



REPUBLIC OF ZAMBIA

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE

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

FOR THE

FIFTH SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

Published by the National Assembly of Zambia

FOREWORD

Honourable Madam Speaker, the Public Accounts Committee has the honour to present its Report on the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2024, for the Fifth Session of the Thirteenth National Assembly. The Public Accounts Committee considered the Report of the Auditor General in accordance with its terms of reference, as espoused under Standing Order 204 (1) (a), of the National Assembly of Zambia, Standing Orders, 2024.

The Report of the Auditor General was produced in accordance with Article 250 of the *Constitution, Chapter 1 of the Laws of Zambia; the Public Audit Act, Chapter 378 of the Laws of Zambia; and the Public Finance Management Act, No. 1 of 2018*. During the audit process, the Office of the Auditor General interacted with different Controlling Officers whose accounts were cited at various levels.

The interaction enabled Controlling Officers to clarify and take corrective measures on the findings of the audit. Therefore, the queries raised in the Report are those that were not resolved during the audit process of the Financial Year Ended 31st December, 2024.


During the interaction with Controlling Officers, the Committee noted various irregularities, among them, the lack of adherence to laws and regulations; wasteful expenditure; misapplication of funds; theft or loss resulting from negligence or criminal conduct; failure to implement effective revenue collection measures; failure to follow procurement procedures and contractual obligations; and failure to institute disciplinary measures to deter would-be offenders, which are reflected in the Committee's Report. Additionally, the Report contains recommendations aimed at addressing the irregularities cited above.

The Committee held thirty-three meetings to consider both oral and written submissions from ministries; provinces; and agencies cited in the Report. The Committee further received technical guidance from the Auditor General; Accountant General; and Controller of Internal Audit, and also interacted with the Secretary to the Treasury, who was requested to comment on the Auditor General's recommendations.

The Committee's Report is organised in two Parts. Part I contains the Auditor General's Comments and responses from the Secretary to the Treasury; and Part II captures the responses from Controlling Officers on the individual audit queries and the Committee's observations and recommendations, thereon. Note that the report was expected to contain Part III, which comprises reports on Outstanding Issues and Treasury Minutes. However, the Executive did not avail the aforementioned reports to the National Assembly of Zambia.

The Committee wishes to pay tribute to all stakeholders who appeared before it and made both oral and written submissions. It also wishes to thank the Honourable Madam Speaker and the Office of the Clerk of the National Assembly for the services rendered throughout its deliberations.

The Committee is hopeful that the observations and recommendations contained here-in will be fully implemented by the Executive in order to ensure prudent management of public resources.

P.P. 
Mr Warren Chisha Mwambazi, MP
CHAIRPERSON

April, 2026
LUSAKA

Note: This report should be read together with the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2024, available at www.ago.gov.zm

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ACRONYMS

ABGTL	Adiya Birla Global Trading Singapore PTE Limited
AF	Additional Financing
ALI	Alternative Livelihood Interventions
APCBL	Alliance Procurement and Capacity Building Limited
ASYCUDA	Automated System for Customs Data
BADEA	Bank for Economic Development in Africa
BOQ	Bill of Quantities
BCDRP	Business Continuity and Disaster Recovery Plan
CDA	Community Development Assistant
CDF	Constituency Development Fund
CGAPs	Central Government Accounting Policies
CIRF	Correctional Industries Revolving Fund
CPP	Compendium of Policies and Procedures
CRBs	Classrooms Blocks
CT	Computed Tomography
CWACs	Community Welfare Assistance Committees
DACOs	District Agriculture Coordinating Offices
DARP	Draft Audit Report Paragraph
DEC	Drug Enforcement Commission
DEO	District Education Office
DFLCO	District Fisheries and Livestock Coordinating Office
DHO	District Health Office
DHISS	Digital Health Information Systems Sustainability
DIS	Direct Input Supply
DMMU	Disaster Management and Mitigation Unit
DRP	Disaster Recovery Plan
DWRD	Department of Water Resource Development
DWSS	Department of Water Supply and Sanitation
ECE	Early Childhood Education
ECZ	Examinations Council of Zambia
EHR	Electronic Health Record
EMIS	Electronic Management Information System
EMLIP	Essential Medicines Logistics Improvement Program
ER	Establishment Register
FISP	Farmer Input Support Programme
FSP	Food Security Programme
FSPs	Financial Service Providers
FRA	Food Reserve Agency
FTC	Farmer Training Centre
GCC	General Contract Condition
GCE	General Certificate of Education
GDA	General Deposit Account
GPE	Global Partnership for Education
GRN	Goods Received Note
GRZ	Government of the Republic of Zambia
HGBOM	Hostels Board of Management
HGSM	Home-Grown School Meals
HPCZ	Health Professions Council of Zambia
ICT	Information and Communication Technology
IDA	International Development Association

IFMIS	Integrated Financial Management Information System
IHMSA	Institute for Health Measurement Southern Africa
IMF	International Monetary Fund
INRIS	Integrated National Registration Information System
INTOSAI	International Organisation of Supreme Audit Institutions
IP	Intellectual Property
IPCs	Interim Payment Certificates
ISSAIs	international Standard for Supreme Audit Institutions
ITT	Invitation to Treat
MIHUD	Ministry of Infrastructure, Housing and Urban Development
MIS	Management Information System
MMMD	Mines and Minerals Development
MoFNP	Ministry of Finance and National Planning
KGS	Keeping Girls in School
LIMS	Laboratory Information Management System
MPAs	Ministries, Provinces and Agencies
MoU	Memorandum of Understanding
NAPSA	National Pensions Scheme Authority
NBFI	Non-Bank Financial Institutions
NDW	National Data Warehouse
NHIMA	National Health Insurance Management Authority
NIR	National Identity Register
NMCZ	Nursing and Midwifery Council of Zambia
NRFA	National Road Fund Agency
NRC	National Registration Card
OAG	Office of the Auditor General
OFID	OPEC Fund for International Development
OPD	Outpatient Department
OUs	Organisation Units
PACO	Provincial Agriculture Coordinating Office
PACRA	Patents and Companies Registration Agency
PAD	Project Appraisal Document
PAYE	Pay As You Earn
PBTC	Provincial Blood Transfusion Centre
PEO	Provincial Education Office
PFLCO	Provincial Fisheries and Livestock Coordinating Office
PHO	Provincial Health Office
PIT	Project Implementation Team
PMEC	Payroll Management and Establishment Control
PMT	Proxy Means Test
PPMs	Pay Point Managers
PPS	Personalised Passport Issuance System
PSMD	Public Service Management Division
PWAS	Public Welfare Assistance Scheme
RDCs	Recurrent Departmental Charges
RPO	Recovery Point Objective
RSL	Road Service Licence
RTO	Recovery Time Objective
RTSA	Road Transport and Safety Agency
SCC	Special Conditions of Contract
SCT	Social Cash Transfer
SCTMIS	Social Cash Transfer Management Information System

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

MEMBERSHIP OF THE COMMITTEE

The Committee consisted of: Mr Warren Chisha Mwambazi, MP (Chairperson); Mrs Jacqueline Sabao, MP; (Vice-Chairperson); Ms Sibongile Mwamba, MP; Mr Golden Mwila, MP; Mr Victor Lumayi, MP; Mr Luckson M Lungu, MP; Mr Nicholas Mukumbi, MP; Mr Jonathan Daka, MP; Mr Imanga Wamunyima, MP; and Mr Brian Kambita, MP.

PART I

AUDITOR GENERAL'S COMMENTS AND THE RESPONSES FROM THE SECRETARY TO THE TREASURY

a. Introduction

The Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December 2024, was produced in accordance with Article 250 of the *Constitution, Chapter 1 of the Laws of Zambia* and was submitted to the President of the Republic of Zambia and the Speaker for tabling in the National Assembly, in accordance with the provisions of Article 212 of the Constitution.

Treasury Comment

The Secretary to the Treasury commended the Auditor General for once again fulfilling his mandate in accordance with the *Constitution, Chapter 1 of the Laws of Zambia* Article 250 of the Constitution of Zambia. The mandate gave an assurance that Government Institutions were being held accountable for public funds they were entrusted with.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

b. Audit of Public Accounts

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

Article 212 required the Auditor General to, not later than nine months after the end of the financial year, submit an audit report to the President and the National Assembly, on the Accounts of the Republic audited in respect of the preceding year.

Article 250 (1) (a) to (d) mandated the Auditor General 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 related 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 involved the use of public funds;
- (d) ascertain that money appropriated by Parliament or raised by the Government and disbursed;
 - i. had been applied for the purpose for which it was appropriated or raised;
 - ii. was expended in conformity with the authority that governed it;
 - iii. was expended economically, efficiently and effectively; and

- (e) recommended to the Director of Public Prosecutions or a law enforcement agency any matter within the competence of the Auditor General that would require to be prosecuted.

The *Public Finance Management Act No. 1 of 2018* provided 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.

Treasury Comment

The Secretary to the Treasury noted that the deadline for the submission of the Report to the President and the National Assembly as stipulated under Article 212 of the Constitution was met and pledged his continued support to the Auditor General in fulfilling this mandate.

The Secretary to the Treasury further stated that the Auditor General's opinion on the Financial Report of the Republic was well noted and it guided the nation on the levels of adherence to public finance management legislations during budgeting and budget execution.

The audit of accounts of State organs; State institutions; Provincial Administration; Local Authorities; and institutions financed from public funds, was provided for under Article 250(1)(a) to (d), which offered clear guidance on the scope and expectations of the audit function. It also facilitated continuous engagement between the Auditor General and Controlling Officers, thereby enhancing awareness of the Auditor General's mandate and minimised any expectation gaps between the parties.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

c. Scope of Audit

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

The report on the audits of the Constituency Development Fund (CDF) would be produced separately in line with Section 13 (3) of the *Constituency Development Fund Act No. 11 of 2018*. This Act had since been repealed and replaced with the *Constituency Development Fund Act No. 1 of 2024*, which had the same provision under Section 20 (3).

Treasury Comment

The Secretary to the Treasury stated that the scope covered by the audit was noted and was crucial in ensuring clarity and alignment of audit expectations amongst the stakeholders. This also helped the Treasury to be aware of the requirements of the Auditor General, with regard to the resources needed to carry out an audit efficiently and effectively.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

d. Audit Methodology

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards required planning an audit; conducting risk assessment; designing and conducting audit procedures; and reporting on the audit findings. The standards required the Auditor General to consider the following five steps:

i. Planning

The planning phase focused on obtaining an understanding of the auditee's business; its challenges and risks; organisational structure; key business and financial reporting processes; and trends to enhance the effectiveness and efficiency of the audit.

ii. Risk Assessment

This process included meeting with the audit committee, financial and other key personnel of the auditee. It also involved reviewing the financial reporting implications arising from strategic goals; objectives; business plans; and risk areas. During the risk assessment, the audit considered how fraud or error could have resulted in a material misstatement of the auditee's financial statements.

iii. Evaluation and Internal Controls

In developing an audit strategy, the standards required the Auditor General to obtain an understanding of the entity and its environment, including its internal controls and work performed by the Internal Audit function. The process began by evaluating controls at the entity level that related to financial reporting. This assessment included aspects of the control environment; risk assessment; monitoring; information systems (including information technology); and financial reporting processes.

Further, an understanding of controls over financial reporting activities such as the recording and processing of transactions was obtained. This helped to:

- identify the types of misstatements that could have occurred, whether due to error or fraud;
- evaluate the internal control deficiencies that might have increased the risk of material misstatement; and
- design internal control testing strategies where such an approach was appropriate.

iv. Audit Testing

The audit approach focused our efforts on those financial statement assertions that had an increased risk of material misstatement. Based on the understanding and knowledge of the auditee, it was expected that a platform to conduct a combination of tests of controls, detailed substantive testing, and analytical procedures was created.

v. Concluding and Reporting

Reporting was normally done in a management letter to the auditee, but the ISSAIs allowed for verbal communication as an alternative. The management letter described the misstatements clearly and, when appropriate, included recommendations.

In the course of preparing the report, each Controlling Officer was sent the appropriate Interim Management Letters. Verification was conducted after explanations and supporting documents were provided in response to the issues raised in the management letters, 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 accuracy of the facts presented. Where the comments differed from the facts presented and were proven to be valid, the affected DARP was amended accordingly.

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

Treasury Comment

The Secretary to the Treasury submitted that the various stages of the audit were well outlined and were important for the following reasons.

The audit planning process increased the effectiveness and efficiency of the audit because it ensured that all areas of the audit were given appropriate attention. The process improved relations with the auditors and avoided misunderstandings and in this regard, the Treasury would ensure that all institutions being audited participated effectively during this stage.

Risk assessment and evaluation of internal controls entailed identification of risks and in turn guided on the audit procedures to be used during auditing. This process resulted in identification of internal controls and evaluation of their adequacy in reducing risk to residual risk at a manageable level. The Treasury would continue to implement appropriate internal controls so that residual risk was always at manageable levels.

The Draft Audit Report Paragraph provided an opportunity for the Controlling Officers to comment on and confirm the correctness of the facts presented before the final report was issued. It also provided an opportunity for the Controlling Officers to resolve some of the issues raised and to put in place measures to prevent the escalation of preliminary queries.

The Treasury had communicated to all the Controlling Officers the various stages of the audit and further urged them to take advantage of the given timelines to resolve preliminary audit queries.

The risk-based audit approach adopted by the Auditor General ensured that all high-risk Ministries, Provinces, and Agencies were audited for compliance with public finance management legislation, guidelines, and rules.

Committee's Observations and Recommendations

The Committee urges the Auditor General to continue conducting the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). The Committee also urges the Treasury to put in place measures to strengthen adherence to the audit process.

e. Statement of Revenue, Financing and Expenditure for the Financial Year Ended 31st December, 2024

According to Article 211 of the *Constitution Chapter 1 of the Laws of Zambia*, the Minister responsible for finance should, within three months after the end of each financial year, prepare and submit to the Auditor General the financial report of the Republic in respect of the preceding financial year. The Auditor General should, within two months of receipt of

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

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

The Government had adopted and was 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 2024 was as shown below.

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

The total originally budgeted expenditure for the year under review was K177,891,868,878.00. In addition, there was a supplementary provision of K53,681,926,617.00, bringing the total final budgeted expenditure amount to K231,573,795,495.00. The actual expenditure for the year, was K189,345,173,801.00, resulting in a net under expenditure of K42,228,621,695.00. During the period under review, the actual revenue collections amounted to K192,018,677,986.00 while the actual expenditure was K189,345,173,801.00 resulting in a net surplus of K2,673,504,185.00. 5.1 Surplus in Revenue as reflected in the statement B of the Financial Report for the year, the actual revenue collected was more than the estimated revenue by K14,126,809,092.00, as detailed below.

Treasury Comment

The Treasury noted and appreciated the audit observations made regarding the Outturn reflected in statement B- Statement of Comparison of Budget and Actual Amounts (Budget Execution) for the financial year ended 31st December 2024.

The original budget for the year under review of K177,891,868,893.00, was approved on 22nd December, 2023 by the National Assembly. Further, on 16th August, 2024, a supplementary budget amounting to K41,916,400,133.00 and another amounting to K11,765,526,485.00 on

20th December, 2024, were approved by the National Assembly, bringing the total final budget to K231,573,795,511.00 for the year ended 31st December 2024.

The total actual expenditure amounted to K189.03 billion. Of this amount, K53.09 billion (27 per cent) was spent on Personal Emoluments; K47 billion (25 per cent) on financial charges; and K12 billion (6 per cent) on principal repayments for external debt. A further K31 billion (16 per cent), was spent on goods and services, while the remaining balance was directed towards Grant-Aided Institutions; investments in non-financial assets; assets under construction; social benefits; and other related expenditures.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

f. Revenue

During the year under review, total revenue collections amounted to K168.20 billion, against a budget target of K144.55 billion, resulting in a favourable variance of 16.37 per cent. Grants performed exceptionally well, recording a positive variance of 248.75 per cent. Non-tax revenue exceeded the budget by 55.14 per cent, while tax revenue was 4.24 per cent above target.

