86	-	722,400
Eastern	271	13	2,385,600
Lusaka	0	2	16,800
Southern	156	-	1,310,400
Western	363	112	3,103,839
Total	4059	154	34,923,488

xi. Failure to Compensate Farmers for Poor Germination and Yield for 2024/2025 Farming Season

During the 2024/2025 farming season, the Ministry engaged insurance companies to provide insurance cover for poor germination and yield to 174,190 farmers under the FISP. The farmers were to receive amounts totalling K45,643,366 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 four (4) insurance companies had not compensated 125,746 farmers amounts totalling K24,522,985 in respect of poor germination and yield, as at 31st August 2026. See table 12 below.



Table 12: Failure to Compensate Farmers for Poor Germination and Yield

Insurance Company	Weather Index Insurance	No. of Farmers to be Paid	Payout Amount K	No. of Farmers Paid K	Amount Paid to Farmers K	No. of Farmers Not Paid K	Amount not Paid to Farmers K
Professional Insurance	Yield	100,141	17,765,196	-	-	100,141	17,765,196.00
	Germination	412	370,800	374	336,600.00	38	34,200.00
Madison Insurance	Germination	7,736	6,962,400	5,452	4,906,800.00	2,284	2,055,600.00
	Yield	21,867	6,380,333	11,470	5,326,851.77	10,397	1,053,481.23
Mayfaire Insurance	Yield	2,510	1,336,618	2,433	1,291,667.53	77	44,950.64
ZSIC General Insurance	Yield	41,280	12,608,419	28,516	9,079,361.59	12,764	3,529,057.41
	Germination	244	219,600	199	179,100.00	45	40,500.00
Total		174,190	45,643,366	48,444	21,120,381	125,746	24,522,985

xii. Beneficiaries with Unmatching Phone Numbers – Northern Province

Guideline 1(5) of Annex 1 of the 2025/2026 FISP Electronic Voucher Implementation Handbook provides that a beneficiary must have an active phone number registered in their name and linked to their NRC on the ZIAMIS. Contrary to the Guidelines, 102 beneficiaries who deposited amounts totalling K40,800 and redeemed amounts totalling K856,168 had phone numbers which did not match their names. See table 13 below.

Table 13: Beneficiaries with Unmatched Phone Numbers

Station	No. of Farmers	Amount Deposited K	Redeemable Amount K
Kasama	17	6,800	142,768
Mungwi	2	800	16,800
Mbala	10	4,000	83,848
Mpulungu	69	27,600	579,168
Luwingu	4	1,600	33,584
Total	102	40,800	856,168

xiii. Questionable Redemption of Inputs – Northern Province

Guideline 2.4.1 of the FISP Electronic Voucher Implementation Handbook states, “Upon successful sale and deduction, a system-generated confirmation code will be sent to the farmer’s registered mobile number.”

Contrary to the Guideline, a review of ZIAMIS data revealed that 199 farmers who had redeemed inputs in amounts totalling K1,671,600 had phone numbers that were either not in operation or invalid. Therefore, it was questionable how the farmers were able to redeem their inputs.



In addition, a physical inspection carried out in March 2026 in the respective camps revealed that the beneficiaries could not be traced. As of August 2026, the status had not changed. See table 14 below.

Table 14: Questionable Redemption of Inputs

Station	No. of Questionable Beneficiaries	Redeemable Amount K
Kasama DACO	29	243,600
Mungwi DACO	2	16,800
Mpulungu DACO	148	1,243,200
Mbala DACO	13	109,200
Luwingu DACO	7	58,800
Total	199	1,671,600

xiv. Unacquitted for Farming Inputs – Eastern Province

Guideline 2 of Annex 5 of the 2025/2026 FISP Electronic Voucher Implementation Handbook provides that the Agro input suppliers should ensure the farmer acquits for inputs redeemed and issue a harmonised Goods Issued Note (GIN) as evidence of the sale and for record keeping.

Contrary to the Guideline, twenty eighty (28) farmers in two (2) districts who redeemed inputs amounting to K115,250 did not acquit for the inputs which they redeemed from various agro-dealers. See table 15 below.

Table 15: Unacquitted Inputs by Beneficiaries

District	No. of Farmers	Unacquitted Input Amount K
Lumezi	2	9,700
Lundazi	26	105,550
Total	28	115,250

xv. Failure to Account for SMSs on Zambia Integrated Agriculture Management Information System (ZIAMIS)

On 28th July 2025, the Ministry of Agriculture engaged Crystalline Technologies Limited for the provision of SMS Gateway Services on ZIAMIS for the 2025/2026 farming season at a contract sum of K2,465,996, VAT inclusive for a period of one year.



The scope of work included short code licensing with ZICTA, provision of USSD fixed traffic (all networks), monthly hosting and support fees and total SMSs for 8,000,000 message bundle. On 28th August 2025, the contractor was paid the full contract sum.

As at 31st July 2026, the Ministry had consumed 7,334,090 SMSs sent to the farmers that had received redeeming codes through the FRA, leaving a balance of 665,910 SMSs.

However, as at 31st August 2026, the Ministry had neither redeemed the balance of 665,910 unused SMSs nor claimed a refund amounting to K205,266.

xvi. Failure to Deliver Contractual Requirements

On 28th July 2025, the Ministry of Agriculture engaged Mcphilisa Computer Systems Limited (MCS), a company incorporated in Nairobi, Kenya for provision of Annual System Maintenance and Technical Backstopping for the Zambia Integrated Agriculture Management Information System (ZIAMIS) at a contract sum of US\$292,000 VAT inclusive for a period of one year commencing on 28th July 2025 and ending on 27th July 2026.

The scope included provision of ten (10) requirements; needs assessment and system review, loan tracking and management, digital payment integration, beneficiary registration and profiling, enhancement of existing features and modules, system integration, data security and compliance, capacity building and user training, technical support and maintenance and finalisation of outstanding ZIAMIS and safe enhancements.

As at 31st December 2025, the consultant had been paid the full contract sum. However, a review of the schedule of requirements in the contract revealed that out of the ten (10) scoped deliverables costing US\$292,000, six (6) requirements costing US\$73,000 namely loan tracking and management, digital payment integration, beneficiary registration and profiling, enhancement of existing features and modules, capacity building and user training, finalization of outstanding ZIAMIS and safe enhancement had not been delivered as at 31st July 2026.



c. Sub Programme 7002: Agriculture Crop Production, Advisory and Technical Services - Mechanisation Centres of Excellence and Mechanisation Service Centres

In June 2024, the Ministry formulated a National Agricultural Mechanisation Strategy (NAMS), with technical support from the Food and Agriculture Organisation of the United Nations (FAO) and financial support from the European Union (EU). The vision of the NAMS was to have a sufficient and sustainable agricultural mechanisation in Zambia by 2030.

The programme was supposed to create an enabling environment for sustainable development of agricultural mechanisation that met the needs of the stakeholders and making the services more accessible to farmer beneficiaries.

In this regard, the Ministry engaged three (3) suppliers at contract sums of K106,840,847 to supply mechanisation equipment to various mechanisation centres and service centres. The mechanisation equipment consisted of tractors, ploughs, cultivators, trailers, motor vehicles among other farming implements.

As at 31st December 2025, amounts totalling K16,227,800 had been paid to the contractors leaving a balance of K90,613,047. See table 16 below.

Table 16: Suppliers of Farming Equipment

Lot No.	Name of Supplier	Contract Sum K	Amount Paid K	Contract Date	Contract Expiry Date	Duration
1	Camco Machinery and Equipment Ltd	36,888,400	-	8/27/2025	9/17/2025	2 Weeks
2	Saro Agro Industrial Ltd	41,089,247	-	8/26/2025	9/16/2025	2 Weeks
3	Growmore Technologies	20,324,200	16,227,800	8/26/2025	9/16/2025	2 Weeks
4	Growmore Technologies	8,539,000	-	11/20/2025	1/5/2026	6 Weeks
	Total (K)	106,840,847	16,227,800			

A physical inspection conducted in July 2026 revealed the following:

i. Failure to Construct Storage Shades for Machinery, Implements and Equipment – Western Province

Guideline 5.7 of the Operational Guidelines for Mechanisation Centre of Excellence and Service Centres states, “the mechanisation centres of excellence and mechanisation service centres shall ensure that the machinery implements, and equipment are safe and secure at all times. The procuring entity or the centre

should engrave the tractor and implements with relevant entity logo and marks of identity.”

Contrary to the Guideline, Longe Farm Centre had no shelter to secure the mechanisation equipment as at 31st August 2026. See pictures below.



Unsheltered Tractor – Longe Farm Centre, Kaoma

ii. Wasteful Expenditure - Failure to Operationalise Hammer Mills - Katopola Mechanisation Centre

The Centre received two (2) hammer mills costing K120,000 from the Ministry of Agriculture in September 2024 for the purpose of income generation.

A physical verification carried out in July 2026 revealed that the hammer mills were not operational, twenty-two (22) months after the date of delivery resulting in wasteful expenditure. See picture below.



Un operationalised hammer mills at Katopola Mechanization Centre

iii. Wasteful Expenditure - Unutilised Farming Equipment under the Mechanization 360 Project – North Western

Guideline 1.3.2 of the Mechanisation of Excellence and Service centres requires provision of equitable access to mechanisation services by ensuring that smallholder farmers have access to efficient agricultural production and

processing technologies to promote sustainable management and utilisation of machinery implements and equipment.

Contrary to the Guidelines, farming equipment (cultivator, fertiliser distributor, Boom Sprayer and Disc Ridger) costing K1,027,800 delivered and handed over in September 2024 under the Mechanisation 360 Project in four (4) districts namely Kasempa, Mufumbwe, Zambezi and Mwinilunga had not been utilised from the time they were delivered and remained idle at the Farmers Training Centre (FTC) premises, twenty-two (22) months from date of delivery resulting in wasteful expenditure. See pictures below.



Cultivator



Boom Sprayer



Disc Ridger

d. Annual Performance Information - Failure to Implement Activities - Programme 2142: Agribusiness Development and Marketing

During the period under review, the Agribusiness Development and Marketing Programme was allocated K12,383,110 for the development of a communication strategy and agriculture finance support for 30,000 small-scale farmers under SAFF.

As at 31st December 2025, amounts totalling K9,521,240 had been released for the implementation of activities under the Programme out of which a total of K9,254,288 had been spent leaving a balance of K266,953.

Further, the Ministry planned to develop an agriculture communication strategy to ensure availability of up-to-date market information to support decision-making by all value chain players. The Ministry also targeted to issue 45,000 import and 43,000 export permits to facilitate trade in agro-commodities.

A total of four (4) output targets were planned, out of which two (2) were achieved while two (2) were not achieved. See table 17 below.



Table 17: Key Output Targets not Achieved

Activity	Annual Output Target	Actual	Variance	Percentage Achieved
Number of Export Permits Issued	43,000	34,363	- 8,637	80%
Number of Communication Plans developed	1	-	- 1	0%

e. Sustainable Agriculture Financing Facility

During the 2024/2025 farming season, amounts totalling K793,459,553 were disbursed to 8,886 beneficiaries in all the ten (10) Provinces.

The following were observed:

i. Failure to Recover Loans for 2024/2025 Farming Season

Clause 5(xiii) of the Sustainable Agriculture Finance Facility (SAFF) provides that financial institutions are to deduct loans from the borrowers as per agreed terms. The agreed terms were that the loans shall be repaid within a period of nine (9) months.

As at 31st December 2025, a total of 363 loan beneficiaries had paid back amounts totalling K68,336,518 leaving 8,523 beneficiaries with outstanding loans in amounts totalling K725,123,035 representing a 9% recovery rate. See table 18 below.

Table 18: Failure to Recover Loans for 2024/2025 Farming Season

Province	Farming Season	Total Loan Beneficiaries	No. of Fully Paid Up Beneficiaries	No. of Beneficiaries with Outstanding Loans	Total Loans Disbursed K	Total Loan Recoveries K	Balance K
Central	2024/2025	733	45	688	85,543,458	7,399,631	78,143,827
Copperbelt	2024/2025	917	73	844	67,649,515	15,359,801	52,289,714
Eastern	2024/2025	1,266	39	1,227	101,725,550	7,594,210	94,131,340
Luapula	2024/2025	1,006	38	968	47,483,604	4,746,124	42,737,480
Lusaka	2024/2025	702	47	655	104,373,994	10,090,238	94,283,756
Muchinga	2024/2025	510	18	492	33,562,800	2,689,733	30,873,067
Northern	2024/2025	1,193	52	1,141	75,939,093	6,600,599	69,338,494
Northwestern	2024/2025	349	30	319	28,740,850	6,085,635	22,655,215
Southern	2024/2025	1,740	17	1,723	189,874,102	5,863,441	184,010,661
Western	2024/2025	470	4	466	58,566,587	1,907,106	56,659,481
Total		8,886	363	8,523	793,459,553	68,336,518	725,123,035



ii. Irregular Disbursement of Loans - 2025/2026 Farming Season

Guideline No. 5.0 (i-xiv) of the Sustainable Agricultural Financing Facility stipulates that loan applicants must complete and submit the prescribed application forms, which should be endorsed by the CEO/Group leader prior to submission to the District Agricultural Coordinator (DACO) for initial screening.

Following this screening, the DACO forwards the applications to the Bank for further screening and appraisal. The Bank then recommends suitable applications to the Ministry for approval. Upon approval of the list of successful applicants, the Ministry instructs the Bank to proceed with loan disbursement. Contrary to the Guidelines, a review of the ZIAMIS System and other relevant documentation revealed that 960 beneficiaries from NATSAVE Bank who did not apply loans for the 2025/2026 farming season were loaded with loans amounting to K83,193,952 out of which seven (7) beneficiaries redeemed inputs in amounts totalling K559,940. Further analysis and discussions with the management of NATSAVE Bank revealed that the beneficiaries were erroneously loaded with the same loan amounts that were disbursed to them in the previous farming season (2024/2025).

As at 31st August 2026, the redeemed inputs amounting to K559,940 had not been recovered. See table 19 below.

Table 19: Irregular Disbursement of Loans

Province	No. of Beneficiaries	Loaded Loan Amount K	No. of Beneficiaries who Redeemed	Redeemed Amount K	Unredeemed Amount K
Western	37	4,176,800		-	4,176,800
Southern	532	52,311,960	6	479,700	51,832,260
North Western	32	6,163,980		-	6,163,980
Northern	117	5,998,680	1	80,240	5,918,440
Muchinga	39	1,379,640		-	1,379,640
Lusaka	71	6,638,732		-	6,638,732
Luapula	14	415,240		-	415,240
Eastern	9	1,078,080		-	1,078,080
Copperbelt	106	4,906,040		-	4,906,040
Central	3	124,800		-	124,800
Total	960	83,193,952	7	559,940	82,634,012



iii. Failure to Implement De-Risking Interventions – Isoka DACO

Guideline No. 1.7 of the Sustainable Agricultural Financing Facility (SAFF) of 2023 provides that in order to improve the financial market and reduce risk of default, and subsequently minimize calls on the Credit Guarantee, the Ministry and the PFIs would undertake through the Zambia Emergency Food Production Facility (ZEFPPF) and other projects de-risking interventions such as insurance of loans, use farmer group approach and linking farmers to the Credit Reference Bureau.

Contrary to the Guideline, a review of activity reports revealed that de-risking interventions were not implemented. Consequently, sixty-four (64) beneficiaries who obtained loans through NATSAVE bank and Indo Bank had accrued amounts totalling K2,991,275 in unsettled instalments.

In addition, the Participating Financial Institutions (PFIs) did not provide basic financial literacy training to the sixty four (64) farmers contrary to Guideline No. 6.3 (v) of the SAFF guidelines of 2023 which provides that Participating Financial Institutions (PFIs) should provide basic business management and financial literacy training to the successful beneficiaries.

iv. Beneficiary Selection Not Supported by Approved Criteria - Solwezi PACO

Guideline No. 3.1 of the Sustainable Agricultural Financing Facility (SAFF) of 2023 requires the use of criteria and proper documentation for transparency and accountability in the selection of approved eligible beneficiaries for the facility. Contrary to the Guideline, a review of the approved list of eighty-four (84) beneficiaries for the 2024/2025 farming season revealed that amounts totalling K5,584,950 paid under SAFF had no supporting documentation to show how the beneficiaries were selected.

f. Programme 2144: Agriculture Standards and Regulation

The objective of this programme is to increase market access for agricultural products through the strengthening of sanitary and phytosanitary measures and strengthening of agricultural marketing and legal frameworks.



i. Audit of Annual Performance Information- Key Output Targets not Achieved

To ensure compliance and quality of seeds on the market. The Ministry, through the Seed Control and Certification Institute (SCCI) was to inspect and register 70,000 hectares of seed crop and facilitate the export of 47,500 metric tonnes. To effectively manage and provide services that prevent the introduction and spread of plant pests and diseases in the Country, the Ministry under the Plant Quarantine and Phytosanitary Sub-programme was to issue 70,000 plant import and export permits and 135,000 phytosanitary certificates. In addition, 13,000 phytosanitary inspections were to be conducted in order to facilitate local and international safe trade for plants and plant products.

Out of eighteen (18) output targets, eleven (11) were achieved leaving seven (7) output targets not achieved. See table 20 below.

Table 20: Key Output Targets not Achieved

No.	Activity	Annual Output Target	Actual	Variance	Percentage Achieved
1	Number of seed varieties assessed	875	570	- 305	65%
2	Number of seed varieties tested and released for commercialisation	188	31	- 157	16%
3	Number of agronomic practices developed	9	5	- 4	56%
4	Number of plant varieties protected	75	1	- 74	1%
5	Number of phytosanitary inspections conducted	13,000	11,295	- 1,705	87%
6	Number of phytosanitary import permits issued	70,000	59,114	- 10,886	84%
7	Number of phytosanitary certificates issued	135,000	41,151	- 93,849	30%

ii. Uninsured Tractors – Mansa ZARI

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, seven (7) tractors whose values could not be ascertained had not been insured as at 31st August 2026.

iii. Failure to Utilise and Maintain Assets - Mutanda Research Station

Section 12 (1) (d) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer or controlling body shall ensure that public resources and assets are utilised only for the purposes for which they are appropriated and in accordance with the law.”

Contrary to the Act, a physical inspection of assets carried out in July 2026 at Mutanda Research Centre revealed that some structures were not in use and lacked maintenance. In particular, the following were observed.

- **Hammer mill/ Shelter**

The building housing the hammer mill was in a deplorable state while the hammer mill had been non-functional for more than five (5) years. See pictures below.



Shelter



Hammer mill

- **Optic Emission Spectrometer (ICP)/ Biobase**

The Optic Emission Spectrometer had been non-functional and Biobase equipment for water and soil testing was not being utilised as the laboratory staff needed to be trained on how to use the equipment. The training had not been conducted eight (8) years from the time of delivery in 2018. See pictures below.



Optic Emission Spectrometer



Biobase



Complete soil & water test Equipment

g. Key Output Targets not Achieved - Programme 2199: Management and Support Services

The key expected outputs under this programme included the management of the executive offices, processing of all human resource cases, preparing two (2) financial reports and undertaking of at least four (4) pre and post-audits to ensure adherence to public financial management regulations. Further, the Ministry was to undertake two (2) agricultural surveys (crop forecast and post-harvest surveys) that would be key in informing decision-making for policymakers and reviewing four (4) pieces of legislation.

A total of thirteen (13) output targets were planned, out of which eleven (11) were achieved while two (2) were not achieved. See table 21 below.

Table 21: Key Output Targets not Achieved

Activity	Annual Output Target	Actual	Variance	Percentage Achieved
Number of Sector Plans and Strategies Reviewed and Developed	4	2	- 2	50%
Number of Seed Laws Reviewed	1	-	- 1	0%

h. Sub-Programme 9013: Provincial Agriculture Coordination Office (General Administration) – Management of Assets

i. Failure to Dispose-of Unserviceable/Obsolete Assets

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



During the period under review, twenty (20) unserviceable or obsolete assets such as furniture and motor vehicles had not been disposed of and the Committee of Survey had not been established as at 31st August 2026. See table 22 below.