A year-on-year comparison shows an 18.10 per cent increase in total receipts, rising from K142.42 billion in 2023, to K168.20 billion in the year under review. The improvement in tax revenue was largely driven by higher volumes and values of taxable goods, alongside increased copper production and favourable copper prices.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

g. Audit Opinion on the Accounts

The financial statements of the Republic of Zambia for the financial year ended 31st December 2024, which comprised 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 the opinion of the Auditor General, the accompanying financial statements presented fairly, in all material respects, the 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 for the year ended 31st December 2024, in accordance with the International Public Sector Accounting Standard (IPSAS) Cash Basis of Accounting and the Central Government Accounting Policies (CGAPs) No. 2.

Treasury Comment

The Secretary to the Treasury noted the Audit Opinion on the financial statements of the Republic for the financial year ended 31st December 2024. The Treasury would continue with the fair presentation of all material facts in the aforementioned Statements constituting the Financial Report and would ensure that applicable reporting frameworks were used at all times.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

h. Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). The Auditor General's responsibilities under these standards were further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. The Auditor General was 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 were relevant to the audit of the financial statements in Zambia, and fulfilled the ethical responsibilities in accordance with those requirements and the INTOSAI Code. The Auditor General believed that the audit evidence obtained was sufficient and appropriate to provide a basis for his opinion.

Treasury Comment

The Secretary to the Treasury submitted that the basis of the opinion was established after obtaining sufficient independent evidence from the Ministry of Finance and National Planning. In this regard, the Treasury would continue to uphold the independence of the Auditor General and encourage full cooperation from Controlling Officers during audits, so that the opinions issued accurately reflect the true state of affairs in public institutions.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

i. Key Audit Matters

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

However, it was determined that there were no key audit matters to communicate.

Treasury Comment

The Treasury notes that there were no key audit matters to communicate for the period under review. This reflected Controlling Officers' commitment to upholding Public Finance Management legislation, guidelines, and rules, as well as their sustained adherence to principles of good corporate governance.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

j. Responsibilities of Management and those charged with Governance for the Financial Statements

Management was 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 determined was necessary to enable the preparation of financial statements that were free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management was 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 intended to dissolve the Ministry of Finance and National Planning or to cease operations, or had no realistic alternative but to do so.

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

Treasury Comment

The Treasury noted that the responsibility of Management and those charged with governance to adopt sound accounting policies and to establish and maintain strong internal controls. The Treasury would continue to promote a robust control environment across all Government institutions through ongoing reviews of internal controls and the sensitisation of stakeholders involved in public expenditure, in line with public finance management legislation.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

k. Auditor's Responsibilities for the Audit of the Financial Statements

The Auditor General's objectives were to obtain reasonable assurance about whether or not the financial statements were free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included his opinion. Reasonable assurance was a high level of assurance but was not a guarantee that an audit conducted in accordance with ISSAIs would always detect a material misstatement when it existed. Misstatements could arise from fraud or error and were 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, the Auditor General exercised professional judgment and maintained professional scepticism throughout the audit. he also:

- i. Identified and assessed 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 obtained audit evidence that was sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud was higher than for one resulting from error; as fraud would involve collusion; forgery; intentional omissions; misrepresentations; or the override of internal control.

- ii. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that were 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.
- iii. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Concluded 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 existed related to events or conditions that would cast significant doubt on the Ministry of Finance and National Planning's ability to continue as a going concern. If the Auditor General concluded that a material uncertainty existed, he was required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures were inadequate, to modify his opinion. The Auditor General's conclusions were based on the audit evidence obtained up to the date of the auditor's report. However, the going concern of the Ministry of Finance and National Planning was dependent on the Government policy decision.
- v. Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represented the underlying transactions and events in a manner that achieved fair presentation.

The Auditor General communicated 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 he identified during the audit.

He also provided those charged with Governance with a statement that he had complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that would reasonably be thought to bear on his independence, and where applicable, related safeguards.

In communicating with those charged with governance, the Auditor General also determined those matters that were of most significance in the audit of the financial statements of the current period and were therefore the key audit matters. He described the matters in his audit report unless law or regulation precluded public disclosure about the matter or when, in extremely rare circumstances, he determined that a matter would not be communicated in his report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Treasury Comment

The Treasury noted the Auditor General's responsibilities and thanked him for fulfilling his mandate in auditing Government Institutions diligently and with fairness. The Treasury would continue to engage Controlling Officers to ensure that they fully utilised the opportunities given to them during the audit by adequately providing the relevant evidence and supporting documentation so that queries raised were resolved effectively.

The Treasury had also continued to provide guidance and training to all the stakeholders in public finance management so that capacity was built which could result in zero audit queries.

Further, the Treasury had continued to engage Controlling Officers to ensure that their responsibility of having or establishing a strong control environment was fulfilled.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

1. Report on Other Legal and Regulatory Requirements

In line with Article 211 of the *Constitution, Chapter 1 of the Laws of Zambia*, the Minister responsible for Finance was required, within three 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.

The Secretary to the Treasury, in his opinion, stated the financial report of the Republic had been prepared by the Minister of Finance in accordance with Article 211 of the *Constitution, Chapter 1 of the Laws of Zambia*.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

m. Internal Control Weaknesses

The report highlighted weaknesses in internal controls as stated below.

- (a) Failure to Collect Government Revenue: various MPAs were found to be inefficient in the way revenue was collected due to poor enforcement of financial regulations and inadequate tracking mechanisms.
- (b) Non-compliance with Government Circulars and Regulations: there was a general failure to follow Government circulars and guidelines such as the Terms and Conditions of Service for the Public Service, Financial Regulations and Public Stores Regulations.
- (c) Failure to Adhere to Procurement Procedures: there were numerous instances where procurement regulations were not followed. This included poor contract management such as payment of suppliers before signing contracts, failure to claim liquidated damages, failure to encash advance payment guarantees and performance bonds for none performing contractors.
- (d) Poor Record Keeping: Weak documentation practices resulted in missing or incomplete financial records. These included missing payment vouchers and payments made but not supported with relevant documentation.
- (e) Inadequate Updating and Reconciliation of the Establishment Register and Staff Assignments: there was failure to regularly update staff records which had caused inconsistencies between actual staff placement and payroll assignments which effectively hindered the effective and efficient utilisation of human resources among the various MPAs.
- (f) Misallocation of Payroll: There were various cases where officers were drawing salaries from stations under which they were not assigned, this created unnecessary administrative confusion with respect to salary pay-outs.
- (g) Failure to Insure Government Assets: Some MPAs failed to insure Government property, leaving critical assets exposed to potential risk of losses from adverse incidents such as theft, distraction by fire and death of uninsured animals.

- (h) Failure to Remit Statutory Contributions: MPAs were found to be defaulting on remitting statutory contributions such as pension payments and taxes.
- (i) Failure to monitor and enforce guidelines in the distribution of farming inputs. There were cases where farmers benefited from farming inputs that they were not eligible for.

Treasury Comment

The Treasury noted the Auditor General’s observation and below were the steps being taken to address the matters raised:

Table 2: Steps Taken

No.	AUDIT RECOMMENDATION	TREASURY RESPONSE
1	Failure to Collect Government Revenue: various MPAs were found to be inefficient in the way revenue was collected due to poor enforcement of financial regulations and inadequate tracking mechanisms.	<p>The Treasury had continued to implement Public Financial Management (PFM) reforms aimed at strengthening the efficiency, transparency, and accountability of Government revenue collection.</p> <p>In collaboration with Smart Zambia, Treasury had prioritised the automation of revenue payment systems, particularly through the Government Service Bus (GSB) and its associated payment gateways.</p> <p>These interventions were intended to address weaknesses arising from inadequate enforcement of financial regulations and limited tracking mechanisms, with a view to eliminating revenue leakages and strengthening the integrity of the revenue collection framework.</p> <p>As at 30th November 2025, a total of 377 public services out of the targeted 380 for the year ended 2025 had been integrated onto the Government Service Bus, significantly enhancing the effectiveness of non-tax revenue collection. These services were now accessible through the ZamPortal, enabling the public to make payments in a secure and convenient manner.</p> <p>In addition, eleven out of seventeen commercial banks had been integrated into Government’s electronic payment ecosystem through the following channells: VISA and MasterCard payments: ABSA, Stanbic, and Zanaco; Mobile money payments: Airtel, MTN, and Zamtel;</p> <p>Online banking payments: Atlas Mara, Indo Zambia Bank, Zambia Industrial Commercial Bank, ZANACO, and FNB; Cash payments: ZANACO (Bill Muster).</p> <p>Further, in November 2024, Treasury introduced the USSD payment channel on ZAMTEL Mobile Money, thereby expanding access to public services, particularly for citizens without smartphones.</p> <p>The Secretary to the Treasury reported that these reforms were already yielding positive results. Year-on-year revenue</p>

collections had increased by 18.10 percent, rising from K142.42 billion in 2023 to K168.20 billion in the year under review. This performance was largely driven by higher tax revenues attributable to increased volumes and values of taxable goods, as well as improved copper production and favourable copper prices. The table below presented a breakdown of tax and non-tax revenues for 2023 and 2024.

Table 2: Comparison of Actual Revenue Year to Year

Revenue Type	2024	2023	Variance %
	K'Billion	K'Billion	
Tax	128.39	98.54	30.30%
Non Tax	27.83	16.91	64.58%
Grants	11.98	26.97	-55.58%
Total	168.20	142.42	18.10%

Regarding Non-Tax Revenue, the Treasury remained committed to expanding and strengthening the digital payment infrastructure. The Treasury was working towards integrating additional payment channels on ZamPay, including Non-Bank Financial

Institutions (NBFIs), in order to widen payment access and ensure that members of the public could access Government services through multiple, convenient platforms.

Committee’s Observations and Recommendations

The Committee notes the response, and urges the Treasury to ensure that the stipulated measures are strictly adhered to by the MPAs.

2 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.

The Treasury acknowledged the observations made by the Auditor General regarding the continued noncompliance with Government Circulars and Regulations. The Treasury shared this concern deeply, as adherence to these circulars was fundamental to maintaining order, discipline, and integrity in the management of public resources.

As the Committee was aware, **Section 11(1)(j)** of the *Public Finance Management Act No. 1 of 2018* clearly outlined the responsibilities of the Controlling Officer including the obligation to prevent financial irregularities.

This responsibility extended to ensuring that public resources were safeguarded against waste, misapplication, theft, and loss through strong internal controls and strict compliance with public financial management regulations.

Recognising the importance of strengthening oversight, the Government had revived the Internal Audit Committee at Cabinet Office.

The Committee’s mandate was to consider recommendations arising from internal audit findings as well as reports from the

		<p>Auditor General. The broader objective was to work towards achieving zero audit queries, while enhancing governance structures, improving performance, and reinforcing accountability across Ministries, Provinces and Agencies.</p> <p>In 2025 alone, the Committee had reviewed several outstanding audit queries from both internal and external audits. These deliberations had included appearances by the following entities:</p> <ul style="list-style-type: none"> • Ministry of Health; Ministry of Small and Medium Enterprise Development; Citizens Economic Empowerment Commission; • Ministry of Local Government and Rural Development; • Ministry of Education; • Ministry of Agriculture; and • Ministry of Fisheries and Livestock. <p>By bringing Controlling Officers before this Committee, the Treasury was ensuring that they addressed identified weaknesses, strengthened internal controls, and reinforced governance and compliance within their institutions.</p> <p>These measures underscored Government’s commitment to promoting a culture of compliance and accountability. The Treasury believed firmly that the strengthened oversight mechanisms would compel Controlling Officers to uphold the standards expected of them and ensure that internal control environments within MPAs were robust, efficient, and fully aligned with public financial management regulations.</p> <p>Committee’s Observations and Recommendations</p> <p>The Committee notes the response on the matter and urges the Treasury to ensure strict adherence to government circulars and regulations as stipulated.</p>
3	<p>Failure to Adhere to Procurement Procedures: there were numerous instances where procurement regulations were not followed. This included poor contract management such as payment of suppliers before signing contracts, failure to claim liquidated damages, failure to encash advance payment guarantees and performance bonds for non-performing</p>	<p>The Treasury noted the Auditor’s observation and informed the Committee that his office had put in place measures to ensure that Procurement procedures were strictly adhered to, as follows:</p> <p>Orientation Programme; The Office of the Accountant General in collaboration with the National Institute of Public Administration (NIPA) had designed an ongoing orientation programme delivered through both physical and e-learning methodologies targeting at capturing 900 Government Workers per annum in Public Finance and Procurement regulations in order to keep our officers abreast. This emanated from the realisation that part of the reason for failure to adhere to the regulation was the knowledge gap which had come about as a result of lack of staff orientation.</p> <p>Additionally, the Office of the Accountant General continued to run weekly on-line PFM clinics creating a learning pathway with deliberate intentions of closing up the knowledge gaps and sharing best practices for improved public service performance and higher public service productivity. Irregular payments and failure to follow laid down procurement procedures.</p>

		<p>Furthermore, on 13th October, 2025 the Treasury in collaboration with the world bank launched the ‘Funds Blockchain’ Technology in Zambia as an added layer of transparency, traceability and efficiency to development project financing.</p> <p>Notwithstanding the foregoing, the Government enacted the provisions of Section 25 (sub – section 1&2) of the <i>Zambia Public Procurement Authority Act No. 8 of 2020</i>, which required Controlling Officers of procuring entities to ensure that procurement procedures were effectively managed and that procurement and stores functions were handled by Procurement Officers who were members of the Zambia Institute of Purchasing and Supply. Any person who contravened this requirement committed an offence and was liable, upon conviction, to a fine not exceeding two hundred thousand penalty units, or to imprisonment for a term not exceeding two years, or to both.</p> <p>Committee’s Observations and Recommendations The Committee notes the response on the matter and urges the Treasury to ensure that MPAs strictly adhered to prescribed procurement regulations.</p>
4	<p>Poor Record Keeping: Weak documentation practices resulted in missing or incomplete financial records. These included missing payment vouchers and payments made but not supported with relevant documentation.</p>	<p>The Committee was informed that the Treasury developed adequate Policies and regulations that governed Public Financial Management. Additionally, the Treasury had labored to conduct targeted sensitisation and capacity building on the provisions of Public Finance Management legislation and regulations in MPAs.</p> <p>Regulation 17 (1) and (2) of the <i>Public Finance Management General Regulations (S.I. No. 97 of 2020)</i> clearly provided for how financial records were to be maintained.</p> <p>Secondly, Treasury had guided MPAs on the strengthening of internal controls through the pre-audit of entire payment processes. This would ensure that no payments were processed without supporting documents. The Treasury stressed that Controlling Officers found wanting in this regard would be dealt with accordingly in line with provisions of the <i>Public Finance Management Act, 2018</i> together with their Directors of Finance and Procurement Heads as record keeping was their primary function.</p> <p>Committee’s Observations and Recommendations The Committee urges the Treasury to strictly enforce the stipulated measures on officers found wanting in order to deter the reoccurrence of such anomalies.</p>
5	<p>Inadequate Updating and Reconciliation of the Establishment Register and Staff Assignments: there was failure to regularly update staff records which had</p>	<p>The Treasury acknowledged the concern and assured the Committee that appropriate action would be taken against Controlling Officers who failed to meet their obligations in this regard.</p> <p><i>Public Finance Management General Regulations No. 77(1) and 78</i> placed a clear and explicit responsibility on every public body to maintain an approved Establishment Register approved</p>