Table 22: Failure to Dispose of Movable Assets

Province	Station	No. of Motor Vehicle	No. of Motor Bikes
Lusaka	Chilanga DACO	1	6
	Chongwe	1	2
North Western	Kalumbila DACO	1	9
	Total	3	17

ii. Missing Motor Vehicle – MoA HQ

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 review of fleet records and physical inspection of assets conducted at the Ministry of Agriculture Headquarters in May 2026 revealed that a motor vehicle registration No. ABL 2467 had been taken to a private garage, for repairs in 2018. However, inquiries made with the management of the garage revealed that the motor vehicle was missing.

iii. Failure to Maintain Motor Vehicles - MoA HQ

Regulation 76 of the Public Finance Management (Public Stores) Regulations of 2022 requires that motor vehicles should be maintained and regularly serviced.

Contrary to the Regulation, ten (10) motor vehicles, had not been maintained despite requiring attention such as wheel bearing, tyres, carburettor service and full service

iv. Failure to Provide White books for Movable Assets

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 102 motor vehicles and six (6) tractors at three (3) stations were not availed for audit making it difficult to ascertain the ownership. See table 23 below.

Table 23: Failure to Provide White Book

Province	Station	No of Vehicles	Tractors
Western	Mongu PACO	5	-
Lusaka	MoA - HQ	97	
Luapula	Mansa FTI	-	6
	Total	102	6

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, title deeds for parcels of land owned by ten (10) stations on which 258 properties were located had not been secured with title deeds as at 31st August 2026. See table 24 below.

Table 24: Lack of Title Deeds

Province	Station	No. of Properties
Southern	Monze College of Agriculture	1
	Choma PACO	168
Luapula	Mansa ZARI	1
Lusaka	Lusaka PACO	1
Eastern	Chipata PACO	1
	Katopola Mechanise Centr	1
Nothern	Mungwi DACO	27
	Mbala DACO	20
	Mpulungu DACO	6
Copperbelt	Ndola PACO	32
	Total	258

i. Cross-cutting Issues - Outstanding Obligations

A scrutiny of records revealed that ten (10) stations had accrued debts in amounts totalling K245,787,466 in respect of personal emoluments such as repatriation



allowance, leave travel benefits and long service bonus among others dating from as far back as 2001.

As at 31st August 2026, the Bills had not been settled. See table 25 below.

Table 25: Outstanding Obligations

Province	Station	Amount K
Lusaka	Headquarters	185,110,203
Lusaka	Lusaka PACO	7,436,160
Northern	Kasama PACO	4,754,720
Eastern	Chipata PACO	52,375
Luapula	Mansa PACO	7,601,282
Central	Kabwe PACO	8,326,448
Southern	Choma PACO	12,586,255
Western	Mongu PACO	6,541,530
Copperbelt	Ndola PACO	7,119,158
Muchinga	Chinsali PACO	6,259,335
Total		245,787,466

j. Management of Payroll and Staff Related Matters

i. Excess Recruitment of Officers without Authority – Choma PACO

Section No. 6 (a) (b) and 7 (a) of the Terms and Conditions of Service for the Public Service of 2023 stipulates that no appointments, promotions, or transfers shall be made to any post in the public service unless that post is approved, funded and is vacant. Application for additional posts or for upgrading of posts shall be submitted to the Permanent Secretary - Management Development Division for approval by the Secretary to the Cabinet.

A comparison of the Establishment Register and payroll records revealed that the authorised positions on salary scale G were sixty-five (65). However, the positions were instead filled by eighty (80) officers resulting in an excess of fifteen (15) officers who were paid salaries in amounts totalling K148,066.

ii. Payment of Remote Hardship Allowance Instead of Rural Hardship Allowance – Chinsali PACO

Section No. 170 of the Terms and Conditions of Service for the Public Service of 2023 states “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 26 below.

Table 26: Classification and Categorization of Stations

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 and the Circular, twelve (12) officers at Chinsali PACO who were entitled to rural hardship allowance in amounts totalling K181,879 were instead paid remote hardship allowance in amounts totalling K227,349 resulting in overpayments in amounts totalling K45,470.

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.

Contrary to the Circular, 405 officers at eight (8) stations drew salaries in amounts totalling K46,170,155 from pay-points that were different from their duty stations. See table 27 below.

Table 27: Misplacement of Payroll Area

Province	Station	No.of Officers	Amount Paid K
Central	Kabwe PACO	19	2,527,559
Copperbelt	Ndola PACO	8	1,055,821
Eastern	Chipata PACO	8	1,042,874
Lusaka	Lusaka PACO	325	35,809,147
Muchinga	Chinsali PACO	16	2,093,846
North Western	Solwezi PACO	17	2,289,741
Southern	Choma PACO	4	420,579
Western	Mongu PACO	8	930,588
Grand Total		405	46,170,155



iv. Irregular Payment of Housing Allowance – Chinsali PACO

Public Service Management Division (PSMD) Circular No. B 24 of 2013 stipulates that housing allowance should be paid through the payroll to officers not accommodated by Government in standard/pool houses.

Contrary to the Circular, six (6) officers who were accommodated in institutional houses were irregularly paid housing allowances in amounts totalling K70,314.

v. Officers on Acting Appointments for More Than Three (3) Months

Section No. 25 (b) (i) of the Terms and Conditions of Service for the Public Service of 2023 stipulates that when an officer is appointed to act in a higher post with a view to awarding him/her substantive promotion, the effective date of such promotion shall be the date on which the officer commenced to act on the post. Officers selected for promotion shall normally be appointed by the Service Commission or the responsible officers to act for a period of not less than three (3) months with a view to establishing their suitability for substantive promotion.

Contrary to the Terms and Conditions of Service, as at 31st August 2026, five (5) officers who were acting in higher positions and had been paid amounts totalling K51,410 as acting allowance had been acting for periods of more than three (3) months. See table 28 below.

Table 28: Acting for More Than Three (3) Months

Province	Station	No. of Officers	Amount Paid K
Western	Mongu PACO	2	37,974
Southern	Monze College of Agriculture	3	13,436
Total		5	51,410

vi. Failure to Fill in Key Vacant Positions

A review of the Staff Establishment Register and staff returns revealed that eight (8) stations had 101 vacant positions.

Included in the vacant positions were key positions such as Senior Agricultural Supervisor, Principal Research officer, Agriculture Assistant, and Internal Auditor, among others.



As at 31st August 2026, the positions had not been filled. See table 29 below.

Table 29: Failure to Fill in Key Vacant Positions

Province	Station	No. of Vacant Positions
Muchinga	Chinsali PACO	18
Easten	Chipata PACO	30
Luapula	Mansa PACO	3
Copperbelt	Ndola PACO	6
Northern	Kasama PACO	2
Lusaka	Lusaka PACO	6
Noth Western	Solwezi PACO	13
Western	Mongu PACO	23
	Total	101

vii. Officers Terminated from Payroll Without Authority – MoA HQ

Section 35 (d), 36 (a) and 38 (a) of the Terms and Conditions of Service for the Public Service of 2023 provides that an employee should be terminated from the payroll on account of death, retirement, secondment, unpaid leave, desertion, and resignation.

In addition, Public Service Management Division (PSMD) Circular No. B1 of 2019 (d) provides 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.

Contrary to the Terms and Conditions of Service, thirty (30) officers were terminated from the payroll without supporting documents such as transfer letters, resignation and death certificates among others.

viii. Delayed Termination of Officers from Payroll - Lusaka Province

Sections 35 (d), 36 (a) and 38 (a) of the Terms and Conditions of Service for the Public Service of 2023 provide that an employee should be terminated from the payroll on account of death, retirement, secondment, unpaid leave, desertion, and resignation.

An analysis of the PMEC database at three (3) stations in Lusaka Province revealed that six (6) officers whose employment had been terminated, were still on the payroll as of April 2026 and irregularly paid salaries in amounts totalling K1,525,109. See table 30 below.



Table 30: Delayed Termination of Officers from the Payroll

Station	No. of Officers	Amount K
Lusaka DACO	2	253,840
Luangwa DACO	1	123,731
Chongwe DACO	3	1,147,538
Total	6	1,525,109

ix. Serving Officers above the age of Sixty (60) Years

Sections 2 and 3 of the National Pension Scheme Authority (NAPSA) Act No. 7 of 2015 stipulates that an officer should retire from employment on attaining the pensionable age of sixty (60) years. In addition, Section 4 (2) of Statutory Instrument No. 24 of 2015 stipulates that an officer may, on giving twelve months' notice, and subject to the approval of the President, retire on attaining the age of fifty-five (55) or sixty-five (65) years provided that the officer has given twelve months' notice and that it has been approved by the President. Contrary to the Act and Statutory Instrument, thirty-five (35) officers who had attained the normal retirement age of sixty (60) were still in active service and were paid salaries totalling K3,642,927 without approval. See table 31 below.

Table 31: Serving Officers above the age of Sixty (60) Years

Province	Station	No. of Officers	Amount K
Lusaka	MoA-HQ	19	2,005,360
Muchinga	Chinsali PACO	1	24,092
Southern	Choma PACO	3	351,631
Luapula	Mansa PACO	5	564,780
Northwestern	Solwezi PACO	3	534,779
Eastern	Chipata DACO	4	162,285
Total		35	3,642,927

x. Irregular Payment of Salaries to an Officer on Unpaid Study Leave – Kalulushi DACO

Section 144 (a) of the Terms and Conditions of Service for the Public Service of 2023 stipulates that an Established Officer who is not eligible for paid study leave may be granted unpaid study leave on application through the Permanent Secretary, Public Service Management Division.



Contrary to the Terms and Conditions of Service, an officer who went on unpaid leave for a period of four (4) years starting from 15th July 2023 and ending on 15th July 2026 drew salaries in amounts totalling K63,240 from January to September 2025.

As at 31st August 2026, the irregularly paid amounts had not been recovered.

xi. Officers on Payroll but not on Staff Return

Regulation 78 (1) and (3) of the Public Finance Management (General) Regulations of 2020 provides that a public body shall ensure that the payroll is verified and reconciled by responsible office holders from an Accounting Unit and Human Resource and administration respectively. A reconciliation under sub regulation (1) shall include a head count of staff each month regarding payroll expenditure.