	<p>caused inconsistencies between actual staff placement and payroll assignments which effectively hindered the effective and efficient utilisation of human resources among the various MPAs.</p>	<p>Establishment Register updated staff returns, and ensure that the payroll was payroll was properly verified and reconciled. These were not optional requirements; they were mandatory controls designed to safeguard the integrity of the payroll and prevent irregularities such as overpayments, ghost workers, and misallocations.</p> <p>In addition, the Treasury submitted that the Establishment Register was a live and dynamic document. It was continuously updated as adjustments occurred within an institution's structure—for example, when job titles are retitled, when trade-offs were approved, or when Treasury Authority was issued. This meant the updating of the Establishment Register was an ongoing process, not a one-off exercise.</p> <p>Further, the Committee was informed that the Establishment Register would be compiled annually by September, for submission to Parliament as part of the Personal Emoluments estimates. This compilation required close coordination between MPAs and the Treasury to ensure that all structural and staffing changes were accurately captured before the national budget was finalised.</p> <p>The Treasury remained committed to strengthening compliance with these requirements and would continue to enforce accountability and provide oversight to ensure that Controlling Officers met their statutory obligations and that the payroll remained accurate, transparent, and reflective of the approved establishment.</p> <p>Committee's Observations and Recommendations The Committee urges the Treasury to ensure that the stipulated measures are strictly adhered to by the MPAs.</p>
6	<p>Misallocation of Payroll: There were various cases where officers were drawing salaries from stations under which they were not assigned, this created unnecessary administrative confusion with respect to salary pay-outs.</p>	<p>The Committee was informed that the Treasury had been actively implementing corrective measures to address these misallocations across Ministries, Provinces, and Agencies. Through strengthened payroll controls, enhanced reconciliation processes, and continuous verification exercises. The Treasury was working to ensuring that officers were paid strictly in accordance with their correct postings.</p> <p>The Committee was further informed that the placement of officers to positions lay within the jurisdiction of Controlling Officers. As such, some instances of payroll misallocation arose from administrative decisions at MPA level. For example, officers would be transferred to stations where their services were urgently needed, including newly constructed facilities that were operational but not yet formally gazetted. In such cases, officers physically reported to a new station while still appearing on the payroll of their former station until the administrative process was regularised While these circumstances would explain some occurrences, they did not justify non-compliance. The Treasury was committed to ensuring that Controlling Officers fully</p>

		<p>discharged their responsibilities to prevent payroll irregularities. The Treasury would continue to strengthen oversight enforce regular payroll reconciliations and provide technical support through the P MEC system to ensure that postings, transfers, and payroll changes were effected correctly and in a timely manner.</p> <p>Committee’s Observations and Recommendations The Committee urges the Treasury to ensure that the stipulated measures are strictly enforced.</p>
7	<p>Failure to Insure Government Assets: Some MPAs failed to insure Government property, leaving critical assets exposed to potential risk of losses from adverse incidents such as theft, distraction by fire and death of uninsured animals.</p>	<p>The insurance of Government Assets was of utmost importance to the prudent management of public resources and as such, Part V of <i>Public Finance Management General Regulations No. 97 of 2020, Section 41, subsections 1, 2 and 3</i> gives clear guidelines on the Insurance of Public Assets. This was further amplified in Chapter IV of the Government Fleet Management Policy with regard to the Insurance of motor vehicles, plant and equipment and outlined the mandatory requirements as follows:</p> <p>MPAs shall ensure that all motor vehicles, plant and equipment are always insured comprehensively;</p> <p>All newly acquired motor vehicles, plant and equipment shall be insured at not less than 100 per cent of the purchase price in year one; Insurance of motor vehicles, plant and equipment in year two and subsequent years shall be done at 20 per cent depreciation; No Government motor vehicle plant and equipment shall be utilised without being insured; and Insurance disks shall be displayed on all Government motor vehicles, plant and equipment; <i>All MPAs should adequately budget for the insurance of motor vehicles, plant and equipment</i> MPAs should ensure that motor vehicle plant and equipment are insured with reputable insurance companies recognised by the Pensions and Insurance Authority (PIA), upon allocation of the GRZ Number The Treasury would ensure that all MPAs were re-oriented on the management public assets as a matter of urgency and subsequently, where MPAs neglect this duty, the Treasury would not hesitate to charge such Controlling Officers.</p> <p>Committee’s Observations and Recommendations The Committee urges the Treasury to ensure strictly adherence to the prescribed regulations regarding the management of public assets.</p>
8	<p>Failure to Remit Statutory Contributions: MPAs were found to be defaulting on remitting statutory contributions such as pension payments and taxes.</p>	<p>The Treasury informed that, as provided for under the Public Finance Management Act, the overall responsibility of the remittance of statutory contribution lay with the Controlling Officer.</p> <p>During the 2024 fiscal year, there were isolated instances in which MPAs failed to remit statutory obligations relating to payments for other emoluments. In an effort to address this lapse, the Treasury had continued to urge Controlling Officers whose MPAs were in default to strictly adhere to the remittance of overdue statutory obligations and to clear any outstanding</p>

		<p>commitments in the current financial year without exception. This directive from the Treasury underscored the critical importance of fiscal responsibility and accountability within government institutions.</p> <p>Committee’s Observations and Recommendations The Committee notes the response on the matter.</p>
9	<p>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.</p>	<p>In light of the audit observations, Treasury had noted with concern the weaknesses in monitoring mechanisms governing the distribution of farming inputs.</p> <p>To address this, Government had embarked on the integration of key Government systems, including the Farmer Support Programme (FSP), the Sustainable Agriculture Financing Facility (SAFF), and the Zambia Integrated Agriculture Management Information System (ZIAMIS). This integration was intended to identify and flag ineligible beneficiaries and to prevent individuals from benefiting from multiple programmes, which deprived deserving farmers of support under FISP.</p> <p>The Committee was informed that, through this system integration, a number of ineligible beneficiaries had been identified, and recoveries had since been affected through the Ministry of Agriculture. This initiative was part of broader efforts to strengthen monitoring enhance accountability, and improve programme integrity.</p> <p>Further, continuous sensitisation on FISP guidelines and eligibility criteria had been undertaken by respective line Ministries (Agriculture, Community Development & Agriculture) targeting both civil servants and farmers Government was also working towards integrating ZIAMIS with the Payroll Management and Establishment Control(PMEC) system and the National Pension Scheme Authority (NAPSA) to curb the inclusion of ineligible beneficiaries Currently, data sharing arrangements between PMEC and NAPSA were in place to support the removal of ineligible beneficiaries from the programme. In this regard, Government, through the Ministry of Agriculture, had been cleaning the FISP register by removing ineligible beneficiaries, including civil servants, and the Committee noted that recoveries had been effected from those identified.</p> <p>Committee’s Observations and Recommendations The Committee notes the response on the matter.</p>

PART II-PARAGRAPHS

INFORMATION SYSTEMS SECTION

CONSIDERATION OF SUBMISSIONS ON THE AUDIT FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

MINISTRY OF FINANCE AND NATIONAL PLANNING–PAYROLL MANAGEMENT AND ESTABLISHMENT CONTROL (PMEC) AND THE INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM (IFMIS) (PARAGRAPH 7)

a. Weaknesses in the Management of the PMEC Application

i. Failure to Reject Introduction of Officers Below Employable Age

The Controlling Officer submitted that there was an inconsistency in the dates of birth in the schedules that were submitted by some MPAs due to human error at upload onto the PMEC system during the introduction of the 30,000 teachers and 11,000 health workers. Further, due to the limited time allocated to place the new employees on the payroll and the bulkiness of the data, Management used the Legacy System Migration Workbench (LSMW). The LSMW programme failed to validate and restrict the age limit in accordance with the PMEC system configuration.

The Committee was informed that the use of the LSMW programme for hiring employees on the PMEC system had been discontinued, and that the responsibility for normal employee hiring on the PMEC system had been decentralised to all MPAs. The Committee was further informed that when employees were hired following the normal sequence, the PMEC System validated the age limit. Further, MPAs had since corrected the dates of birth on the PMEC System for all affected employees.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

ii. Payment of Net Pay Below 40 Per Cent

The Controlling Officer submitted that there were technical challenges in the configuration of the 40 per cent Net Pay Policy on the PMEC System, leading to some Net Pays dropping to a percentage lower than 40 per cent. The Committee was informed that the issue had been brought to the attention of the Ministry’s consultants for possible resolution. Management was awaiting a resolution of the issue by the consultant and also intended to strengthen the Internal Audit processes for early detection of such issues for quick resolution.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to expedite engagement with the Ministry’s consultants to resolve the technical challenges affecting the configuration of the 40 per cent Net Pay Policy on the PMEC System. The Committee further recommends that future consultancy contracts include clear provisions for skills transfer and capacity building for relevant staff, in order to strengthen internal technical expertise, enhance system oversight, and prevent recurrence of similar challenges. The Controlling Officer is directed to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report.

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

The Controlling Officer submitted that some MPAs tended to erroneously omit maintenance of statutory deductions (Pension/NAPSA contributions) when hiring employees on the payroll in accordance with the terms and conditions of service. Further, upon the upgrading of the PMEC system in April 2010, PMEC was configured according to approved System Specifications and Business Rules for end users to interact with the system in such a way that they maintained all info types (records) when hiring an employee on the payroll.

The Committee was informed that all affected MPAs were engaged in writing to verify and correct records for the 530 employees' Pension/NAPSA contributions eligibility, since processing of such inputs on the payroll was decentralised. The missing contributions for the affected period 3-12 months would be remitted by the affected employees after computation of the contributions for the missing periods and the Treasury would remit the employer's share to the Fund.

The Controlling Officer submitted that to mitigate the risk of non-maintenance of statutory deductions on the Payroll through continuous re-training and sensitisation of all End-Users in MPAs. Additionally, Management would make available payroll user manuals to all the MPAs to guide them on the maintenance of inputs on the Payroll.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all outstanding statutory pension contributions are verified and remitted without fail. The Committee further recommends that the Ministry should implement appropriate controls to ensure compliance with statutory pension deduction requirements. The Controlling Officer is urged to ensure that supporting documents are availed to the OAG for audit verification and will await a progress report on the matter.

iv. Failure to Deduct and Remit NHIMA Contributions

The Controlling Officer submitted that some MPAs tended to erroneously omit maintenance of statutory deductions (NHIMA contributions) when hiring employees on the payroll in accordance with the terms and conditions of service. Further, PMEC was configured according to approved system specifications and business rules for end users to interact with the system in such a way that they maintained all info types (records) when hiring an employee on the payroll.

The Committee was informed that all the affected employees without NHIMA contributions were fed on the Payroll System and verified by the Office of the Auditor General. The Controlling Officer submitted that the Ministry hoped to mitigate the risk of non-maintenance of statutory deductions (NHIMA) on the Payroll System through continuous re-training and sensitisation of all End-Users in MPAs. Additionally, the Ministry would make available payroll user manuals to all the MPAs to guide them on the maintenance of inputs on the payroll.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures without delay. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification. The Committee will await a progress

report on the re-training and sensitisation of all End-Users in MPAs and the distribution of Payroll user manuals to guide them on the maintenance of inputs on the Payroll.

v. Failure to Deduct Funeral Contribution

The Controlling Officer submitted that some MPAs tended to erroneously omit maintenance of statutory deductions (funeral insurance contributions) when hiring employees on the payroll in accordance with the terms and conditions of service. Further, PMEC was configured according to approved system specifications and business rules for end users to interact with the system in such a way that they maintained all info types (records) when hiring an employee on the payroll.

The Committee was informed that all the affected employees without funeral insurance contributions were fed on the payroll system and verified by the Office of the Auditor General. The Controlling Officer submitted that the Ministry hoped to mitigate the risk of non-maintenance of statutory deductions (funeral insurance contributions) on the Payroll System through continuous re-training and sensitisation of all end-users in MPAs. Additionally, the Ministry would make available payroll user manuals to all the MPAs to guide them on the maintenance of inputs on the payroll.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures without delay. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and will await a progress report on the re-training and sensitisation of all end-users in MPAs.

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

The Controlling Officer submitted that due to human error, PMEC users tended not to stop the said allowances when transferring employees from the main Payroll to the Separatees Payroll. Further, recoveries of Duty Facilitation Allowances from all affected employees were effected through the payroll and verified by the Office of the Auditor General. The Committee was informed that the Ministry hoped to mitigate the risk of paying duty facilitation allowances for officers on Separatees Payroll by re-training and sensitising all End-Users in MPAs. Additionally, the Ministry would make available payroll user manuals to all the MPAs to guide them on the maintenance of inputs on the Payroll.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures without delay. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and will await a progress report on the re-training and sensitisation of all end-users in MPAs.

vii. Failure to Disable Payslips for Officers on Integration Default Position (K6,309,280)

The Controlling Officer submitted that there were a number of reasons for paying officers in default positions. Among the notable ones were:

- (a) when terminations were effected in the middle of the month, the system would pay for the number of days worked in that particular month in order to reward the officer in accordance with their terms and conditions of service; and

- (b) incomplete termination of employees on the payroll by End-users, resulting in some allowances being paid to employees on integrated default positions.

The Committee was informed that the above issue had been brought to the attention of the Ministry's consultants for possible resolution. The Controlling Officer submitted that the Ministry wished to mitigate the risk of paying officers on integration default position for officers by re-training and sensitising all End-Users in MPAs. Additionally, the Ministry would make available payroll user manuals to all the MPAs to guide them on the maintenance of inputs on the payroll while awaiting the resolution of the issues by the Ministry's consultants.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures without delay. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and will await a progress report on the re-training and sensitisation of all end-users in MPAs.

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

The Controlling Officer submitted that failure to provide evidence of audit logs on Master and Transaction Data during the audit was due to limited technical skills in SAP Security/Audit. The Government was supported by an external SAP Consultant through a maintenance and support contract. The Committee was informed that the SAP ERP System provided various audit logs to ensure all changes in the system were logged. The system kept logs at various levels that included the database level. Examples of the logs included:

- (a) system messages that could be viewed using Transaction SM21, which were automatically cleared for this particular log when they reached a certain size to optimise system performance; and
- (b) audit trails of the Master Data, such as vendor master, that provided a trail of the changes that had occurred on a particular record at field level through the view changes functionality (Environment Menu Item).

The Controlling Officer submitted that the Ministry would keep ensuring that the parameter settings of the system were optimised to ensure logs were well maintained and could be retrieved when the need arose. Continued system re-orientation on security/Audit SAP functions would be prioritised.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that future consultancy contracts include clear provisions for skills transfer and capacity building for relevant staff, in order to strengthen internal technical expertise; enhance system oversight; and prevent recurrence of similar challenges. The Controlling Officer is directed to avail supporting documents to the OAG for audit verification and resolves to await a progress report on the maintenance of audit logs on Master and Transaction Data.

c. Weaknesses in BCP/DRP/Backup Administration

i. Lack of Offsite Backup

The Controlling Officer submitted that the lack of offsite backup was due to the fact that the tape library (enabled data to be backed up on tapes) that was initially in use malfunctioned. The Committee was informed that the Ministry, in collaboration with the e-Government Division, had implemented an automated backup solution that provided live backups on a dedicated business continuity platform with instant fail-over capability, ensuring rapid recovery in the event of system failure. This platform provided another reliable source of backups for all critical systems among them, the Government Service Bus (GSB); Payroll Management and Establishment Control (PMEC); and the Integrated Financial Management Information System (IFMIS), thus mitigating the risk of complete data loss. To address the issue, the Ministry facilitated the procurement of a new Tape Library, which was successfully installed and deployed in the first quarter of 2025.