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.

A comparison of the payroll and staff returns for the Ministry for period under review revealed that eighty-four (84) officers were on the payroll but not on the staff returns and were paid salaries in amounts totalling K2,939,213. See table 32 below.

Table 32: Officers on Payroll not on Staff Returns

Province	Station	Emp of Officers	Amount Paid K
Lusaka	Lusaka HQ	6	150,731
Muchinga	Chinsali PACO	18	2,132,174
Northern	Kasama PACO	60	656,308
Total		84	2,939,213



28 Head: 89 Ministry of Agriculture – Irrigation Development Support Project (IDSP)

28.1 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.

The project was implemented in three (3) project sites namely; Lusitu in Chirundu District in Lusaka Province, Mwomboshi in Chisamba District in the Central Province and Musakashi in Mufulira District in the Copperbelt Province.

The Project components are Public Infrastructure, Irrigation Management Capacity and Management and Coordination

In December 2018, the Project Development Objective (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 US\$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 Resettlement Action Plans and complete activities under Phase 2 (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 and later to 31st December 2025.

28.2 Sources of Funds

The total Project cost was US\$168,000,000. The International Development Association (IDA) sector investment loan was to finance US\$145,000,000 while the Government of the Republic of Zambia was to provide counterpart funding of US\$23,000,000 in form



of foregone taxes and costs associated with involuntary resettlement and relocation of people affected by the Project.

28.3 Budget, Income and Expenditure

During the period from 1st January 2025 to 30th April 2026, a total budget provision of K168,360,000 (US\$7,320,000) was made for the implementation of project activities against which funds in amounts totalling K137,449,288 (US\$5,328,766.74) were received resulting in an under funding of K30,910,712 (US\$1,198,376.35).

In addition, there was a brought forward balance of K18,035,474 (US\$741,919.60) as well as internally generated revenue from Water User Fees amounting to K10,769,435 (US\$449,831.09) bringing the total available funds to K166,254,197 (US\$6,520,517).

As at 30th April 2026, amounts totalling K142,380,448 (US\$5,481,963) had been spent leaving a balance of K23,873,749 (US\$1,053,245). See table 1 below.

Table 1: Budget, Funding and Expenditure

Year	Source	Total Provision K	Total Releases K	Underfunding K	Actual Expenditure K	Unspent K
2024	B/forward	-	18,035,474.24			
2025	GRZ	168,360,000	137,449,287.80	30,910,712	-	
2025	Sub Total		155,484,762.04		142,380,448	13,104,314
2025	Water User Fees	-	10,769,435.09	-	-	10,769,435
Total		168,360,000	166,254,197.13	30,910,712	142,380,448	23,873,749

28.4 Audit Findings

An examination of accounting and other records for the period 1st January 2025 to 30th April 2026 revealed the following:

a. Unaccounted for Assets

Regulation No. 5 of the Public Financial Management (General) Regulations of 2020 stipulates that a controlling officer shall ensure that all public assets and stores under that controlling officer's charge are, (a) accounted for in each financial year as shall be specified by the Secretary to the Treasury; and (b) managed and safeguarded in line with the provisions of this Act and any other law.

Further, Regulation 160 of the Public Finance Management (General) Regulations of 2020 states, "a controlling officer or an accounting authority shall, where a



project is completed, record the project assets including buildings, plant, vehicles, furniture, fittings and equipment and hand over to the Secretary to the Treasury within the time frame specified in the agreement relating to the project.”

On 31st December 2025, the IDSP Project was formally closed. The project assets were expected to be appropriately accounted for and transferred to the Ministry in accordance with the project closure and asset disposal arrangements.

However, a physical verification of project assets carried out on 11th March 2026 revealed that various assets valued at K7,004,943, comprising office furniture, Laptops, Printers, paper Scanners, Tablets, Photocopiers, filing cabinets and, two (2) motorbikes, could not be physically verified. The assets were neither found at the former project sites nor at the Ministry's premises.

Further, the Ministry did not provide documentation or other evidence to demonstrate the location, transfer, disposal or custody of the assets.

b. Inadequate Security Arrangements Resulting in Theft and Vandalism of Assets at Musakashi North Irrigation Scheme in Mufulira District

In March 2023, the Ministry of Agriculture entered into a contract with Astragal Contractors and Suppliers Limited for the maintenance and operation of the Musakashi Irrigation Scheme in Mufulira for a contract period of sixty (60) months. Subsequently, in November 2024, the contract was amended to, among other provisions, include the provision of security services at a monthly cost of K54,000 and revise the contract duration to thirty-six (36) months.

The contract expired in March 2026. However, following its expiry, the Ministry did not renew the contract or put in place alternative arrangements for the provision of security services at the Scheme.

A physical inspection carried out in May 2026 revealed that various assets at the Scheme, whose value could not be ascertained at the time of audit had either been stolen or vandalised. The value of the assets could not be ascertained as the contractor had not yet valued the components. These included, the main water pump station and the reservoir pump station, which had been vandalised and copper cables, jumper cables, and membranes had been stolen. See pictures below.



Vandalized copper cables and jumper cables from the pump station motors to the control panel

As at 31st July 2026, the Scheme remained without adequate security arrangements. Further, there was no evidence that the Ministry had implemented alternative measures to safeguard the infrastructure, equipment and other assets located at the Scheme following the expiry of the contract.

In addition, although management indicated that the incidents of theft and vandalism had been reported to the Zambia Police Service, no police reports or other documentary evidence of the reported cases were availed for audit.

c. Questionable Use of Project Vehicles by Scheme Operators

A verification of assets conducted at the three (3) schemes in May 2026 revealed that IDSP bought three (3) motor vehicles which were given to the scheme operators who were maintaining water pumps and charging and collecting water user fees from farmers. The operators were Lox lacs for the Lusitu and Mwomboshi Schemes and Astragal Contractors and Suppliers Limited for the Musakashi Scheme.

However, enquiries with IDSP staff and operators revealed that the terms under which these vehicles were given to the operators were neither known nor documented and it could not be ascertained who was keeping the white books between the operator and Government.

In this regard, the arrangement of the usage of the vehicles was questionable. A scrutiny of the contract for the two (2) operators signed in March 2023 did not include any requirement for government to provide vehicles for the operators. Refer to table 2 below.



Table 2: vehicles with operators

No.	Scheme	Reg. No.
1	Lusitu	ALR 1062
2	Mwomboshi	ALR 1068
3	Musakashi	ALR 1070

29 Head: 91 Office of the President - Copperbelt Province

29.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

29.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a provision of K154,810,370 was made to cater for the operations of the province against which amounts totalling K133,377,056 were released resulting in an underfunding of K21,433,314. As at 31st December 2025, amounts totalling K133,242,890 had been spent. See table 1 below.

Table 1: Budget, Funding and Expenditure

No.	Programme	Budget K	Funding K	Variance K	Statement C Expenditure K
1	Community Development and Social Service	29,777,013	26,486,506	3,290,507	26,475,787
2	Natural Resource Management	20,625,532	19,169,752	1,455,780	19,169,701
3	Economic Development	19,496,218	15,215,977	4,280,241	15,198,498
4	Local Government Services	3,514,450	2,996,346	518,104	2,980,575
5	Management and Support Services	81,397,157	69,508,475	11,888,682	69,418,330
	Total	154,810,370	133,377,056	21,433,314	133,242,890

29.3 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration and seven (7) selected district offices for the financial year ended 31st December 2025 revealed the following:



a. Programme 6199 - Management and Support Services - Weaknesses in Management of Payroll and Staff related Matters

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 designated duty stations.

A reconciliation of the payroll and staff returns for the period under review revealed that eight five (85) officers drew salaries in amounts totalling K5,739,256 from pay-points that were different from their physical stations.

ii. Irregular Payment of Salaries to Deceased Officer

Section 95 of the Terms and Conditions of Service for the Public Service of May 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 Terms and Conditions of Service, one (1) deceased officer who was not eligible for posthumous retirement was not removed from the payroll for a period of eighty-nine (89) months. In this regard, amounts totalling K580,139 were irregularly paid.

iii. Irregular Payment of Allowances 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 Seperatees' payroll.

Contrary to the Circular, six (6) officers who retired during the period under review were retained on the payroll and irregularly paid housing and transport allowances in amounts totalling K74,259 for periods ranging from three (3) to eight (8) months.

As at 31st July 2026, the irregularly paid allowances had not been recovered.



iv. Irregular Payment of Salaries to Serving Officer above the Age of sixty (60) years

Regulation 4 (1) of the Public Service (Retirement Age) (Amendment) Regulations of 2015 as read together with the Public Service (Retirement Age) Regulations of 2014 stipulates that an officer shall retire on the sixtieth anniversary of the date of the officer's birth.

Contrary to the Regulation, a Senior District Messenger who attained the retirement age of sixty (60) years on 24th August 2024 continued working and drew salaries in amounts totalling K144,802 for a period of nineteen (19) months.

b. Weaknesses in Transport Management

i. Irregular Use of Private Number Plates on Government Vehicles

Cabinet Circular No.7 of 2021 (i) directed all Ministries and Institutions whose vehicles were using private number plates with or without authority, to revert and display Government registration numbers.

Contrary to the Circular, ten (10) motor vehicles belonging to Provincial Administration had private registration number plates as at 31st July 2026.

ii. Stolen Motor Bikes

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 of 1997.

Further, Regulation 179 of the Public Finance Management (General) regulations of 2020, provides that where there is loss of Government property, a loss report should be prepared using Accounts Form X by the office holder and submitted to a supervisor who shall upon receipt of the notice under sub regulation (1), report the loss to the controlling officer as soon as practicable.

In December 2025, three (3) motor bikes valued at K167,620 belonging to the Provincial Community Development Office were stolen. Contrary to the



Regulations, the motor bikes were not insured and consequently could not be replaced despite the theft having been reported to the Zambia Police.

Further, no loss report had been processed as at 31st July 2026.

c. Failure to Settle Outstanding Liabilities - Management of Liabilities

As at 31st December 2025, the Provincial Administration had outstanding liabilities amounting to K17,770,949 in respect of personal emoluments, utility bills and local suppliers dating from as far back as 2000. See table 2 below.

Table 2: Outstanding Bills

No.	Type of Debt	Bal. bf as at 01/01/2025	Add: Charge for the Year	Total as at 31/12/2025
1	Personal Emoluments	6,801,153	7,428,565	14,229,718
2	Zamtel	114,000	39,100	153,100
3	ZESCO	123,144	7,256	130,400
4	Kafubu Water Supply and Sanitation Company	2,687,309	549,214	3,236,523
5	Other Vendors	21,208	-	21,208
	Total	9,746,814	8,024,135	17,770,949

As at 31st July 2026, the amounts had not been settled.

d. Management of General Deposit Account

Provincial Administration Office maintains a General Deposit Account that is an intermediary where Third Party funds are deposited for implementation of activities on behalf of Line Ministries and other Institutions.

During the period under review, amounts totalling K7,610,646 were received by the Provincial Administration to cater for activities under various departments such as Presidential Visits, Budget Act Review Meetings and Dag Hammarskjold Operations among others. See table 3 below.



Table 3: Funding Details

No.	Source of Funding	Purpose of Funding	Amount K
1	Ministry of Finance & National Planning	Presidential Activities	1,979,739
2	Ministry of Finance & National Planning	Provincial Administration	250,608
3	Ministry of Finance & National Planning	Provincial Planning Unit	89,875
4	Ministry of Finance & National Planning	Provincial Administration	69,113
5	Ministry of Justice	Attorney General's Office	540,000
6	Ministry of Justice	Attorney General's Office	300,000
7	Ministry of Youth, Sports & Arts	Youth	40,025
8	Ministry of Youth, Sports & Arts	Youth	183,304
9	Ministry of Youth, Sports & Arts	Sport	500,000
10	Ministry of Youth, Sports & Arts	Arts	40,000
11	Ministry of Local Government	Local Government	100,000
12	Ministry of Local Government	Physical Planning and Housing	41,843
13	Ministry of Transport & Logistics	Controller of Govt. Transport	20,000
14	Ministry of Infrastructure, Housing	Infrastructure	80,000
15	Ministry of Infrastructure, Housing	Infrastructure - Rental monitoring	50,000
16	Ministry of Infrastructure, Housing	Maintenance	5,000
17	Ministry of Tourism	Culture	119,200
18	Ministry of Comm. Dev & Social Services	Child	250,000
19	Office of the President	Gender	71,510
20	Vice President's Office	National Guidance and Values	165,000
21	Various Sources	Other Receipts	2,715,429
	Total		7,610,646

In addition, amounts totalling K5,173,747 were brought forward from 2024, bringing the total available funds to K12,784,393.

As at 31st December 2025, amounts totalling K6,152,654 had been spent leaving a balance of K6,631,739.

The following were observed:

i. Unreimbursed Borrowed Funds

A review of records pertaining to the administration of the General Deposit Account revealed that as at 31st December 2025, the Provincial Administration had borrowed a total of K2,899,501 from the account and only K974,995 had been reimbursed leaving a balance of K1,924,506.

ii. Failure to Compensate Farmers

In August 2021, the Provincial Administration Office received amounts totalling K17,000,000 from the Ministry of Finance and National Planning to



cater for the compensation of farmers that had been displaced during the construction of Simon Mwansa Kapwepwe International Airport.

A review of documentation revealed that while some farmers had been compensated amounts totalling K9,572,944, thirty six (36) farmers had not been compensated amounts totalling K7,427,056 as at 31st July 2026.

30 Head: 93 Office of the President - Northern Province

30.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

30.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a provision of K136,199,889 was made to cater for operations of the Provincial Administration Office against which amounts totalling K115,984,890 were released resulting in an underfunding of K20,214,999.

As at 31st December 2025, amounts totalling K113,187,382 had been spent. See Table 1 below.

Table 1: Budget, Funding and Expenditure

Code	Programme	Budget K	Funding K	Underfunding K	Expenditure K
6103	Economic Development	18,990,175	16,213,637	(2,776,538)	15,758,453
6104	Local Government Service	4,057,985	3,958,977	(99,008)	3,955,492
6102	Natural Resources Management	16,350,807	14,454,062	(1,896,745)	14,432,175
6199	Management and Support Services	72,273,044	57,140,689	(15,132,355)	54,874,047
6101	Community Development and Social services	24,527,878	24,217,525	(310,353)	24,167,215
	Total	136,199,889	115,984,890	(20,214,999)	113,187,382

30.3 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Office and selected districts revealed the following:



a. Failure to Meet Target Output-Programme 6103: Economic Development

The objective of the programme was to provide efficient and effective land administration, resettlement, labour inspections and development and management of public infrastructure through the implementation of six (6) sub-programmes.

During the period under review, the province planned to implement 1,509 activities in respect of twelve (12) output indicators under Economic development programme.

However, a comparison of Budgeted against Actual activities revealed that despite receiving 85% funding, the departments failed to fully implement four (4) output indicators in that out of 905 planned activities 327 were implemented leaving a total of 578 not implemented as at 31st December 2025. See table 2 below.

Table 2: Failure to Meet Target Output

Output Indicator	Target Outputs	Actual Outputs	Unimplemented Outputs	% Achieved
Land administered				
Number of leases granted	300	134	166	45%
Issuance of title deeds				
Number of titled deeds issued	300	193	107	64%
Land development Inspected				
Number of households inspected	300	0	300	0%
Maintenance of trigonometric stations in district				
Number of trigonometric stations maintained	5	0	5	0%
Total	905	327	578	

b. Programme 6199: Management and Support Services - Sub-Programme 6199008: Government Transport Management

The objective of the programme was to provide effective and efficient administrative and management support services to the province's mandated functions through the implementation of eight (8) sub-programmes.

In the estimates of revenue and expenditure for the financial year ended 31st December 2025, a provision of K500,000 was made against which amounts totalling K219,438 were released resulting in an underfunding of K280,561.

As at 31st December 2025, amounts totalling K219,419 had been spent.



In particular, the following was observed:

i. Failure to Adhere to Resolutions of the Provincial Standing Accident Committee

Terms and Conditions of Service for the Public Service 76 and 77 of 2023 states that Whenever a Government vehicle is involved in an accident, the officer driving, or if for any reason the officer is unable to do so, any other officer aware of the circumstances, shall immediately report the accident to the officer responsible for transport at the driver's station who shall immediately inform the Secretary to the Standing Accidents Board or the Secretary to the Provincial Accidents Committee by the quickest means available, giving the following particulars: the date and time of the accident; the exact place of the accident; any injuries to the driver or passengers of the Government vehicle; the registration number of the Government vehicle; and the Department to which the vehicle is assigned; and any injuries to the driver and passengers of any other vehicle involved.

Further, within forty-eight (48) hours, a Preliminary Accident Report (Form EMI (a)) shall be submitted to the Board by the officer responsible for transport.

Contrary to the Terms and Conditions of Service, a GRZ motor vehicle Registration Number GRZ 565 CL driven by the Provincial Infrastructure Officer was involved in an accident on 7th July 2023 and was not reported to the Provincial Standing Accident Committee by the officer. At its sitting on 21st May 2024, the Committee resolved to ban the officer from driving any GRZ vehicle for two (2) years with effect from that date.

However, whilst still under the ban, the same officer was involved in another accident with the same vehicle on 9th January 2026 where it was extensively damaged, and no disciplinary action had been taken on him as at 31st August 2026.

Further, it was observed that the vehicle was not insured. See picture below.



Extensively damaged Toyota Hilux GRZ 565 CL

ii. Uninsured Motor vehicles

Section 86 of the Road Traffic Act No.11 of 2002 states, “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 Regulation, the Provincial Administration Office had not insured thirty-nine (39) motor vehicles valued at K3,113,088 as at 31st August 2026.

c. Cross Cutting Issues

i. Non-Payment of Rural Hardship Allowance - Mungwi District Administration

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 categories a station as urban, rural and remote as shown in table 3 below.

Table 3: Classification and Categorization of Stations

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 and the Circular, two (2) officers at Mungwi District Administration Office who were entitled to rural hardship allowance in amounts totalling K36,689 were not paid.

ii. Management of Liabilities - Failure to Settle Outstanding Bills

As of 31st December 2025, the Provincial Administration Office had accrued debts in amounts totalling K15,862,896 in respect of personal emolument, utility bills and other suppliers of goods and services some of which had been outstanding from as far back as 2020. See table 4 below.

Table 4: Failure to Settle Outstanding Bills

No.	Arrear Type	Amount K
1	Leave Travel Benefits	593,800
2	Long Service Bonus	41,606
3	Terminal Leave	5,624,540
4	Repatriation	336,900
5	Communitation of Leave Days	331,921
6	Salary Related Arears	2,265,086
7	Settling in Allowance	4,035,251
8	Suppliers Goods And Services	1,146,370
9	Water Bills	100,759
10	Rentals	609,063
11	Electricity	472,104
12	Other Accrued Expenses - Allowances	305,496
	TOTAL	15,862,896

d. Irregular Use of Direct Bidding - Department of Water Supply and Sanitation

During the period under review, amounts totalling K5,647,910 were received under the Department of Water Supply and Sanitation from the Ministry of Water Development and Sanitation for advance payments in respect of eight (8) contracts for the maintenance and upgrading of boreholes and completion of waterborne toilets in the Province. As at 31st December 2025, all the funds had been spent.

Regulation 40 of the Public Procurement Regulation of 2022 stipulates that a procuring entity may use direct bidding in the circumstances provided under section 46 (2) of the Act and where the estimated value of the goods, works or non-consulting services does not exceed the threshold (K20,000) set out in the Second Schedule.



Further, Section 46 (2) of the Public Procurement Act No. 8 of 2020 states that direct bidding may be used where—

- a. the goods, works or non-consulting services are only available from a single source and no reasonable alternative or substitute exists;
- b. due to an emergency, there is urgent need for the goods, works or non-consulting services making it impractical to use other methods of procurement because of the time involved in using those methods;
- c. additional goods, works or non-consulting services must be procured from the same source because of the need for compatibility, standardisation or continuity;
- d. an existing, works or non-consulting services of a similar nature and no advantage could be obtained by further competition; or
- e. the estimated value of the goods, works or non-consulting services does not exceed the prescribed threshold

Contrary to the requirement, the Provincial Administration Office used direct bidding for procurements above K20,000 to award contracts to three (3) contractors without using any of the provisions of Section 46 (2) of the Public Procurement Act No. 8 of 2020.