The Controlling Officer further submitted that the Ministry was expediting the process of having the backup tapes stored in a different secure location to further strengthen the backup and disaster recovery processes by the first quarter of 2026.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures without delay. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and will await a progress report on the matter.

ii. Lack of Insurance Cover for IFMIS Hardware Equipment

The Controlling Officer submitted that equipment at the MoFNP/SZI Data Centre was not insured due to a lack of a budget provision under the Ministry. The Committee was informed that the servers at the primary site under Infratel were insured, but the equipment at the MoFNP/SZI Data Centre was not. Thus, the Ministry had since written to the e-Government Division/Smart Zambia Institute (SZI) to consider insuring the equipment at the MoFNP/SZI Data Centre, as it was being offered as infrastructure as a service (IaaS). Further, the Ministry would collaborate with SZI to ensure that the equipment at the MoFNP/SZI Data Centre was also insured in the year 2026.

Committee's Observations and Recommendations

The Committee expresses concern that critical infrastructure procured at significant cost was not insured, contrary to Regulation 41(3) of the Public Finance Management (General) Regulations, 2020. The Committee, therefore, recommends that the Ministry and the e-Government Division/Smart Zambia Institute (SZI) ensure that the equipment at the MoFNP/SZI Data Centre is insured without delay and will await a progress report on the matter.

iii. Failure to Test Backups

The Controlling Officer submitted that the Business Continuity and Disaster Recovery Plan, was approved towards the end of the year 2024 and backup restoration tests could not be undertaken as there was no equipment to perform the tests at the time. The Committee was informed that the Ministry had taken steps to address the issue by procuring the equipment

whose installation and deployment was only completed in the first quarter of 2025. Further, the Ministry had, in the 4th quarter of 2025, started conducting the first tests of the restorability of all the systems from the backup solutions in collaboration with the e-Government Division, starting with the restoration of the Debt Management and Financial Analysis System (DMFAS).

The Committee was further informed that the Ministry, in collaboration with the e-Government Division, would ensure that the testing of backups for the other systems, which included the IFMIS and PMEC, would be completed. Going forward, the Ministry would ensure the activity was undertaken biannually as stipulated in the plan.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that periodic backup restoration tests are conducted on the IFMIS system to confirm the ability to recover critical data following an incident. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and resolves to close the matter.

MINISTRY OF FINANCE AND NATIONAL PLANNING – GOVERNMENT SERVICE BUS (PARAGRAPH 8)

a. Utilisation of the Government Service Bus

i. Revenue Collections

During the period under review, amounts totalling K1,406,508,871 and US\$7,590,601.63 were collected as online revenue from 202 services integrated into the Government Service Bus (GSB).

Table 3: Revenue Collection

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

ii. Under Utilisation of Developed Services:

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

The Controlling Officer submitted that the slow utilisation of the listed services be attributed to various reasons such as:

- (a) services not having being fully launched to allow for enhancements and refinements in order to meet the business requirements;
- (b) services being seasonal in nature such as bulk application for Road Tax on motor vehicle which was at peak at the beginning of the year; and
- (c) change management issues requiring retraining and sensitisation and awareness.

The Committee was informed that continuous engagements were being held with the affected institutions to ensure that the developed services were fully utilized. The Committee was further informed that the Ministry would continue engagements with the affected institutions to ensure that the developed services were fully utilised. Further, the Ministry would continue to collaborate and facilitate for sensitisation and provision of resources to improve digital skills for the citizenry in order to increase usage of the services.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures as submitted. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and resolves to close the matter.

iii. Weakness in the Operations of the Government Service Bus across Government Departments

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

I. Ministry of Home Affairs and Internal Security – Failure to Access INRIS

The Controlling Officer submitted that the implementation of INRIS was halted due to a Government policy directive announced in the National Assembly in the first quarter of 2024. This temporarily suspended the mass enrolment exercise necessary to populate the INRIS database.

The Committee was informed that the suspension of the mass enrolment exercise had paused the implementation of INRIS, as the system could not function effectively without a complete National ID database. The Ministry of Home Affairs and Internal Security would resume the implementation of INRIS, including the mass enrolment exercise, once Cabinet provided guidance to proceed.

Committee's Observations and Recommendations

The Committee, in noting the submission, resolves to await a progress report on resumption of the implementation of INRIS.

II. Non-Operationalisation of Admission of Guilt Service by Zambia Police Service

The Controlling Officer submitted that the service was delayed to allow the development of the Traffic Module under the Zambia Police Service. Further, progress had been made on ensuring the service was fully developed.

The Committee was informed that a preliminary User Acceptance Testing (UAT) was conducted on 16th September 2025 to allow the end-users to provide feedback and highlight areas that required further enhancements. A key component of the enhancement was to change the workflow to allow the officers at Zambia Police to trigger and initiate logging and

processing under the admission of guilt service and ensure offenders received timely notifications and made payments. A final UAT was planned to be conducted within this quarter once all the proposed enhancements had been implemented by the consultants.

Committee's Observations and Recommendations

The Committee expresses concern that the Admission of Guilt Service on the GSB remains unused despite its potential to increase Government revenue and reduce opportunities for corruption between traffic officers and road users. The Committee, therefore, urges the Controlling Officer to promptly conclude the User Acceptance Testing and operationalise the Admission of Guilt Service on the GSB. The Controlling Officer is further directed to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

b. Weaknesses in Business Continuity and Disaster Recovery

The Controlling Officer submitted that the Business Continuity and Disaster Recovery Plan was approved towards the end of the year 2024 and tests of the plan could not be undertaken as there was no equipment to perform the tests at the time. The Committee was informed that the Ministry had taken steps to address the issue by procuring the equipment whose installation and deployment was only completed in the first quarter of 2025. Further, in the 4th quarter of 2025, the Ministry started conducting the first tests of the restorability of all the systems from the backup solutions in collaboration with the e-Government Division. The Controlling Officer further submitted that in collaboration with the e-Government Division, it would ensure that the tests were completed within the fourth quarter of 2025. Further, it would be undertaking the tests bi-annually as stipulated in the plan.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures as submitted. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and resolves to close the matter.

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

i. Delayed submission of Data Sets from Vendor

The Controlling Officer submitted that Spatial Dimension in South Africa delayed to provide data from the Trimble Land Folio Licensing System to the Ministry for upload into ZIMIS. This caused data consistency gaps and delayed full system functionality. The Committee was informed that the Ministry of Mines and Minerals Development sent officers to retrieve the data sets for upload into the ZIMIS. The Controlling Officer further submitted that full preparations had to be made prior to system switchover to avoid delays in systems development and implementation.

Committee's Observations and Recommendations

The Committee notes, with concern, weaknesses in the execution and management of the contract with Spatial Dimension. The delays by the contractor, which required officers to travel to South Africa to retrieve data at additional cost, suggest inadequate contractual safeguards and supervisory oversight. The Committee, therefore, urges the Controlling Officer to strengthen contract management by ensuring that contractual obligations are met

by the contractor, deliverables are clearly defined, and timelines are adhered to in future agreements and resolves to await a progress report on the matter.

ii. Use of Open-Source Maps

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

The Controlling Officer submitted that the developer for the ZIMIS deployed an open-source mapping solution, which was incompatible with the existing cadastre mapping framework. This incompatibility created interaction challenges, particularly in relation to the calculation and payment of area charges. The Committee was informed that the developer addressed the inconsistencies in the Maps component and ensured that the map functionality was operational within the ZIMIS. The business side must be engaged from the onset to ensure all the requirements are fully understood prior to introducing any new modules.

Committee’s Observations and Recommendations

The Committee notes, with concern, the lack of adequate technical due diligence and system integration planning to ensure compatibility with the existing cadastre mapping framework. The Committee, therefore, directs the Controlling Officer to enhance technical oversight by ensuring that all future system developments and enhancements undergo thorough compatibility and integration assessments prior to implementation to prevent similar challenges. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and resolves to close the matter.

iii. Deployment of Inconsistent Data Sets (Integration Challenges)

The Controlling Officer submitted that ZIMIS was designed as an integrated system capable of interacting with external data sources (e.g., ZRA, PACRA) for verification and validation. Further, the Trimble Land Folio Licensing System was a standalone platform, with data formats not standardized to align with other interactive systems. This data structure mismatch caused significant integration challenges during migration. The Committee was informed that the delays in retrieving and uploading the data sets caused the inconsistencies, which were resolved once the data sets were uploaded. However, efforts had been made prior to the migration to have as much clean data to facilitate the ZIMIS development. The Controlling Officer further submitted that adequate preparation had to be done in good time, especially where there was a move from one system to another.

Committee’s Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification, subject to which the matter should be closed.

iv. Inadequate Change Management

The Controlling Officer submitted that inadequate change management mechanisms, including limited user engagement, insufficient training and limited transition support led to resistance to adopt the system both internally (Ministry staff) and externally (industry users). The retraining of staff was undertaken to address any operational challenges. Further, interactions with end users were intensified in order to understand the user challenges and address them.

The Committee was informed that change management must be part of the process from start to end with full engagement of staff and clients so that system adoption was not a challenge. Due to the noted challenges encountered during the switchover from the old system to the ZIMIS, the system deployment had to be temporarily reverted to ensure continuity of services while remedial action was being undertaken. Further, on 18th March 2025, a court injunction was issued, restraining the Ministry from proceeding with further implementation of the ZIMIS System. This legal development compounded existing technical challenges and contributed to the suspension of the migration.

The Controlling Officer submitted that there was a proposal that the digitized cadastre services be integrated into the Trimble Land Folio Licensing System (Trimble). This integration would address the Geographic Information System (GIS) Map component issues while ensuring that the mining system was fully digitized and allowed for online payments as well as interaction with various external data sources such as PACRA, ZRA for data sharing and exchange. Change management would be incorporated from the onset to manage system acceptance and adoption both internally (Ministry staff) and externally (industry users).

Committee’s Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification, subject to which the matter should be closed.

MINISTRY OF HEALTH– FOR SMART CARE PRO SYSTEM (PARAGRAPH 9)

a. Strengthening Capacity for Health Information Systems Sustainability Project

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

The Controlling Officer submitted that the MOH–CDC agreement was governed under a wider Government to Government agreement that was signed by the United States Government and Zambia at the beginning of the PEPFAR programme in Zambia in 2004. This agreement included support towards providing free ARVs to Zambia to curb the HIV/AIDS epidemic. The support towards the development and deployment of Health Information Systems came as a result of the HIV/AIDS treatment.

The Committee was informed that the ownership and custody of source code and repositories were by the Electronic Government Division – Smart Zambia Institute (SZI) and did not reside with the Ministry of Health. Regarding the formal handover criteria and timelines, the Committee was informed that the handover was earmarked for September 2026. The funding and responsibility for post-handover maintenance and support would be co-managed by the Ministry of Health; the Electronic Government Division – Smart Zambia Institute (SZI); and Cooperating Partners. Further, the process for the required pre-handover had commenced and would conclude in September 2026. The training and certification of MoH/SZI ICT officers would also conclude by that date.

The Controlling Officer further submitted that change control; incident management; and service level commitments, would be co-managed by Smart Zambia Institute; the Ministry of Health; and cooperating partners once the handover took place by September 2026.

Committee's Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification, subject to which the matter should be closed.

ii. Lack of MoH-Endorsed Project Charter

The Controlling Officer submitted that the SCHISS project had been operating under a combination of the cooperative agreement work plan; outlined activities; deliverables; and reporting mechanisms according to the Digital Health Strategy.

The Committee was informed that the Project Charter was signed by the American Government and the Ministry of Finance and National Planning on behalf of the Zambian Government. The Committee was further informed that the Ministry of Health had no copy of the agreement. The Controlling Officer further submitted that the American Government and the Ministry of Health were in the process of formalising a new Memorandum of Understanding for a further five-year period towards PEPFAR support.

Committee's Observations and Recommendations

The Committee notes, with concern, the operation of project without a formally endorsed Ministry of Health project charter. The Committee, therefore, directs the Controlling Officer to urgently ensure that a formally approved project charter is developed, endorsed, and maintained by the Ministry and will await a progress report on the matter.

iii. Unclear Project Site Implementation Targets

The Controlling Officer submitted that the baseline of the number of facilities that were digitised was 550 out of 1,675 ART facilities. The current number of digitised facilities on ART was 1,615, funded by the United States Government for the Strengthening Capacity for Health Information Systems Sustainability (SCHISS) Project. The Government of the Republic of Zambia intended to fully digitise 1,000 more health facilities through Smart Zambia Institute in collaboration with the Ministry of Health under the DHISS Project, which commenced in November 2025 and would end in December 2026.

Committee's Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and will await a progress report on the digitisation of 1,000 more health facilities through Smart Zambia Institute.

iv. Lack of Deployment Information at Infratel

The Controlling Officer submitted that the information was available with the vendor contracted by the United States Government to manage the SCHISS project. The SCHISS project was set to be handed over to the Ministry by September 2026, when the contract expired. Further, the vendor was engaged to request periodic project reports (SCHISS project).

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that a complete and up-to-date asset register is promptly obtained from the vendor and maintained by the Ministry and Smart Zambia Institute. The Committee will await a progress report on the matter.

v. Absence of a Documented User Maintenance Policy

The Controlling Officer submitted that the Ministry submitted the Smart Zambia Service Charter and the auditors verified the Charter, therefore, the matter was resolved according to the status report issued by the Office of the Auditor General.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

vi. Inconsistent User Account Management and Location Mapping

The Controlling Officer submitted that trained personnel, with administrator rights, upon transfer or when proceeding on leave, often failed to notify the ICT Department to revoke their system administrator privileges, and instead hand over their passwords to officers remaining at the facilities. The Committee was informed that the cited facilities had been engaged and the Ministry was in the process of developing the User Maintenance Standard Operating Procedures (SOPs), in conjunction with Human Resource to strengthen user maintenance controls for the digital system so that such occurrences did not recur.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures as submitted. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and resolves await a progress report on the development of the User Maintenance Standard Operating Procedures (SOPs).

vii. Granting of Excessive User Rights

A review of user roles in the SmartCare Pro system revealed that all users at Sinda Urban, Kapata, and Malamba Clinics were assigned end-to-end system rights. Such unrestricted access undermined segregation of duties and exposed the system to significant risks, including the potential creation of false patient records to facilitate pilferage or diversion of medicines.

The Controlling Officer submitted that the Ministry had instructed the Provincial Health Directors to normalise user access rights and all the rights had since been normalised.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

viii. Failure to Define Specific Roles of System Users

The Controlling Officer submitted that the Ministry had instructed the Provincial Health Directors to clear all users without specific roles and all accounts cited had since been deleted.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

ix. Shared Use of 528 Administrative Accounts

The Controlling Officer submitted that the cited 528 administrative accounts were for the health facility in charge that was responsible for creating user accounts. The Ministry had been working to strengthen compliance with ICT standards using innovative ways, such as training users and health facility heads. The Committee was informed that the Ministry's ICT staffing ratios were generally really low in the country. Further, although the Ministry of Health's establishment of about 70,000 employees would require 1400 ICT staff, the existing establishment stood at sixty-five.

Committee's Observations and Recommendations

The Committee notes, with concern, the shared use of administrative accounts, which compromises individual accountability and increases the risk of unauthorised access. The Committee, therefore, urges the Controlling Officer to discontinue the practice of shared administrative accounts by implementing role-based access controls and ensuring that each administrator is assigned an individual account to enhance accountability despite limited human resources. The Committee further urges the Controlling Officer to engage the Treasury to address the critical shortage of ICT human resource and resolves to await a progress report on the matter.

x. Failure to Create User Accounts at Health Facilities

The Controlling Officer submitted that some officers such as watchmen; security guards; cleaners; among others, did not have the requisite skills and therefore, did not have access to the system. Further, user accounts were created following training, and staff who joined a facility after system deployment may not have received the required training. Therefore, they would need to be trained and granted access rights based on their areas of specialisation.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

xi. Inadequate Power Backup and System Availability

The Controlling Officer submitted that efforts were underway through various mechanisms, including donor funding, to mitigate this issue. The Ministry had recently established a solarisation technical working group, whose purpose was to coordinate efforts to solarise health facilities. The Committee was informed that at the time of deployment of the SmartCare Pro System, the health facilities had grid power and there was no consideration for backup power prior to the drought. However, there were 900 health facilities that had backup power out of the 1615 Health Facilities as part of the SCHISS project.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to comply with the regulations on the management of facilities by ensuring that all Government IT facilities are supported by more than one source of dependent utilities, such as electricity, to safeguard system operations and awaits a progress report on the matter.

xii. Inadequate Equipment for SmartCare Pro Implementation

The Controlling Officer submitted that the equipment in Anti Retro-Viral Treatment Services was adequate under the SCHISS project funded by the USG, but did not extend to other service areas. Further, efforts were underway to ensure that other service areas were covered as the Ministry coordinated these efforts aligned to the Digital Health Strategy through the Digital Health Technical Working Group.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures as submitted. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification. The Committee resolves to await a progress report on the measures being undertaken to ensure that other service areas are covered in line with the Digital Health Strategy through the Digital Health Technical Working Group.

xiii. Failure to Timely Resolve System Incidents

The Controlling Officer submitted that it may have taken time to resolve the incidents because of inadequate staff responding to the incidents.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to address the critical shortage of ICT human resource and resolves to await a progress report on the matter.

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

The Controlling Officer submitted that the delayed migration was caused by the Smart Care Legacy and Plus data cleaning exercise. Further, 91 per cent of Anti-Retro-Viral Treatment data had been migrated to the Smart Care Pro System.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

xv. Under Utilisation of the System

The Controlling Officer submitted that the focus of the SCHISS project was ART services, with the system having functionalities beyond HIV care and that ART services were fully utilised for continuity of care. The Committee was informed that the Ministry was developing the monitoring and evaluation mechanism to track system utilisation across all modules and departments and had incorporated human resource performance to ensure that staff members were held accountable for their use of Government time with the availability of digital tools for reporting.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures as submitted. The Committee recommends the matter for closure, subject to verification by the OAG.

xvi. Failure to Timely Conclude Outstanding Works

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

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

The Controlling Officer submitted that the cited incidents post UAT had since been resolved and closed and the TB Module had been deployed. The Cervical Cancer Module was still under development and consultations with the user department were ongoing.

Committee's Observations and Recommendations

In noting the submission, the Committee urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and resolves await a progress report on the Cervical Cancer Module.

xvii. Failure to Configure Unique Patient Identifier – Registry Module

The Controlling Officer submitted that not every patient possessed a National Registration Card (NRC). For example, children and some vulnerable groups. In addition, a number of people residing in rural areas may not know their exact date of birth, while in some instances biometric equipment may be unavailable, malfunctioning, or damaged. It was, therefore, the position of the Ministry that the absence of an NRC or other identification should not constitute a barrier to the provision of health services. The Committee was informed that the Ministry remained committed to ensuring equitable access to healthcare for all citizens, in line with the Government’s mandate to safeguard public health without discrimination. Additionally, the ART services were connected to a biometric scanner to reduce the chances of duplication.

Committee’s Observations and Recommendations

While noting the Ministry’s position that patient access to healthcare should not be restricted, the Committee remains concerned about the lack of mandatory validation controls. In this regard, the Committee urges the Controlling Officer to strengthen system controls by implementing appropriate alternative identification and validation mechanisms and will await a progress report on the matter.

xviii. Lack of Data Integrity

The Controlling Officer submitted that implementing partners had been engaged to ensure that system modules functioned correctly, reports were generated accurately and in a timely manner, and patient data integrity was maintained.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to implement the proposed remedial measures as submitted and recommends the matter for closure, subject to verification by the OAG.

xix. Failure to Interface Systems

The Controlling Officer submitted that interoperability with the eLMIS and the National Data Warehouse (NDW) was functional pending the DHIS2 system, which had been upgraded.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

xx. Failure to Implement System Offline Capabilities

The Controlling Officer submitted that Smart Care Pro was designed as a centralised, cloud-based Electronic Health Record (EHR) system intended to operate fully online to ensure real-time data availability, interoperability, and efficient system management. Further, the paper register remained as a backup to the system until the resolution of the national ID system by the Ministry of Home Affairs and Internal Security for Digital National Identity.

Committee’s Observations and Recommendations

The Committee notes, with concern, the absence of offline functionality, which undermines data completeness and service continuity in areas with limited connectivity. The Committee, therefore, urges the Controlling Officer to implement appropriate measures to ensure that data captured during connectivity disruptions is systematically recorded and integrated into the system in line with the Digital Health Strategy. The Committee will await a progress report on the matter.

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

i. Insufficient Funding - DHISS Project

The Controlling Officer submitted that the budget allocation for SmartCare Pro was K120,000,000.00 in 2024. However, only K39,736,800.00 was released as of 31st December 2024. This represented only 33 per cent of the funding released in 2024. Details of the payments made to the vendor were summarised below:

- (a) 1st payment - K12,000,000.00 (Aug 2024);
- (b) 2nd payment - K12,000,000.00 (Oct 2024); and
- (c) 3rd payment - K15,736,800.00 (Nov 2024).

These payments enabled the vendor to commence the mobilisation efforts, including the procurement of required equipment for the 600 sites, among others.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to ensure that the remaining funds are released and will await a progress report on the matter.

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

The Controlling Officer submitted that the vendor employed a deployment strategy that required all the activities in the scope of work to be delivered at once when on site. This meant that when the vendor travels to a particular province, all sites within that province should be considered for deployment, including training. Further, considering the availability of funds at that time and the obligations of the vendor under standards of performance in the contract, it was not possible to cover all the health facilities earmarked for deployment.

Committee's Observations and Recommendations

The Committee notes, with concern, the non-distribution of equipment procured at high cost thereby delaying the intended benefits to health facilities. The Committee, therefore, urges the Controlling Officer to expedite deployment and ensure that implementation strategies support the timely utilisation of procured assets in line with the Digital Health Strategy and will await a progress report on the matter.

MINISTRY OF FINANCE AND NATIONAL PLANNING-ZAMBIA REVENUE AUTHORITY (PARAGRAPH 10)

a. Budget against Actual Collection

i. Failure to Attain the Target-K10,542,657,129.00

The Committee was informed that in 2024, the Authority recorded gross revenue collections amounting to K148,558.07 million and paid refunds amounting to K17,600.00 million. This translated into a net outturn of K130,958.07 million, surpassing the annual target of K125,340.08 million by K5,617.09 million or 4.5 per cent. This positive overall performance negated the need for disciplinary action.

It was acknowledged that there were negative variances in specific revenue streams, as they were affected by unfavourable outcomes in macroeconomic assumptions, as indicated in the table below.

Table 4: Macroeconomic Assumptions for the 2024 Budget Versus End-Year Outturn

No.	Variable	Budget Projection	Outturn	Variance	Per cent age Variance
1	CPI inflation (annual average)	6-8per cent	15.0 per cent	6-9 pp	-
2	Average K/US \$ exchange rate	18.6	25.9	7.3	39.2per cent
3	Real GDP growth	4.8 per cent	4.0 per cent	-0.8 pp	-
4	Nominal GDP, K' Millions	636,972.0	688,851.0	51,879.0	8.1per cent
5	Average Copper prices (in U.S. \$ per MT)	8,300.0	9,142.9	842.9	10.2per cent
6	Copper production (MT)	796,994.4	820,676.0	23,681.6	3.0per cent

Source: Ministry of Finance and National Planning, Bank of Zambia, and ZamStats, 2024

Table 1 above highlighted the key macroeconomic assumptions on which the ZRA target of K125,340.08 million for 2024 was premised. By the year ended December 2024, copper price, nominal GDP, and copper production were above their respective targets by 10.2 per cent, 8.1 per cent, and 3.0 per cent, respectively. However, inflation; the Kwacha exchange rate against the US Dollar; and real GDP were unfavourable relative to their respective targets. The negative outturn of these macroeconomic indicators affected overall revenue performance and specific revenue lines. Despite the strong aggregate performance, some revenue lines underperformed. It was worth noting that while some revenue lines under Excise Duty underperformed, Excise Duties as a group (local and import) exceeded their target by K1,023.03 million or 12.3 per cent, in 2024.

The reasons for underperformance of the identified revenue lines were as indicated below:

Company Tax

The Committee was informed that the Authority targeted to collect K25,680,487,986.00 but only managed to collect K19,984,017,601.60, leaving a variance of -K5,696,470,384.40. Company Income Tax was composed of Mining Company Income Tax and Non-Mining Company Income Tax. Of these, Non-Mining Company Income Tax surpassed its target by K644.09 million (5.4per cent), while Mining Company Income Tax underperformed by K6,341.04 million (46.0per cent), leading to an overall deficit of K5,696.05 million.

Despite favourable outturns in copper production and prices, the underperformance of Mining Company Income Tax was due to increased capital allowance deductions following expansion in the mining sector, as well as high electricity costs and fuel costs, which the mines reported that they had negatively affected their profitability.

Advance Income Tax (AIT)

The Committee was informed that the Authority targeted to collect a total of K27,682,318.00, but actual collections amounted to K14,136,123.05, resulting in a variance of -K13,546,194.05. The deficit was attributed to increased compliance due to intensified taxpayer sensitisation programmes, which improved compliance and reduced the number of transactions liable to Advance Income Tax in 2024. The number of Customs declarations liable to AIT decreased by 803 transactions (44.5 per cent compared to 2023).

Excise Duty – Cigarettes

The Authority targeted to collect K254,156,242.00, but only K225,233,890.00 was collected, resulting in a variance of K28,922,352.0. This was due to a 12.7 per cent reduction (9,527 kilograms) in cigarette imports in 2024 compared to 2023, despite local manufacturers increasing output by 1.7 per cent.

Excise Duty – Opaque Beer

The Authority targeted K43,192,199.00, but only collected K27,340,147.06, resulting in a variance of K15,852,051.04. The deficit was due to increased electricity load shedding and higher mealie meal prices (a key ingredient in opaque beer manufacturing), leading to reduced production by 48,348,919 litres (24.45 per cent, from 197,721,370 litres in 2023 to 149,372,451 litres in 2024. Additionally, a major contributor failed to pay K8,212,557.87. Of this amount, K1,559,750.00 was collected in 2025, and an immediate demand notice was issued. It is expected that the taxpayer will settle the outstanding debt before the end of 2025.

Excise Duty – Clear Beer

The Committee was informed that the targeted amount for this tax was K1,566,960,09, but only K1,487,995,215.09 was collected, resulting in a variance of -K78,965,699.01. The Government reduced the excise duty rate for small-scale manufacturers from 40per cent to 20 per cent. Additionally, the largest manufacturer of clear beer reduced excess production and benefited from the reduced excise duty. The taxpayer declared 26.03 million hectolitres (HL) in 2023 compared to 20.81 million HL in 2024.

Excise Duty -Hydro-Carbon Oils

The Authority targeted to collect K910,977,935.00 of which only K768,277,141.03 was collected, resulting in a variance of K142,700,793.08. This was attributed to a reduction in imports of kerosene and fuel oils by 4.7 per cent and 33.6 per cent, respectively in the year under review.

Rummage Sales

The Authority targeted to collect K1,489,217.00 out of which K1,184,253.03 was collected, resulting in a variance of -K304,963.07. This was attributed to forfeited goods valued at K21.1 million that remained unsold at the end of 2024 as approval for disposal from the Committee of Survey on Disposal of Forfeited Assets and Stores, under the Secretary to the Treasury's Office was being awaited. The forfeited goods were pending inspections by the Committee as at end of 2025.

Fines, Penalty, and Interest

The target was K93,138,243.00 of which only K80,170,166.04 was collected, leaving a balance of K12,968,076.00. There was a reduction in the number of customs transactions that were levied penalties and interest by 4,374 or 12.8 per cent in 2024 relative to 2023. This was partly attributed to improved compliance arising from taxpayer sensitisation programmes which resulted in improved compliance.

Licence Fees

The Authority targeted to collect K13,854,121.00 of which only K8,402,541.09 was collected, resulting in a variance of -K5,451,579.01. This was attributed to a lower-than-anticipated number of licences issued to clearing agents in 2024, partly due to enhanced enforcement measures such as the garnishing of bank accounts of guarantors - (banks and insurance

companies) whose guaranteed clearing agents were non-compliant. In response, these guarantors had imposed stricter conditions for providing guarantees under licences for bonded warehouses, leading to fewer clearing agents renewing their licences.

Excise Duty – Motor Vehicles

The Committee was informed that a total of K871,118,114.00 was targeted for collection, but only K805,112,773.10 was collected, resulting in a variance of -K66,005,340.90. There was a decline of 8,774 motor vehicles (15.1per cent) liable to Excise Duty imported in 2024 compared to 2023.

Excise Duty – Water

The Authority targeted to collect K778,034.00, out of which K728,036.90 was collected, resulting in a variance of K49,997.10. This was due to lower-than-targeted levels of mineral water importation during 2024.

Excise Duty – Carbon

The Authority's target was K267,136,650.00, out of which only K38,587,627.50 was collected, resulting in a variance of -K228,549,022.50. The underperformance stemmed from a decline in the importation of motor vehicles liable to Carbon Emission Surtax by 9,564 vehicles (15.2per cent) in 2024.

Excise Duty – Cement and Cement Clinker

The Authority targeted to collect K60,303,729.00, of which K34,494,076.90 was collected, resulting in a variance of -K25,809,652.10. In 2024, there was a total revenue of K62.5 million against the combined target of K60.3 million in this category. This translated to a surplus of K2.2 million (3.6per cent) above the targeted revenue.

Export Duty – Precious Minerals and Anodic Slimes

The Authority targeted to collect a total of K29,212.00, but none was collected. It was noted that there was no legal framework for the Authority to collect Export Duty on precious minerals in 2024. Export Duty on precious minerals was suspended in January 2020 through the Customs and Excise (Precious Metals) (Export Duty) (Suspension) Order, Statutory Instrument No. 40 of 2020.

Domestic VAT

The Authority targeted to collect K13,520,906,735.00, out of which K9,804,285,524.10 was collected, resulting in a variance of -K3,716,621,210.90. The deficit recorded was attributed to:

- unfavourable return filing and payment compliance on current and past liabilities by some taxpayers in 2024. As at the end of 2024, the Authority had 19,481 active taxpayers registered for VAT. From this active register, a total of 258,257 returns were expected, of which 165,885 were submitted, representing a filing rate of 64 per cent. Of those who filed returns, 70.7 per cent made tax payments. Out of the expected K23,220.00 million, a total of K16,426.02 million was paid. The remaining 29.3 per cent of taxpayers did not comply with payment requirements, mainly due to cash flow challenges caused by constrained electricity supply and non-remittance by Withholding VAT (WVAT) clients who claimed offsets.
- Increased refund claims arising from increased imports attracting import VAT, following expansions in the mining sector, increased importation of copper concentrates, and high electricity and fuel costs.

- Depreciation of the Kwacha to an average of K25.09 per US Dollar against the budget target of K18.06 per US Dollar, which inflated input prices and led to higher refund claims.
- Increased refund payments to K1,700 million in September 2024 from K1,350 million.
- Requests by taxpayers to offset VAT refunds against other tax types.

Motor Vehicle - License

The Authority targeted to collect K209,511,287.00 out of which K68,875,647.06 was collected leaving a variance of -K140,635,639.04. This resulted from a reduction in importation of motor vehicles liable to the license by 9,370 or 14.8 per cent in 2024.

Motor Vehicle Surtax

The Authority's target was K134,111,770.00 out of which K97,986,143.03 was collected leaving a variance of -K36,125,626.07. The below target performance was due to a reduction in importation of motor vehicles liable to Motor Vehicle Surtax by 21,142 or 18.3 per cent in 2024.