The justification for using direct bidding was that the Ministry of Water Development and Sanitation could incur less costs or non-payment on preliminaries and generals, the contractor was already acclimatised with local conditions in the project area and recovery of advance payments made to the contractors for previous contracts which were terminated as the Insurance Company was unwilling to facilitate encashment of performance and advance guarantee.

Contrary to the justification given above for use of direct bidding, a comparison of the summary of the two contract documents revealed that this was not achieved.

Further the Ministry of Water Development and Sanitation (MWDS) mentioned that a retreat was held between Ministerial Procurement Committee MWDS and Ministry of Justice to resolve some contract management issues on expiration and termination of contracts, it is from that retreat that the Ministry of Justice guided



that the contracts that were terminated be retendered out with the possibility of direct bidding the same contractors, however no minutes from the retreat were availed to show that advice was obtained from Ministry of Justice. See table 5 below.



Table 5: Irregular Use of Direct Bidding

Name of Project	Contractor	Duration	Contract Price K	Amount Paid K	Balance	Scope of Works	Observations
Completion of Upgrading/ Mechanisation of twenty-four (24) Existing Boreholes to Small Piped Water Schemes in Northern Province of Zambia - Lot 1	Sustainable Water Solutions Limited	Twelve (12) months commencing on 20 th October 2025 and ending 20 th October 2026.	K12,996,461	K1,164,415	K11,832,046	Preliminaries and General, mobilisation and demobilisation, redevelopment and pump test, supply and installation of solar pump, tank and stand installation, civil works, excavations, pipe laying, and fencing.	On 20th September 2023, the Ministry of Water Development and Sanitation engaged Sustainable Water Solutions Limited for upgrade/ mechanisation of twenty-four (24) boreholes to small, piped water schemes in Northern Province at a contract sum of K13,500,983.41 VAT inclusive with a completion period of twelve (12) months starting 20th September 2023 and ending 19th September 2024. On 12th October 2023, the contractor was paid K3,375,246 advance payment. Minute No. MWDS /71/3/3 dated 2nd May 2025 indicated that the contract expired on 19th September 2024 and that the overall progress of works executed was 44%.



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Name of Project	Contractor	Duration	Contract Price K	Amount Paid K	Balance	Scope of Works	Observations
							On 13th October 2025, the Provincial Administration Office engaged Sustainable Water Solutions Limited for the completions of upgrading mechanisation of twenty four (24) existing boreholes to small, piped water schemes in Northern Province of Zambia. The following were observed: The 2025 contract price was K12,996,461 contrary to the engineer's estimate of K12,799,908 resulting in a variance of K196,552 representing a 1.5% increment above the engineer's estimates. The new contract included preliminaries of K210,000 and mobilisation K98,500



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Name of Project	Contractor	Duration	Contract Price K	Amount Paid K	Balance	Scope of Works	Observations
							despite using the justification for Direct bidding that the contractor was on site and would result in cost reduction. - The contract sum between the expired 2023 and 2025 contract for Sustainable Water Solutions Limited was only less by K504,523 (K13,500,983-K12,996,460) representing 3.74% reduction in contract sum of the 2023 contract sum despite the minute MWDS/71/3/3 indicating that the contractor had performed 44% of the works at time of termination of the 2023 contract. - No evidence of recovery of advance payment



Name of Project	Contractor	Duration	Contract Price K	Amount Paid K	Balance	Scope of Works	Observations
							recovery from previous terminated contract was availed. Physical inspections conducted in May 2026 revealed that works were ongoing at six (6) sites and works done were at 21%.
Completion of Upgrading/Mechanisation of twenty-one (21) Existing Boreholes to Small Piped Water Schemes Lot 2	Cashmo Contractors and General Dealers Limited Company	Six (6) months commencing on 15 th October 2025 and ending 15 th April 2026 with an extension of five (5) months to 15 th September 2026	K9,466,185	K2,366,546	K7,099,638	Re-development and pump test, supply and installation of solar pump, tank stand installation, civil works, excavations and pipe laying and fencing.	On 21st August 2023, the Ministry of Water Development and Sanitation engaged Cashmo Construction Limited and General Dealers for upgrade/ mechanisation of twenty one (21) boreholes to small, piped water schemes in Northern Province at a contract sum of K13,460,014 VAT inclusive with a completion period of twelve (12) months starting 21st August 2023 and ending 21st August 2024. On 12th October 2023, the contractor was paid K3,375,246 advance payment.



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Name of Project	Contractor	Duration	Contract Price K	Amount Paid K	Balance	Scope of Works	Observations
							Minute No. MWDS /71/3/3 indicated that the contract expired on 21st August 2024 and that the overall progress of works executed was 45%. On 15th October 2025, the Provincial Administration Office engaged Cashmo Contractors and General Dealers Limited for the completion/ upgrading mechanisation of twenty one (21) existing boreholes to small, piped water schemes in Lupososhi, Luwingu, Chilubi, Kaputa and Nsama. The following were observed: • The 2025 contract price was K9,466,185 contrary to the engineer's estimate of K8,901,613 resulting in a variance of K564,571 representing a 6% increment above the engineer's estimates. The



Name of Project	Contractor	Duration	Contract Price K	Amount Paid K	Balance	Scope of Works	Observations
							new contract included preliminaries of K345,000 and mobilisation K180,000 despite using the justification for Direct bidding that the contractor was on site and would result in cost reduction. • The contract sum between the expired 2023 and 2025 contract for Cashmo Construction Limited and General Dealers was only less by K3,993,829 (K13,460,014- K9,466,185) representing 29.67% reduction in contract sum of the 2023 contract sum despite the



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Name of Project	Contractor	Duration	Contract Price K	Amount Paid K	Balance	Scope of Works	Observations
							minute MWDS/71/3/3 indicating that the contractor had performed 45% of the works at time of termination of the 2023 contract. • No evidence of recovery of advance payment from previous terminated contract was availed. • Physical inspections conducted in May 2026 revealed that works were ongoing in selected sites and works done were at 42%.
Rehabilitation and Maintenance of twenty (20) Boreholes in	Kapembya Investment Limited	Six (6) months commencing on 20 th October 2025 and ending 20 th April 2026 with an extension of four (4)	K1,194,080	K298,520	K895,560	Preliminaries and general, mobilisation and demobilisation, supply of hand pumps, manuals and tools, borehole assessment, dismantling of borehole and	A physical inspection conducted in May 2026 revealed that works were on going in selected sites and works done were at 20%.



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Name of Project	Contractor	Duration	Contract Price K	Amount Paid K	Balance	Scope of Works	Observations
Kaputa and Nsama.		months to 13 th August 2026.				borehole redevelopment, repair of borehole superstructure and pump installation and the installation of hand pump component.	



31 Head: 94 Office of the President - Western Province

31.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

31.2 Budget Provision, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a provision of K38,129,303 was made to cater for the operations of the Provincial Administration Office out of which amounts totalling K25,911,450 were released resulting in an under funding of K12,217,853.

As at 31st December 2025, amounts totalling K23,917,919 had been spent leaving a balance of K1,993,531. See table 1 below.

Table 1: Provisions, Funding and Expenditure

No.	Programme	Budget K	Funding K	Variance K	Statement C Expenditure K
1	Community Development and Social Service	2,909,314	1,963,529	945,785	1,814,168
2	Natural Resource Management	3,956,331	3,500,567	455,764	3,382,896
3	Economic Development	6,675,387	3,821,846	2,853,541	3,760,755
4	Local Government Services	655,841	341,932	313,909	325,720
5	Management and Support Services	23,932,430	16,283,576	7,648,854	14,634,380
	Total	38,129,303	25,911,450	12,217,853	23,917,919

31.3 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. Failure to Dispose of Unserviceable Movable Assets - Programme 6199: Management and Support Services

Section 44 (1) of the Public Finance Management Act No.1 of 2018 provides that the controlling body of a local authority, statutory corporation or state-owned enterprise should establish a Committee of Survey (COS) as and when need arises for the purpose of disposal of unserviceable, obsolete, or surplus stores, equipment or assets.



Contrary to the Act, Water Development and Sanitation Department had a drilling rig, water bowser and a Nissan Patrol which were unserviceable and had not been disposed of as at 28th February 2026. The assets had been nonfunctional for periods ranging from twelve (12) to thirty-six (36) months.

Although, management in their response stated that the cost of servicing and maintaining the motor vehicles would be greater than replacing them, as at 31st August 2026, no recommendation had been made to the Secretary to the Treasury for the disposal of the vehicles. See pictures below.



Unserviceable Movable Assets

b. Failure to Use Electronic Government Procurement System (e-GP)

Section 16. (1) of the Public Procurement Act No. 8 of 2020 stipulates that a procuring entity shall use the electronic government procurement system or any other electronic procurement system that the Minister may, by statutory instrument, prescribe. Further, Part 1 of ZPPA Circular No. 19 of 2022 gives guidance to all procuring entities, bidders and suppliers of goods, works or services on the mandatory use of Electronic Government Procurement System (e-GP).

Contrary to the Act and Circular, four (4) District Administration Offices procured various goods and services from forty-five (45) suppliers involving ninety-one (91) transactions in amounts totalling K470,513 without using the Electronic Government Procurement System. See table 2 below.

Table 2: Payments to Suppliers Without Using (e-GP)

No.	Programme	Sub-Programme	No. of Suppliers	No. of Transactions	Amount K
1	Management & Support Services	Executive Office Mgt. Kaoma DC	17	26	124,404
2	Management & Support Services	Executive Office Mgt. Lukulu DC	9	15	136,419
3	Management & Support Services	Executive Office Mgt. Mitete DC	4	26	107,296
4	Management & Support Services	Executive Office Mgt. Nkeyema DC	15	24	102,394
	Total		45	91	470,513



c. Casualisation of Employees – Kaoma Youth Centre

Section 7 (1) of the Employment Code Act No. 3 of 2019, prohibits persons from engaging employees on casual terms of employment for jobs which are permanent in nature.