Selected Goods Surcharge

The Authority's target was K1,341,652,682.00 out of which K1,008,003,349.05 was collected, resulting in a variance of -K333,649,332.05 This was partly attributed to a 51 per cent or 3,701 decline in imports of trailers liable to Selected Goods Surcharge (SGS) in 2024, leading to a reduction in SGS collection by K79.2 million or 35.6 per cent from these items. This was the highest single decline amount by product.

Other products where SGS declined in 2024 included: structures and parts of structures; of iron or steel; worn clothing and other worn articles; and other tubes, pipes, and hollow profiles (for example, open seam or welded, riveted, or similarly closed), of iron or steel. The devaluation of the kwacha during 2024 had a direct impact on the import out-turn.

The Authority had put in place a range of initiatives aimed at improving performance in key strategic areas to strengthen compliance and boost revenue collection. The following were some of the notable initiatives undertaken:

- **Scaling Up of the Smart Invoice System.**

The Authority continued to make significant progress in implementing and enhancing the Smart Invoicing system. To encourage wider adoption, a range of free invoicing solutions had been rolled out with efforts to expand systems to platforms that were currently unsupported. As part of efforts to enhance service delivery, ZRA was set to introduce a consumer reward management module within the Smart Invoicing Platform as a way of fostering a culture of compliance and transparency. In recognition of the unique operational needs of specific sectors such as fuel retailers, the ZRA had intensified the onboarding of filling stations and issued tailored invoicing guidelines to minimise business disruptions.

- **Implementation of a Compliance Risk Management Framework.**

To strengthen compliance monitoring, enhance the detection of non-compliance, and improve revenue collection, the Authority was implementing a compliance risk management framework which would ensure a comprehensive 360-degree view of taxpayer transactions. This approach would ensure that all taxable activities were accurately captured and properly assessed.

- **Customs-to-customs electronic data exchange.**

To minimise the risk of undervaluation of imported goods, the Authority had continued to implement a trade facilitation tool for the exchange of data with customs administrations from neighbouring countries such as Botswana; Zimbabwe; Malawi; Tanzania; and DRC. The implementation progress was at varying stages.

- **Integration of ZRA Systems with Strategic Institutions.**

To enhance tax compliance through third-party data, the Authority had prioritised the integration of its systems with key institutions such as the Ministry of Finance and National Planning's Integrated Financial Management Information System (IFMIS); the Ministry of Lands and Natural Resources' Zambia Integrated Land Administration System (ZILAS); the Road Transport and Safety Agency (RTSA); and the Electronic Balance of payment (e-BoP). These integrations aimed to improve real-time compliance verification.

- **Global Exchange of Information (EOI) Commitments.**

The Authority continued to strengthen tax transparency through active participation in the Global Forum for Exchange of Information. It was also leveraging capacity-building support from bilateral partners to strengthen institutional capability and enhance the effectiveness of information exchange and compliance operations.

- **Taxpayer Education and Advisory Services.**

The Authority continued to prioritise taxpayer education as a key strategy for improving the taxpayer experience and fostering voluntary compliance. Through a combination of digital platforms, outreach programmes, targeted workshops, and tailored educational materials, ZRA aimed to bridge knowledge gaps and empower taxpayers to understand and meet their obligations with ease. These initiatives were designed to promote seamless interaction with the tax system and build a culture of informed and proactive compliance.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen sector-specific compliance strategies, particularly for mining, VAT, and excise related revenue lines and to enhance the robustness of microeconomic assumptions used in revenue forecasting to minimise deviations between projected and actual collections. The Committee recommends the matter for closure, pending verification by the OAG.

b. Administration of Income Tax

i. Payments Not Accompanied with Tax Returns-K35,599,978.00

The Committee was informed that among the reasons for there being rental tax payments received without accompanying returns were: the ability of taxpayers to make advance payments for future liabilities, while only current and past returns could be filed and that multiple part payments could be made for a single return. A total of 1,751 tax returns were reviewed, of which 322 were nil returns and 1,429 were not filed. The nil returns had a total payment amount of K34,107,730.86, while the returns not filed accounted for K1,402,308.78 in payments. Out of the 2,053 tax returns in total, 322 were nil returns with a total payment amount of K34,107,730.86, 302 were payable returns with payments totaling K89,938.80, and 1,429 returns were not filed, contributing K1,402,308.78 in payments. Overall, the total payment amount across all returns was K35,599,978.44.

Of the 2,053 transactions with a value of K35,599,978.44, a total of 322 transactions were accompanied by nil returns while 302 transactions were accompanied by returns amounting to K89,938.80. Targeted tax education was being conducted for taxpayers that filed nil returns but made payments.

The Authority had implemented the following measures to improve filing compliance for the remaining 1,429 transactions valued at K35,510,039.64:

- use of electronic Tax Clearance Certificate (TCC) as an enforcement tool;
- operationalisation of key account management concept in compliance;
- taxpayer engagement and collaboration;
- block Management System to improve rental income, tax registration, and compliance;
- automation of the charging of penalties for late filing of returns; and
- denying payment of refunds to non-filers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to modify the tax system to restrict acceptance of payments unless linked to a filed return or clearly designated as advance tax, intensify enforcement actions for non-filers, including stricter application of penalties and sanctions, expand targeted taxpayer education programs focusing on correct filing procedures, particularly for rental income taxpayers and to implement regular automated reconciliation between payments and returns to promptly identify and follow up on non-compliance. The Committee will await a progress report on the matter.

ii. Filed Returns without Payments 4106-K4, 398, 537,661.00 Rental Income

The Committee was informed that the review of the 102 transactions with a value of K6,396,424.67 revealed that total payments of K5,318,461.37 were made, representing 83 per cent of the queried amount, while K1,267,737.39 representing 17 per cent remained outstanding. The Authority had continued to implement follow-up actions to ensure the outstanding debt was fully settled.

The Authority had undertaken the following measures, among others, to improve collection of rental income tax:

- (i) intensify provision of taxpayer services and education through institutionalising the "one ZRA concept" where taxpayers would be able to access the ZRA services from any of the Authority's physical locations;
- (ii) enhanced partnership with thirty-three Local Authorities to create opportunities for the Authority to enforce registration and compliance of rental tax in areas where the Domestic Taxes did not have presence.
- (iii) enhanced Block Management System and formation of the Smart Invoice Enforcement Unit for the registration, compliance and collection of rental income tax; and
- (iv) interfacing with the Ministry of Lands and Natural Resources' Zambia Integrated Land Administration System (ZILAS). Phase 1 of the interface had been implemented to share basic land conveyancing transactions.

Withholding VAT

The Committee was informed that out of the outstanding values of K627,733,248.52 queried, payments of K109,894,103.08 were made, as at 31st October 2025, leaving a total outstanding value of K517,839,144.72. A breakdown of the balance indicated that over 47 per cent was

Government related debt and over 34 per cent was attributed to mining companies that had entered into special payment arrangements with the Government. The two categories accounted for over 84 per cent of the outstanding balance.

A total of ninety-five transactions with a total OAG value of K627,733,248.52 were carried out. Overall, K109,894,103.80 (17 per cent) had been paid, leaving a balance of K517,839,144.72 (83 per cent) outstanding. By status, Government Departments had thirty-nine transactions with an OAG value of K297,652,825.57, of which K50,627,996.92 was paid, leaving a balance of K247,024,828.65, representing 47.7 per cent of the total balance. Other outstanding transactions numbered thirty, with an OAG value of K67,809,671.11, and a balance of K66,125,290.60 (12.8 per cent) of the total balance.

Other payments comprised twelve transactions totaling K57,581,726.37, all of which, were fully paid. Under the Scheme of Arrangement (Copper Mines) there were seven transactions totaling K126,756,861.46, with no payments made, leaving a balance of K126,756,861.46, equivalent to 24.6 per cent of the total balance. Four transactions were requested for renewal of a TPA after expiry, with a total OAG value of K16,028,828.16 and a balance of the same amount (3 per cent of total balance). Finally, three transactions were under the Deed (Copper Mines) with a total OAG value of K61,903,335.85 and an outstanding balance of K61,903,335.85, representing 11.8 per cent of the total balance.

The remaining 16 per cent of the outstanding debt was mainly due to the following reasons:

- (i) unaccounted for WVAT certificates;
- (ii) taxpayers facing cashflow challenges requesting to liquidate liabilities using VAT Refunds as offsets;
- (iii) failure by some taxpayers to meet requirements to enter into Time-to-Pay Agreements; and
- (iv) unamended returns due to failure to load imports under schedule 14 of the VAT returns. The delays were caused by taxpayers failing to provide information needed to amend returns.

To further enhance compliance, the Authority had implemented the following measures, among others, to improve return and payment compliance for Withholding-, Reverse- and normal Value Added Tax:

- (i) extension of the suspension of withholding VAT mechanism from large taxpayers on Business-to-Business transactions and withholding agents to all other VAT registered taxpayers;
- (ii) enhanced taxpayer engagements with all VAT registered suppliers and collaboration with former agents to remit the previously withheld VAT;
- (iii) full implementation of the Smart Invoice System;
- (iv) use of electronic Tax Clearance Certificates (TCC) as an enforcement tool to ensure that only compliant taxpayers were issued with a tax clearance;
- (v) uptake in the use of data analytics in all enforcement activities;
- (vi) accelerated reconciliation of WVAT and Reverse VAT accounts;
- (vii) implementation of Key Account Management concept in compliance;
- (viii) implementation of the Compliance Risk Management Unit;

- (ix) enhancement of the taxpayer education efforts using various media including radio programs, virtual platforms, roadshows and print news;
- (x) accelerated payment of VAT refunds on account of increased monthly funding allocation of between K2.2 billion and K2.5 billion in 2025, from K1.7 billion up to August 2024;
- (xi) encouraging taxpayers facing cashflow challenges to enter into Time-to-Pay-Agreements (TPAs);
- (xii) end-to-end review of the VAT process to seal identified weaknesses; and
- (xiii) pursue debt swaps between Ministry of Finance and National Planning and Government institutions, including Parastatals.

Reverse VAT

The Authority had collected K349,637,402.88 from the thirty-five transactions cited by the OAG, which had a total outstanding value of K 452,423,411.29, leaving a balance of K102,786,008.41. This represented a total collection of over 77 per cent. The balance representing 23 per cent of the queried amount was currently under reconciliation and follow-up measures were being undertaken to recover the debt.

The outstanding debt was mainly due to the failure by some taxpayers to meet requirements to enter into Time-to-Pay Agreements and Taxpayers facing cashflow challenges. To enhance compliance, the Authority had implemented the following measures, among others, to improve return and payment compliance for Value Added Tax:

- (i) use of electronic TCC as an enforcement tool to ensure that only compliant taxpayers were issued with a tax clearance;
- (ii) uptake in the use of data analytics in all enforcement activities;
- (iii) accelerated reconciliation of Reverse VAT accounts;
- (iv) implementation of Key Account Management concept in compliance;
- (v) enhanced Taxpayer engagement and collaboration;
- (vi) enhancing the taxpayer account reconciliation process;
- (vii) full implementation of the Smart Invoice System; and
- (viii) encouraging taxpayers facing cashflow challenges to enter into Time to Pay Agreements.

VAT

As at 31st October 2025 a total of K434,994,502.58 payments had been received from the queried amount of K3,170,750,448.38 representing 14 per cent payment rate. The remaining balance of K2,735,755,945.80 was being actively followed up using various instruments available to the ZRA. The reasons for the outstanding value and measures to mitigate debt escalation were as detailed under Withholding VAT above.

Excise Duty

From the queried value of K130,933,527.16 outstanding balance, a total of K78,715,352.49 payments were received (representing 60 per cent of the audit query). K52,218,174.67 (representing 40 per cent) remained outstanding. The underperformance of the Excise Duty was due to non-payment of liabilities by an independent power producer contributing over 94 per cent of the outstanding variance. The Authority had implemented the following measures, among others, to improve return and payment compliance for Local Excise:

- (i) encouraging taxpayers facing cashflow challenges to enter Time-to-Pay-Agreements and pursue debt swaps with the Government;
- (ii) use of electronic TCC as an enforcement tool to ensure that only compliant taxpayers were issued with a tax clearance;
- (iii) uptake in the use of data analytics in all enforcement activities;
- (iv) implementation of Key Account Management concept in compliance;
- (v) enhanced Taxpayer engagement and collaboration; and
- (vi) enhancing the taxpayer account reconciliation process;

Insurance Premium Levy (IPL)

As at 31st October 2025, the ZRA had collected K65,922.24 from 5 of the 83 transactions cited by the Auditor General with a total value of K8,820,593.28. Efforts to collect the remaining balance of K8,754,671.04 were being executed with the following instruments and initiatives among others:

- (i) use of electronic TCC as an enforcement tool to ensure that only compliant taxpayers are issued with a tax clearance;
- (ii) use of data analytics in all enforcement activities;
- (iii) implementation of Key Account Management concept in compliance;
- (iv) enhanced Taxpayer engagement and collaboration;
- (v) enhancing the taxpayer account reconciliation process;
- (vi) full implementation of the Smart Invoice System; and
- (vii) encouraging taxpayers facing cashflow challenges to enter Time to Pay Agreements;

Tourism Levy

As at 31st October 2025, the ZRA had collected K1,414,209.69 of the K1,479,874.16 representing over 95 per cent collection rate. The outstanding balance of K81,728.09 was under reconciliation and follow up measures had been instituted. The Authority had further implemented the measures below, among others, to improve return and payment compliance for Insurance Premium Levy.

- Enhanced Compliance Monitoring: Established dedicated monitoring teams to strengthen registration and compliance among lodges, guest houses, and tourism establishments under Southern Region.
- Digital Platform Oversight: Initiatives underway to identify and register landlords and accommodation providers operating through online platforms such as Airbnb and Booking.com.
- Data-Driven Collaboration: Partnering with the Department of National Parks and Wildlife (DNPW) to leverage sectoral data for improved compliance monitoring.
- Information Exchange: Requested DNPW's client lists, concession agreements, and related records (2021–2024) to facilitate cross-checking with existing taxpayer registers.
- Targeted Enforcement: Focused on identifying undeclared and unregistered operators, particularly within national parks and safari zones.

Committee's Observations and recommendations

The Committee urges the Controlling Officer to expedite reconciliation of Withholding VAT and Reverse VAT accounts; enforce timely remittance of VAT by Government institutions through inter-ministerial coordination; strengthen enforcement measures against chronic

non-filers; including suspension of Taxpayer Identification Numbers (TPINs) and avail supporting documents to the OAG. The Committee will await a progress report on the matter.

c. Debt Management- Failure to collect Vat K1,358,311,190.10

The Committee was informed that, out of a total outstanding amount of K1,358,311,190.10, a sum of K610,561,123.05 had been settled, representing 45 per cent of the total. This left an outstanding balance of K747,750,067.05, representing 55 per cent, on which the Authority had continued to implement follow-up actions.

The Committee was further informed that the Zambia Revenue Authority (ZRA) had put in place the following measures to improve payment compliance in the VAT area:

- full rollout of the Smart Invoice system and enhanced data matching between Smart Invoice, Tax Online and Asycuda World to identify variances in declarations;
- suspension of the Withholding VAT (WVAT) mechanism, during which WVAT agents were required to submit all outstanding WVAT returns, generate any pending WVAT certificates, and remit all withheld VAT amounts. Agents were no longer required to withhold VAT on supplies received from VAT-registered suppliers. Suppliers continued to account for and remit VAT on goods and services provided and were required to use the Smart Invoice system when issuing invoices;
- continued onboarding of taxpayers onto the Smart Invoice system, with over 85 per cent of VAT-registered taxpayers already onboarded;
- use of electronic Tax Clearance Certificates (e-TCCs) as an enforcement tool;
- implementation of the Key Account Management concept to strengthen compliance;
- interfacing with the Government Service Bus to facilitate system integration between the Authority's systems and key stakeholders, thereby enhancing access to external data for analytics and decision-making. For instance, a project was underway to interface with the Ministry of Finance and National Planning's Integrated Financial Management Information System (IFMIS), while Phase I interfacing had been implemented with the Ministry of Lands and Natural Resources' Zambia Integrated Land Administration System (ZILAS), among others;
- increase in VAT refund allocations, with the monthly allocation rising from K850 million in 2021 to between K2.2 billion and K2.5 billion in 2025, to accommodate increased claims and reduce the backlog of unpaid refunds. This was expected to improve cash flow for compliant taxpayers and support business operations, particularly in the non-mining sector and among small taxpayers;
- Zambia's accession to the Global Forum on Transparency and Exchange of Information for Tax Purposes, enabling enhanced exchange of information with international counterparts to combat Illicit Financial Flows (IFFs) and promote tax transparency;
- implementation of Cross-Border Electronic Services (CBES) to tax foreign remittances earned from services supplied by non-resident companies;
- enhanced taxpayer engagement and collaboration; and
- encouragement of taxpayers experiencing cash-flow challenges to enter into Time-to-Pay Agreements

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to intensify follow-up actions to recover the remaining outstanding VAT liabilities within clearly defined timelines; accelerate the

onboarding of all VAT-registered taxpayers onto the Smart Invoice system to ensure full coverage and effectiveness and to strengthen taxpayer education and engagement, particularly for small and medium-sized enterprises, to improve understanding of VAT obligations. The Committee will await a progress report on the matter.

d. Customs Duty

i. Failure to Monitor Transits

The Committee was informed that twenty-six transits were reviewed in total. Of these, four transits (15 per cent) were acquitted, with a guarantee amount of K1,761,621.00. One transit (4 per cent) was under appeal, involving K3,134,778.00, while one transit (4 per cent) was subject to a court case with a guarantee amount of K194,542.44. The majority, twenty transits (77 per cent), had demand letters issued to guarantors and their bank accounts garnished, accounting for K5,820,342.02. Overall, the total guarantee amount across all transits was K10,911,283.46.

In addition, the ZRA had implemented measures to enhance compliance in transit management, as follows:

- electronic data exchange with neighbouring Customs Administrations;
- collaboration with National Roads Fund Agency on use of data by toll gates and Smart Corridor Project;
- the Smart Corridor Project initiated at Nakonde One Stop Border Post (OSBP) which involves integration of systems such as systems for smart gates, toll gates, and weighbridges along the corridor; and
- the Authority was in the process of procuring an Electronic Cargo Tracking System for tracking and monitoring transit vehicles.

Committee's Observations and recommendations

The Committee urges the Controlling Officer to expedite the resolution of transit cases under appeal and litigation to facilitate timely revenue recovery, strengthen pre- and post-clearance controls to reduce the incidence of non-acquitted transits and to fast-track the procurement and deployment of the Electronic Cargo Tracking System in order to enhance real-time monitoring of transit cargo. The Committee will await a progress report on the matter.

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

The Committee was informed that the reasons for the failure to adhere to guidelines of the fees and fines, included break down of motor vehicles causing failure to timely present documents on exit at the border. When breakdowns were reported, penalties were not charged upon exit of the motor vehicles. One of the other cases where penalties were not charged was when acquittal documents were not presented upon exit particularly for trucks carrying consolidated consignments, hence acquittal was done after further verification.

Of the twelve Transits that were queried for non-collection of penalties, five were charged the general penalty of K8,000.00, in accordance with section 155 of the *Customs and Excise Act*, for not following procedure under transit management, after confirmation that the goods made exit. The other five transits were not penalised because they were granted extension.

Three transits were not penalised as they were acquitted after bond redemption. The remaining transit was outstanding pending completion of the bond redemption process that had commenced.

In summary, out of the twelve transits that were reviewed, five transits (42 per cent) involved penalties paid for failure to follow procedure, after which the transits were acquitted upon confirmation of exit, with a guarantee amount of K2,252,451.00. Another five transits (42 per cent) were extended and subsequently acquitted, with no penalties charged, and a guarantee amount of K700,231.00. One transit (8 per cent) was acquitted following final clearance without penalties, with a guarantee amount of K45,034.00, while one transit (8 per cent) had a demand notice issued for bond redemption, involving a guarantee amount of K18,462.00. Overall, the total guarantee amount for all transits was K3,016,178.00.

An additional mitigating measure that the authority had embarked on to address these issues was the installation of Smart Gates which would enhance quick validation and acquittal of transits.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure strict enforcement of penalties and fines in accordance with the Customs and Excise Act. The Committee also urges the Controlling Officer to ensure that the outstanding transit is cleared without further delay and avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

iii. Imports Assessed Not Paid

The Committee was informed that the import entries remained unpaid for several reasons, including appeals; detained goods; insolvency proceedings; and Time-to-Pay Agreements (TPAs). An analysis of the thirty-eight import entries cited by the Auditor General, involving a total tax amount of K43,385,808.00, revealed the following:

- twelve entries, with taxes amounting to K29,745,790.65, had been fully paid;
- six entries, with taxes amounting to K1,840,679.33, related to a taxpayer undergoing business rescue, for which the Zambia Revenue Authority (ZRA) was awaiting the appointment of a Business Rescue Administrator and an agreed payment plan;
- two entries, amounting to K3,543,897.68, were under Time-to-Pay Agreements (TPAs);
- two entries, with taxes totaling K6,057,991.13, related to detained goods; and
- the remaining sixteen entries, with taxes totaling K2,197,449.21, were outstanding, and debt recovery measures, including TPIN suspension and garnishment of bank accounts, had been instituted to recover the revenue.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to intensify debt recovery efforts on outstanding import entries, with clear timelines for resolution, closely monitor taxpayers under insolvency or business rescue to ensure tax liabilities are prioritised in approved payment plans, strengthen early intervention mechanisms to prevent accumulation of unpaid import taxes and to expedite the resolution of cases involving detained goods to minimise revenue delays and storage-related risks. The Committee will await a progress report on the matter.

iv. Temporary Imports Permits

The Committee was informed that the Zambia Revenue Authority (ZRA) had undertaken intensified enforcement activities, including the suspension of TPIN accounts for importers and declarants with outstanding Temporary Import Permits (TIPs). As a result of these measures, ten out of the seventeen outstanding TIPs, valued at K2,817,790.00, had been acquitted, representing over 85 per cent achievement. The Authority was currently pursuing the remaining seven TIPs, valued at K401,131.94, through continued TPIN suspension.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to maintain and strengthen enforcement actions, including TPIN suspension, to ensure full acquittal of outstanding TIPs and to enhance post-clearance monitoring mechanisms to prevent the accumulation of unacquitted TIPs in future. The Committee will await a progress report on the matter.

v. Missing Motor Vehicles Imported under IBDF-155

The Controlling Officer submitted that the outstanding Integrated Border Declaration Form (IBDF) entries arose from clients and visitors failing to extend the validity period or re-export motor vehicles in a timely manner. The Committee was informed that the Authority was undertaking an ongoing data analysis exercise to identify motor vehicles that had been finally cleared on ASYCUDAWorld but remained outstanding on the IBDF system. Out of the 155 outstanding IBDF entries, forty-three had been acquitted, leaving a balance of 112.

The Authority had continued to conduct enforcement activities, including road patrols and motor vehicle checkpoints, which involved verifying foreign-registered motor vehicles using the Integrated Border Declaration Form (IBDF) to confirm the validity of documentation. In addition, the Committee was informed that the Authority was in the process of enhancing its systems through data interfaces between the IBDF system and Customs Temporary Export Permits, as well as with neighbouring customs administrations. This initiative was expected to support the timely and efficient acquittal of IBDFs.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen monitoring and follow-up mechanisms to ensure timely extension or re-export of vehicles imported under IBDFs, accelerate system integration between IBDFs, AsycudaWorld, Temporary Export Permits, and neighbouring customs administrations and to enhance public awareness and guidance for clients and visitors on IBDF obligations and timelines. The Controlling Officer is further urged to intensify enforcement actions against persistent non-compliance to deter abuse of temporary import facilities going forward. The Committee will await a progress report on the matter.

vi. Failure to Dispose Gazetted Goods

Chirundu

The Committee was informed that the disposal of seized goods and motor vehicles was delayed in some instances due to appeals by owners; ongoing investigations; and manual processes involved in effecting the detention; seizure; and forfeiture of goods. In addition, once goods were forfeited, the Committee of Survey on Disposal of Forfeited Fixed Assets and Stores was required to administer the disposal process. This Committee was constituted

by the Secretary to the Treasury in accordance with the provisions of the *Public Finance Management Act of 2018*. The Committee inspected the goods and subsequently communicated with Government agencies to advise on the appropriate method of disposal for the forfeited items.

A submission was made to the Disposal Committee for all thirteen motor vehicles valued at K1,518,922.00 and goods valued at K127,332.00, out of total goods worth K1,160,343.00. Regarding the cannibalised motor vehicles, the two vehicles with seizure numbers 11253 and 11256 were valued at K10,000.00 and K500.00 respectively, reflecting their poor condition at the time of seizure. These cannibalised vehicles were also listed and submitted to the Committee in the same letter.

The Committee conducted inspections of the motor vehicles and goods in May 2025, after which the Authority awaited instructions on the method of disposal from the Asset Disposal Committee. The remaining goods valued at K1,033,010.91, out of total goods amounting to K1,160,343.00, were gazetted under gazette notice No. 1254 of 3rd October, 2025 as a notice of forfeiture and would be submitted to the Disposal Committee after the lapse of the gazette notice period.

Livingstone

The Committee was informed that the notices of seizure for four motor vehicles, with a total value of K2,282,300.21 out of twelve motor vehicles, had been acquitted after being accounted for. Of the remaining eight motor vehicles, five valued at K605,021.24 were listed and submitted to the Disposal Committee. The remaining three motor vehicles, with a total value of K66,000.00, were gazetted and would be submitted to the Asset Disposal Committee together with the goods under gazette notice No. 1265 of 3rd October 2025, after the lapse of the statutory thirty-day notice period.

The seized alcohol valued at K2,483,587.00, out of total goods valued at K6,838,298.00, was subject of an active court case. Alcohol valued at K1,389,344.16 was listed and submitted to the Disposal Committee. Seized goods valued at K2,310,170.00 were gazetted under gazette notice No. 1265 of 3rd October, 2025 and would be submitted to the Committee after the lapse of the statutory notice period. The remaining goods valued at K655,196.00 were also gazetted and would be submitted to the Committee together with the goods under gazette notice No. 1265 of 3rd October, 2025 after the lapse of the statutory notice period.

Katima Mulilo

The Committee was informed that sixteen motor vehicles, with a total value of K1,682,468.32, out of twenty-four motor vehicles valued at K3,092,633.00, were listed and submitted to the Disposal Committee through letter ZRA/CG/CUST/1104/2024, dated 10th December 2024 to the Secretary to the Treasury. The Committee conducted inspections of the motor vehicles in May 2025, and the Authority was awaiting directives on their disposal. A further three motor vehicles, with a total value of K420,448.00, were submitted to the Disposal Committee after forfeiture, through letter ZRA/CG/CUST/930/2025, dated 8th October 2025 to the Secretary to the Treasury. The remaining five motor vehicles, with a total value of K930,000.00, were gazetted under Gazette Notice No. 1260 of 3rd October 2025 and would be submitted to the Disposal Committee after the lapse of the statutory notice period.

The expired seized goods valued at K78,675.27 comprised beer and other alcoholic beverages valued at K67,164.42; cooking oil valued at K6,010.85; and used tyres valued at K5,500.00. The seizures of beer and cooking oil consisted of small individual consignments from different importers and expired during the detention and seizure process. These items were gazetted and would be destroyed after the lapse of the gazette notice period. The used, worn-out tyres remained unsold at auction, as reported by the auctioneer, and would be destroyed together with the expired alcoholic beverages after the lapse of the gazette notice period.

Kitwe

The Committee was informed that four motor vehicles valued at K793,279.00 were gazetted under Gazette Notice No. 1263 of 3rd October, 2025 and will be submitted to the Disposal Committee after the lapse of the gazette notice period. Five motor vehicles with a total value of K181,000.00 (indicated as goods above) were listed and submitted to the Disposal Committee through letter ZRA/CG/CUST/1104/2024 dated 10th December, 2024 to the Secretary to the Treasury. The Committee conducted inspections of the motor vehicles in May 2025, and the Authority was awaiting directives on the disposal of the items.

Goods valued at K624,821.00 were gazetted under gazette notice No. 1262 of 3rd October 2025 and would be destroyed after the lapse of the statutory thirty-day notice period. Part of these goods comprised soaps and perfumes valued at K513,500.00, which were initially subject of an investigation. The owner was later granted permission to clear the goods, but opted not to do so.

The Controlling Officer further submitted that a total of nine motor vehicles with a combined Value for Duty Purposes (VDP) of K974,278.75 were processed. Of these, four vehicles valued at K793,278.75 were gazetted for submission to the Disposal Committee after the lapse of the gazette notice, while five vehicles valued at K181,000.00 were submitted to and inspected by the Asset Disposal Committee. In addition, seized goods (excluding motor vehicles) with a total VDP of K624,821.00 were gazetted for destruction after the lapse of the gazette notice period.

Ndola

The Committee was informed that all motor vehicles were listed and submitted to the Disposal Committee through letter ZRA/CG/CUST/1104/2024 dated 10th December, 2024 to the Secretary to the Treasury. The motor vehicles were subsequently inspected by the Committee in April 2025, and the Authority was awaiting directives on their disposal. The seized mealie meal was undergoing the forfeiture process and was donated to the Copperbelt Provincial Administration after being gazetted under gazette No. 392 of 30th May, 2025. The Provincial Administration distributed the mealie meal to communities involved in fish and animal farming. The Authority proposed a legislative amendment, which was presented in the 2026 National Budget, to allow for the disposal of perishable goods such as mealie meal without undergoing the gazetting forfeiture process. The amendment was expected to take effect on 1st January 2026.

A total of twelve motor vehicles were submitted to and inspected by the Disposal Committee, with a combined Value for Duty Purposes (VDP) of K390,454.00. Items donated following gazette No. 392 dated 30th May 2025, had a total VDP of K1,188,372.00. Overall, the Authority has earmarked the development of an automated system for the detention, seizure, and disposal of goods to streamline and expedite processes from detention through to

disposal. This automation would be developed on ASYCUDA version ASY5, as part of the Authority's ongoing migration from ASYCUDAWorld.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to expedite the work of the Committee of Survey. The Committee also urges the Controlling Officer to implement an automated detention, seizure, and disposal tracking system and to fast-track legislative amendments to allow expedited disposal of perishable goods. The Committee will await a progress report on the matter.

e. Excise Duty

i. Failure to Invoke the Provisions of the Act

The Committee was informed that, out of the four taxpayers cited, one taxpayer had since submitted all outstanding returns. The remaining three taxpayers had active accounts and were expected to file returns for the indicated periods but failed to do so. Specifically, the three taxpayers did not submit Local Excise returns for the period from 1 January 2024 to 31 December 2024.

One taxpayer under Local Excise – Plastics had previously been suspended and did not file any returns after the suspension was lifted. The second taxpayer, registered under Local Excise – Non-Alcoholic Beverages, had also been previously suspended, became active on 1 February 2024, and had not filed any returns since reactivation. The third taxpayer, also registered under Local Excise – Non-Alcoholic Beverages, remained active throughout the period but did not submit any returns.