Contrary to the Act, the Centre had engaged fifteen (15) individuals as casual workers to perform jobs such as instructors and general workers that are permanent in nature and were paid wages in amounts totalling K414,429 in the year under review. The casual workers had been employed for periods ranging from two (2) to seven (7) years.

As at 31st August 2026, the casualisation had not been normalised.

d. Management of Payroll and Other Staff Related Matters

i. Unauthorised Positions on the Payroll

Regulation 21(d) of the Public Finance Management (General) Regulations, 2020, stipulates that the estimates of revenue and expenditure for a ministry, province and Government agency laid before the National Assembly shall indicate 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.

During the period under review, the Provincial Administration Office paid salaries in amounts totalling K749,630 to five (5) officers. However, the introduction of the officers on the payroll was not supported, in that the positions they occupied were neither provided for in the approved Establishment Register nor supported by Treasury Authority authorising their creation and funding.

As of 31st May 2026, the anomaly had not been regularised. See table 3 below.

Table 3: Salaries paid to Positions not on 2025 Staff Establishment

No.	Created Position	No. of Officers	Amount Paid K
1	Provincial Chiefs	1	273,538
2	Community Development Assistants	2	247,714
3	Revenue Collector	1	31,222
4	Principal Lands Officer	1	197,156
	Total	5	749,630



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 Spending Agencies are placed in their designated duty stations.

Contrary to the Circular, a reconciliation of the payroll and staff returns for the Provincial Administration for the year 2025 revealed that two (2) officers drew salaries in amounts totalling K617,251 from pay points that were different from their physical stations.

In addition, Provincial Administration did not put in place monitoring mechanisms such as periodic head count to account for the misplaced officers.

iii. Irregular Payment of Salaries to Seconded Officer

Section 35 (d) of the Terms and Conditions of Service for the Public Service of 2023 provides that a seconded officer shall not receive a salary from the Public Service during the period of secondment as payment of his or her salary shall be the responsibility of the organisation he or she is seconded to.

A review of the personnel file and other documents revealed that a Principal Accountant was offered employment with Global Alliance for Vaccine Immunisation Health System Strengthening (GAVI HSS) with effect from 10th February 2025.

However, it was observed that the officer was paid salaries in amounts totalling K74,750 during the period from February to April 2025 after proceeding on secondment. As at 31st August 2026, the irregularly paid salaries had not been recovered.

e. Double Payments of Grants - General Deposit Account

Regulation 50 (1) of the Public Finance Management (General) Regulations of 2020 states, “a person signing a payment voucher or document shall certify the accuracy, authenticity and validity of the payment.”

During the period under review, the Provincial Administration Office disbursed a total of K62,000 to thirty-one (31) beneficiaries to support the implementation of various projects in each district.



However, a reconciliation of the bank statement against the approved payment schedules revealed that twenty-eight (28) beneficiaries from fourteen (14) districts who were each entitled to K1,000 grants were instead paid K2,000 each bringing the total amount paid to K56,000 resulting in an overpayment of K28,000.

As at 31st August 2026, the overpaid amount had not been recovered.

32 Head: 97 Office of the President - North-Western Province

32.1 Mandate

The Provincial Administration Office is mandated to coordinate and implement national programmes and policies at the provincial level.

32.2 Budget Provision, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2025, a total budget provision of K132,683,407 was made to cater for the operations of the Provincial Administration Office out of which amounts totalling K116,988,114 were released resulting in an underfunding of K15,695,293.

As at 31st December 2025, amounts totalling K114,980,820 had been spent leaving a balance of K2,007,294. See table 1 below.

Table 1: Budget Provision, Funding and Expenditure

Code	Programme	Budget K	Funding K	Under(Over) Funding K	Statement C Expenditure K	Unspent funds K
6103	Economic Development	18,811,027	17,156,963	1,654,064	17,062,863	94,100
6104	Local Government Services	4,760,125	4,577,269	182,856	4,486,965	90,304
6102	Natural Resource Management	17,774,634	16,149,549	1,625,085	15,968,347	181,202
6199	Management and Support	68,323,256	56,350,336	11,972,920	54,787,808	1,562,528
6101	Community Development and Social Service	23,014,365	22,753,997	260,368	22,674,837	79,160
	Total	132,683,407	116,988,114	15,695,293	114,980,820	2,007,294

32.3 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Office and five (5) selected district offices for the period under review 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 2025, some set targets had not been achieved despite having been funded. See table 2 below.

Table 2: Unachieved Key Output

Code	Programme	Sub Programme	Key Output and Output Indicator	Annual Target	Achieved	Variance	Percentage Achieved %
6103	Economic Development	Provincial Land Survey	Number of Properties Surveyed	1,200	420	780	35
			Number of GRZ plot Surveyed	50	0	50	0
		Public Infrastructure Maintained	Number of Public Infrastructure Maintained	15	5	10	33
6104	Local Government Services	Local Government Administration	Number of Public sensitisation meetings conducted	10	5	5	50
6102	Natural Resources Management	Forestry Management	Number of forestry maintained	22	7	15	32
			Number of bee keeping trainings undertaken	18	7	11	39
			Hectarage of plantations established	15	13	2	87
		Water Resource Development	Number of Boreholes drilled	3	0	3	0
			Number of Chiefs Palaces provided with water supply	2	1	1	50
			Number of transboundary water resources management under taken	2	1	1	50
6199	Management and Support Services	Planning, Policy and Coordination	Number of Ministerial Delivery units reviewed meetings held	12	7	5	58
		Government transport and Management	Proportion of Government plant inspected	100	80	20	80
			Proportional of vehicles inspected	100	80	20	80
			Number of patrols conducted	96	80	16	83
		Totals		1,645	706	939	

b. Delayed Completion of Works - Rehabilitation of Provincial Administration and Associated External Works - Programme 6103: Economic Development

On 2nd June 2025, the Provincial Administration engaged Jozanga Investment Limited to rehabilitate the Office building at a contract sum of K2,900,729.

The contract was for a period of six (6) months commencing on 2nd June 2025 and ending on 2nd December 2025.

The scope of works included floor tiling, carpentry and joinery, electrical works, plastering, painting and decorations, plumbing, metal works, roofing and other external works.

The general terms of the contract included the following:

- Section 5, Part (2.6.1) (a) of the GCC provided termination of the contract in written notice of termination if the contractor was unable to perform material portion of the services for a period not less than sixty (60) days.



- Further, Section 46.1 required the contractor to pay liquidated damages to the employer at the rate of 0.1% of the final contract per day for breach of the contract.

As at 26th February 2026, amounts totalling K725,182 had been paid leaving a balance of K2,175,547.

A physical inspection carried out on 27th February 2026 revealed that the project had not been completed three (3) months after the expected completion date.

The outstanding works included floor tiling, carpentry and joinery, electrical works, plastering, painting and decorations, plumbing, metal works, roofing and external works at the PMEC, Director of Finance, DMMU, Senior Accountant and Account Administrative, Permanent Secretary and Minister's Office blocks.

Further:

- The Ceiling in the Senior Procurement Officer's office had stains of leakages and two windows in the Office of the Head for Procurements had spaces which allowed rainwater to sip through.
- Cracks which were earlier mended in the walls had reappeared on the walls and the back side of the office had not been painted.
- One (1) hard wood door to the entrance of the hallway had not been fitted and the contractor was not on site.

In addition, the Procurement unit office had been occupied by staff before certification of completed works and handing over of the structure.

As of April 2026, the Provincial Administration had not terminated or extended the contract despite the contractor having not completed the works and no liquidated damages had been recovered from the contractor for the delayed works.

c. Programme 6102: Natural Resource Management

The objectives of the programme were to facilitate; management of natural resources, raise non-tax revenue, provision of adequate water resources, accurate weather forecasts, surveillance for climate related risks, blitz patrols, re-afforestation and ensure that 30 percent of forests were protected.



The following observations were made:

i. Concessioner's Operating Without ZEMA Licenses

Section 29 (1) of the Environmental Management Act No. 12 of 2011 provides that a person should not undertake any project that may have an effect on the environment without the written approval of the Agency and that a person, appropriate authority or other public body should not grant a permit or licence for the execution of a project referred to in subsection (1) unless an approval for the project is granted by the Agency.

Contrary to the Act, five (5) companies who were issued with concession licences operated without approval from the Zambia Environmental Management Agency (ZEMA) during the period under review.

ii. Lack of Nurseries by Concessionaires

Part 9.0 (a) of the checklist of requirements for each particular type of concession licence requires that the concessionaires commit on Forest Regeneration Management and Reforestation Plan through forest nursery plans to support enrichment planting in target forest concession areas during the operational period of the forest concession license.

Contrary to the Requirements, a physical inspection carried out in February 2026 revealed that sixteen (16) concessionaires had not planted nurseries. See table 3 below.

Table 3: Concessionaire Without Nurseries

No.	District	Company Name	Type of License	Status of License
1	Manyinga	LYC Timber suppliers	Medium	Active
		Bluesky Plywood Resource Limited	Small	Active
		Wiseman Siangulube	Small	Active
		Hensa Timbers and Mining Limited	Large	Active
2	Mwinilunga	Nyiloji Timber Processing Limited	Small	Active
		Chibwika Chiefdom Development Trust	Small	Active
		Jiu Tang	Medium	Active
		Muwe-ma Agencies Limited	Medium	Active
3	Zambezi	Lunda Lubanza Development Trust	Small	Active
		Luwi Wood General Dealers	Small	Active
		Kakwezhi Suppliers	Medium	Active
		Rwenzori Timber Limited	Medium	Active
		Timber Junction	Medium	Active
		Unene Trading Limited	Small	Active
4	Mufumbwe	Sharma Brothers	Large	Active
		Chikanji Construction Limited	Large	Active

d. Failure to Safeguard Property – Ikelenge District Administration Office - Programme 6199 – Management and Support Services

Regulation 4 (1) (d) of the Public Finance Management (General) Regulations of 2020 stipulates that subject to the direction of the controlling body, the functions of an accounting authority are to manage and safeguard assets among others.

A physical inspection of a newly built house for the District Commissioner carried out on 13th February 2026 revealed that the house had no caretaker and it had been vandalised in that the ZESCO Service cable, four (4) window fittings and a sink had been stolen.

As at 30th April 2026, no police report for the stolen items had been availed for audit. See pictures below.



Unkept Surrounding at the District Commissioner's House

e. Artisanal and Small-Scale Mining (ASM) - Other Receipts and Payments – General Deposit Account (GDA)

In October 2025, the Government of the Republic of Zambia embarked on Phase II programme of training and issuing mining licenses to Artisanal and Small-Scale Mining (ASM) miners.

The program was to train and issue licenses to Artisanal and Small-Scale Mining (ASM) miners in Solwezi and Mufumbwe in order to formalize the sector and promote safe, legal, transparent mining, trade practices and enhance national security.

In this regard, the Provincial Administration targeted to train 532 artisanal and small scale miners in Solwezi (400) and Mufumbwe (132) districts during the period under review.

The objectives of the program were to:

- Formalize the sector and promote safe, legal, transparent mining, trade practices and enhance national security.



- Reduce huge losses in both revenue and human life particularly among the youths involved in unsafe and unregulated mining activities.

In particular, the following were observed:

i. Irregular Payment for Conference Facilities

On 12th November 2025, the Provincial Procurement Committee considered the proposed procurement of accommodation, catering and conference hall facilities for the training of Artisanal and Small-Scale Miners to be trained under the Ministry of Mines and Minerals Development. However, a review of the Provincial Procurement Committee minutes revealed that the Committee resolved not to approve the proposed award of contracts to the identified lodges. The Committee noted that the Ministry of Mines and Minerals Development had already identified and selected the service providers and had instructed the participants to proceed to North-Western Province for the training. Further, the Committee directed that the procurement process be undertaken by the Ministry of Mines and Minerals Development, with the corresponding funds to be transferred back to the Ministry to facilitate the procurement in accordance with the procurement procedures.

Contrary to the resolution of the Provincial Procurement Committee, the Provincial Administration Office proceeded with the procurement process and engaged three (3) lodges that offered the services during the period from 4th to 22nd November 2025. Consequently, on 31st December 2025, payments in amounts totalling K6,236,160 were made to three (3) lodges for the provision of accommodation, catering and conference hall facilities for the training programmes.

A further review of the available records revealed that contrary to Section 34 (1) of the Public Procurement Act No. 8 of 2020, on 26th December 2025, the Provincial Procurement Committee reconvened to consider and approve the same procurement for services which had already been provided in November 2025.

ii. Excess Payments to Suppliers

Section 26 (2) (a-b) of the Public Procurement Act No. 8 of 2020 requires payments made for any procurement to be within the approved budget and approval by the Tender Committee.

A scrutiny of Tender Minutes Circular Papers No.03 and 04/2025 dated 26th December 2025 revealed that the Procurement Committee had approved amounts totalling K2,243,250 to pay Aaso Hotel and First Inns Lodge for accommodation and meals for participants.



However, amounts totalling K5,063,100 were paid to the hotel and lodge resulting in an excess payment of K2,819,850.

As of April 2026, no authority to pay the excess amount had been availed for audit scrutiny. See table 4 below.

Table 4: Excess Payments

Name of Lodge	Service/Goods to be Provided	Approved Contract Amounts K	Amounts Paid K	Excess Amounts K
Aaso Hotels	Accommodation and Meals of 65 participants	1,595,250	4,039,600	2,444,350
First Inns Lodge	Accommodation of 57 participants	648,000	1,023,500	375,500
Total		2,243,250	5,063,100	2,819,850

iii. Failure to Vet Suppliers with ZRA Before Payments

Treasury and Financial Management Circular No.7 of 2023 stipulates that to ensure that the Zambia Revenue Authority (ZRA) collects all taxes due from payments to suppliers of goods or services as required by law, 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, the Provincial Administration Office did not obtain clearance from ZRA for payments in amounts totalling K6,246,160 made to four (4) institutions for the supply of goods and services.

f. Cross Cutting Issues

i. Failure to Insure Motor Vehicles

Cabinet Office Circular minute number CM10 of 2023 guided that all government vehicles must be insured under comprehensive cover.

Contrary to the Circular, four (4) motor vehicles owned by the Provincial Administration Office had not been insured with comprehensive insurance cover as at 30th June 2026.

ii. Failure to Maintain Motor Vehicles

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.”



Contrary to the Regulation, eight (8) motor vehicles which developed mechanical faults were not maintained and were consequently non-runners.

33 Head: 98 Office of the President - Southern Province

33.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

33.2 Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial year ended 31st December 2025, a provision of K153,609,506 was made to cater for the operations of the Provincial Administration against which amounts totalling K143,599,953 were released resulting in an underfunding of K10,009,553.

As at 31st December 2025, amounts totalling K142,093,004 had been spent leaving a balance of K1,506,949. See table 1 below.

Table 1: Budget, Funding and Expenditure

No.	Programme	Authorised Budget K	Funding K	Varriance K	Expenditure K
1	Management and Support Services	72,083,118	66,501,502	5,581,616	65,352,300
2	Community Development and Social Service	35,761,946	34,881,564	880,382	34,860,016
3	Economic Development	21,384,654	19,444,692	1,939,962	19,328,350
4	Local Government Services	2,938,419	2,469,566	468,853	2,439,535
5	Natural Resource Management	21,441,369	20,302,629	1,138,740	20,112,803
	Total	153,609,506	143,599,953	10,009,553	142,093,004

33.3 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration and four (4) selected district offices for the financial year ended 31st December 2025 and physical inspections of selected projects carried out in January 2026 revealed the following:

a. Other Receipts and Payments

During the period under review, there were additional funds totalling K28,343,827 from locally generated income and line Ministries to conduct various activities. In addition, there was a balance brought forward of K25,861,085 in respect of retained



funds and savings made from the previous year bringing the total available funds to K54,204,912. See table 2 below.

Table 2: Other Receipts and Payments

No.	Account	Bal b/f K	Funding K	Available Funds K	Expenditure K	Bal c/f K
1	General Deposit	2,343,325	9,083,137	11,426,461	9,782,430	1,644,031
2	DMMU	17,908	1,742,102	1,760,010	1,588,596	171,414
3	Drilling Account	183,182	194,849	378,031	158,649	219,382
4	Southern Expo	11,396	7,928,392	7,939,788	6,931,386	1,008,402
5	HIPC	22,803,498	5,425,964	28,229,462	18,671,941	9,557,521
6	Sawmills	94,059	111,973	206,031	202,971	3,060
7	SPPA	184,233	305,217	489,451	342,650	146,801
8	Loan Revolving A/C	102,535	328,024	430,558	384,500	46,058
9	Third Party	2,472	-	2,472	0	2,472
10	DHID	1,445	567,500	568,945	516,710	52,235
11	SPSAC	5,301	48,745	54,046	53,425	621
12	M&S Enterprises	82,568	1,949,900	2,032,468	2,002,487	29,981
13	PATF	210	-	210	(0)	210
14	Mines Account	28,604	658,026	686,630	662,174	24,456
15	PCW	348	-	348	-	348
	Total	25,861,085	28,343,827	54,204,912	41,297,920	12,906,992

As at 31st December 2025, amounts totalling K41,297,920 had been spent leaving a balance of K12,906,992.

b. Youth Empowerment Programme

i. Failure to List Defaulters on Credit Reference Bureau

Guideline No. 11 (iii) of the Multi-sectoral Youth Empowerment Programme stipulates that the Ministry of Youth, Sports and Arts will not excuse the borrower for failing to pay instalments due to loss of business, competition or low customer turnout. Therefore, all defaulters will be reported and listed on the Credit Reference Bureau.

Contrary to the Guideline, 181 loan beneficiaries who received motor bikes costing K5,375,700 and five (5) business entities and youth groups who received loans in amounts totalling K1,530,400 had defaulted for periods ranging from four (4) to twenty-seven (27) months. The defaulters had not been reported and listed on the Credit Reference Bureau. See table 3 below.



Table 3: Failure to Report and List Defaulters

Description	No. of Borrowers	No. Months in Default	Amounts Defaulted K
Motorbikes	181	4 to 16	1,455,996
Loans	5	15 to 27	1,131,250
Total	186		2,587,246

ii. Failure to Repossess Assets from Defaulters

Guideline No. 11 (ii) of the Multi-Sectoral Youth Empowerment Programme stipulates that failure to start repaying the loan within three (3) months of receipt will result in the Ministry repossessing the equipment purchased.

Contrary to the Guideline, the Ministry had not repossessed 162 motorbikes from borrowers who had failed to start repaying the loans within three months of receiving the loans. As at 31st July 2026, no amount had been recovered by the Ministry.

c. Failure to Settle Outstanding Bills - Management of Liabilities

As at 31st December 2025, the Provincial Administration Office had accrued debts in amounts totalling K10,182,985 in respect of personal emoluments, utility bills, suppliers of goods and services and personnel related arrears, some of which had been outstanding from as far back as 2004. See table 4 below.

Table 4: Failure to Settle Outstanding Bills

No.	Type of Bill	Amount K
1	Personal Related Arrears	9,074,934
2	Suppliers of goods and services	753,807
3	Electricity Bills	21,873
4	Water Bills	147,959
5	Rentals	184,412
	Total	10,182,985



34 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 of 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.
- Review and amend the relevant legislation to provide for the assessment and collection of revenue from regulated online casinos.

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 review 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.
- Ensure that all procurements are processed through e-GP system in accordance with applicable procurement procedures, except where formally authorised otherwise.

iv. Record Keeping

- Develop a standardised record-keeping system that is digitised 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.

vi. 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.

vii. Remittance of Statutory Contributions

- Establish a system that ensures timely remittance of statutory contributions such as taxes and pension payments from all eligible employees.
- The MPAs should consider having a dedicated officer assigned 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

35 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.

36 Recommendations of the Public Accounts Committee

The status on the Outstanding Issues remains unchanged from what was reported in the Report of the Auditor General on the Accounts of the Republic for the Financial Year ending 31st December 2022.

Refer to the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31st December 2022.



37 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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