The Committee was further informed that penalties were charged upon the filing of returns, as reflected in the relevant account statements. The Zambia Revenue Authority (ZRA) has continued to engage with and closely monitor the compliance status of the remaining three non-compliant taxpayers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strictly enforce the provisions of the *Customs and Excise Act, Chapter 22 of the Laws of Zambia* against taxpayers who fail to file returns despite having active accounts. The Committee also urges the Controlling Officer to strengthen follow-up actions immediately upon reactivation of previously suspended taxpayers to ensure compliance. The Controlling Officer is further urged to intensify taxpayer education and reminders to improve awareness of Local Excise filing obligations. The Committee will await a progress report on the matter.

ii. Exports Assessed Not Paid

The Controlling Officer submitted that the delay in payment of export entries was mainly due to appeals, among other reasons, as evidenced by the attached appeal relating to the Chingola entry E11941 of 2024. Further analysis revealed that, out of ten export entries with taxes totalling K1,547,677.00, six entries amounting to K1,050,816.00 — representing 68 per cent of the outstanding taxes — had been paid following debt enforcement activities, including the suspension of TPIN accounts for exporters and declarants. The TPIN accounts for exporters and declarants relating to the remaining outstanding taxes totalling K496,861.00 had also been suspended on ASYCUDAWorld.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to expedite the resolution of appeals relating to export entries to minimise delays in revenue collection and to maintain strict enforcement measures, including TPIN suspension, until all outstanding export taxes are settled. The Controlling Officer is further urged to strengthen pre-export verification and assessment processes to reduce disputes and appeals as well as periodically review suspended TPIN cases to ensure timely resolution and recovery. The Committee will await a progress report on the matter.

f. Irregularities in the Administration of Non-Tax Revenue – Failure to collect Mineral Royalty Tax-US\$ 12,113,924.00

The Controlling Officer clarified that the thirty-one mining companies cited as having exported minerals worth US\$4,375,828,847.00 did not correspond with the supporting schedule received from the auditors. It was, therefore, respectfully submitted that the correct position, as indicated in Schedule 29, was that a total of forty-one companies exported minerals valued at K4,375,828,847.00 in Zambian currency, not in United States dollars. Additionally, the indicated amount of US\$12,113,924.00 as mineral royalty revenue not collected was not computed correctly. Mineral royalty (MR) was not calculated by applying 5 per cent to the total value of export permits issued to the cited taxpayers during the period under review. As prescribed by legislation, mineral royalty was calculated based on actual sold minerals. The *Mines and Minerals Development Act No. 11 of 2015*, Part VII (Sections 88 to 95), which was the authority for charging mineral royalty, was referred to.

Out of the forty-one taxpayers reviewed, twenty-three exported minerals with possible MR liability, exporting 53,620.14 tonnes valued at K3,644,190,424.00, and self-declared and paid MR amounting to K6,445,041.40. A further thirteen taxpayers exported minerals but had no MR liability, exporting 46,193.03 tonnes valued at K731,638,422.00. The remaining five taxpayers did not export any minerals during the period. Overall, total mineral exports amounted to 99,813.17 tonnes with a combined export value of K4,375,828,847.00 while total MR collections stood at K6,445,041.40.

The analysis of the forty-one companies was as follows:

i. Exported Minerals (MR Liability)

Twenty-three taxpayers exported 53,620.14 tonnes of minerals with an export value of K3,644,190,424.00. Four of these taxpayers, with an export value of K57,439,572.11, submitted payable mineral royalty returns amounting to K6,445,041.40, all of which was paid. The remaining nineteen exporters have been engaged for audits and are at various audit stages. Audits on three of these companies, with an export value of K755,956,674.81, have been concluded and mineral royalty assessments totaling K34,803,720.65 issued.

ii. Exported Minerals but not Liable to Mineral Royalty

Thirteen taxpayers exported minerals that were either recycled materials such as aluminium; steel; unwrought lead; and others, or minerals bought from other identified mining companies. These exporters were, therefore, not liable to account for mineral royalty and filed nil mineral royalty returns. However, they were liable for other taxes such as income tax, which they accounted for and paid. Some of these companies were audited during the period under review.

iii. Non-Exports

Five mining entities did not export any minerals during the period under review. These companies were nonetheless earmarked for audit to verify tax compliance.

Notwithstanding the above, all cited taxpayers had been scheduled for audits and were at various audit stages, of which six companies had already been audited and assessments amounting to K43,190,118.25 had been raised.

The Authority continued to implement initiatives aimed at strengthening the safeguarding and collection of mineral royalty revenue. These measures included:

- focussed and increased audit coverage that had been supported by strengthening audit capacity and capability in the Mining Audits units. For instance, the Mining Audit – Artisanal Small and Medium Business had its staff compliment increased to twenty-seven (from previous five) when the Unit was established, with twenty-one having been recruited. The staff were undergoing various extractive industry courses.
- employing risk-based audits in accordance with the annual audit plan. The audits ranged from comprehensive to issue-specific audits that were initiated based on risk assessments highlighting potential revenue risks or losses.
- enforcement of compliance through the Tax Clearance Certificate (TCC) process, ensuring that only taxpayers that were fully compliant or had made commitments to settle any outstanding taxes were issued Mineral Royalty Clearance Certificates when applying for mineral export permits.
- cross-checking of data across the various ZRA systems to identify any non-compliance and revenue leakages. The Mineral Value Chain Data Unit under the Mining Directorate of the ZRA analyses and matches data declarations in ASYCUDA World (Exports and Imports), Mineral Royalty Returns in TaxOnline II and the Mineral Output Statistical Evaluation System (MOSES). These data matching reports were targeted audits and audit planning.
- implementation of a system interface between TaxOnline II and ASYCUDAWorld designed to facilitate seamless and automatic sharing of mineral export data and introduction of system-based controls to promptly detect non-compliance of taxpayers to trigger further actions. Further, the development of the interface between the MOSES and TaxOnline II was underway with user requirements and blueprints already in place.

The administration of mineral royalty, in the period under review, was governed by Part VII (Sections 88 to 95) of the *Mines and Minerals Development Act No 11 of 2015*. The law provided guidance on who was liable to pay mineral royalty, the basis for valuing minerals for mineral royalty purposes and the applicable mineral royalty rates among other matters, for all the five categories of minerals mined in Zambia.

Valuation - The price for determining the value or tax base for Base and Precious Metals was the prevailing monthly average price of the metal as published by metal exchange such as the London Metal Exchange or Fast Markets MB, the price was not based on the actual sale price of the metals. On the other hand, the value or tax base of minerals classified as Gemstones, Industrial and Energy Minerals was based on the actual realised selling price, which was the price agreed between the willing seller and buyer.

Persons Liable - Liability to pay mineral royalty was on the person that extracted minerals from within the Republic. However, where a person, who was not involved in mining or extracting minerals, was found in possession of minerals on which mineral royalty had not been paid, such a person was liable to account and pay mineral royalty on such minerals.

Payment of Mineral Royalty – Mineral royalty paid only once in the value chain. Therefore, subsequent buyers of such minerals were not liable to pay mineral royalty as long as they showed proof that it was purchased from a person that paid mineral royalty. There not every exporter was liable to mineral royalty.

Export Permit Issuance - The law required that for every export permit, a mineral royalty clearance had to be issued but as explained in the foregoing, this did not necessarily imply that for every export mineral royalty would be paid by the exporter as mineral royalty could have been paid by a person that mined the mineral already. It would also be noted that a mineral royalty tax clearance was issued before mineral royalty was due and payable as payment date was due on the 14th following the month of sale.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to conduct a comprehensive review of capital allowance claims and deductible costs in the mining sector. The Committee also urges the Controlling Officer to intensify mining audits to verify the legitimacy of cost declarations and collaborate with the Ministry of Mines and Minerals Development to improve transparency in mining sector profitability reporting. The Committee will await a progress report on the matter.

g. Insurance Premium Levy – Failure to conduct enforcement measures

The Committee was informed that for the Tourism Levy, a total of 300 taxpayers were registered, of whom 52 (17 per cent) submitted returns, while 248 (83 per cent) did not submit any returns. For the Insurance Premium Levy, there were ten taxpayers in total, with 4 (40 per cent) having submitted returns and 6 (60 per cent) failing to submit returns.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to urgently implement enforcement measures against non-filing taxpayers under both the Tourism Levy and the Insurance Premium Levy and to strengthen monitoring and follow-up mechanisms, including the use of penalties and account suspensions, to compel compliance. The Controlling Officer is further urged to ensure the periodic review of the taxpayer register to ensure only active and liable entities remain registered and to strengthening the legal and operational framework governing levy enforcement. The Committee will await a progress report on the matter.

MINISTRY OF FINANCE AND NATIONAL PLANNING-NATIONAL ROAD FUND AGENCY (PARAGRAPH 11)

a. Budget against Actual Collections

The Committee was informed that the recorded variance between the NRFA 2024 budgeted revenue of K2,554,126,310.00 and the actual total revenue collected of K4,094,759,525.64 resulted in an over-collection of K1,540,633,215.21 in 2024. The over-collection of revenue recorded by the Agency in 2024 was attributed to a combination of external economic factors and internal operational measures that positively affected revenue performance, but had not

been fully anticipated during the preparation of the 2024 revenue estimates. One of the key external factors was the significant fluctuation in the exchange rate, which increased revenue from port-of-entry tolls charged to foreign vehicles in United States Dollars.

Additional contributing factors included the following:

- (i) Revenue from three toll stations under the Lusaka–Ndola Road Project implemented through a Public-Private Partnership (PPP), namely Kafulafuta, Manyumbi, and Katuba. These stations had been earmarked for handover in 2023, and therefore their projected revenues had not been included in the 2024 budget estimates.
- (ii) The implementation of Statutory Instrument No. 55 of 2023, which revised toll tariffs upwards.
- (iii) The operationalisation of new weighbridges, which enhanced revenue collection.
- (iv) Significant changes in the K/USD exchange rate, which increased revenue collections denominated in foreign currency.

The four factors listed above contributed K1,360,243,997.74 to the reported over-collection of K1,540,633,215.21, leaving a balance of K180,389,217.26.

The contributions were summarised as follows:

- (i) Lusaka Ndola PPP Contribution - K541,543,749.00
- (ii) SI 55 (Revised Tolls) – Excluding PPP Stations - K386,296,318.74
- (iii) Weighbridge Extension (Kapiri & Kafulafuta) - K3,022,593.00
- (iv) Weighbridge Fines (Chongwe & Chingola) - K15,229,176.00
- (v) SI 74 of 2020 (Foreign Vehicles) – K414,152,161.00

To prevent the recurrence of such discrepancies, the Treasury had continued collaborating with the Agency during budget preparation and implementation monitoring.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen revenue forecasting and budget preparation processes by ensuring that all anticipated operational changes, policy adjustments, and economic variables such as exchange rate movements, new toll stations, tariff revisions, and additional weighbridge operations are adequately incorporated into revenue projections going forward. The matter is recommended for closure pending verification by the OAG.

b. Irregularities in Revenue Collections -Toll Fees

i. Unpaid for Abscondments-K228,225.00

The Committee was informed that the major causes of abscondments relating to the payment of toll fees included, among others, the following:

(i) Tailgating

Motorists followed closely behind a toll-exempt or prepaid vehicle in order to pass the barrier without detection

(ii) Payment Deception

Some motorists pretended to have no cash or requested assistance to pay through mobile money, and subsequently absconded without making payment.

(iii) Time-Based Evasion

Motorists assumed that toll operations were inactive at certain hours, particularly at night, and drove through without paying.

(iv) Intentional Non-compliance: Some motorists deliberately refused to comply with toll payment requirements.

For the year 2024, a total amount of K387,600.00 relating to 162 incidences was queried as having remained uncollected at the time of the audit.

The Committee was further informed that the Agency had continued implementing measures aimed at mitigating and addressing cases of abscondment. These measures included the following:

- (i) Blocking all absconding motor vehicles at toll stations operated by the Agency.
- (ii) Flagging absconding vehicles with the Road Transport and Safety Agency (RTSA), thereby requiring motorists to settle abscondment penalties before accessing RTSA services.
- (iii) Pursuing offending motorists through the Agency’s in-house Legal Team.
- (iv) Conducting continuous public sensitisation on the importance of paying toll fees and the repercussions for failure or refusal to comply.

As a result of these measures, out of the total amount of K387,600.00 queried: K158,085.00 was recovered and paid; K6,240.00 and K4,840.00 were waived in accordance with the Tolls Act No. 14 of 2011, on the basis that three vehicles formed part of the Vice President’s official delegation, while one vehicle was operating as an emergency vehicle at the time of passage. This left an outstanding balance of K218,435.00 relating to ninety vehicles as at 30th October 2025. The updated summary was as shown in the table below.

Table 5: Toll Collections

Toll Station	Number of Vehicles	Amount Due	Amount paid	Amount Waived	Balance
Chongwe	21	56,940.00	12,100.00	0	44,840.00
Shimabala	85	204,450.00	85,585.00	4,840.00	114,025.00
Daniel Munkombwe	5	12,100.00	5,240.00	0	6,860.00
Reuben Kamanga	6	14,520.00	2,420.00	0	12,100.00
Grey Zulu	1	2,420.00	0	0	2,420.00
Katuba	20	42,700.00	26,360.00	0	16,340.00
Kafulafuta	7	13,250.00	5,970.00	0	7,280.00
Michael Chilufya Sata	4	9,730.00	4,870.00	0	4,860.00
Wilson Mofya Chakulya	9	21,780.00	8,280.00	6,240.00	7,260.00
Ntoposhi	2	4,840.00	4,840.00	0	0.00
Chembe	2	4,870.00	2,420.00	0	2,450.00
Total	162	387,600.00	158,085.00	11,080.00	218,435.00

The Committee was further informed that, in order to mitigate the underlying causes of abscondments, the Agency had been enhancing lane control infrastructure at toll stations, while ensuring that the safety of both toll collectors and motorists was taken into consideration. This measure was expected to significantly reduce incidences of abscondments.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen enforcement mechanisms and operational controls at toll stations as stipulated in order to minimise revenue losses arising from abscondments. The Controlling Officer is further urged to ensure that the outstanding penalties are recovered and avail supporting documents to the OAG. The Committee will await a progress report on the matter.

ii Closure of George Kunda SC Toll Station – Delayed Compensation for Damages to Tolling Infrastructure- K1,773,950.00

The Committee was informed that the delay in the compensation for the damages was attributed to several factors.

Firstly, the damage claim amount could only be accurately determined after tolling operations had resumed, in order to incorporate the full cost of restoration works. Secondly, the Agency initially pursued the claim with the owners of the truck responsible for the damage. However, the truck owners indicated that they were unable to settle the claim due to the small scale of their business operations. The claim was subsequently pursued with the insurance company, which had to appoint an independent loss adjuster to undertake an assessment of the damages. This process contributed to the prolonged settlement period.

The Committee was further informed that the Agency actively pursued the claim with the insurer, and following the assessment by the appointed independent adjuster, the claim amount was revised to K1,124,256.81, compared to the initial claim of K1,773,950.00. This resulted in a difference of K649,693.19. Out of this amount:

- (i) K124,917.42 represented the standard 10 per cent insurance excess payable by the client; and
- (ii) K524,775.77 related to items that were not covered under the insurance policy.
- (iii) The items not covered under the insurance policy included:
- (iv) IT Equipment: K99,500.00
- (v) Canopy installation contract items, including the contractor's establishment and obligations, VAT, and contingency costs amounting to K425,275.77.
- (vi) The Committee was informed that the adjusted claim settlement amount of K1,124,256.81 had since been paid by the insurer.

Committee's Observations and Recommendations

The Committee recommends the matter for closure pending verification by the OAG.

b. Outstanding Compensation Fines on Released Overloaded Vehicle - M and N Industrial Merchants Limited-K332,495.00

The Committee was informed that on 27th October 2023, the Agency received correspondence from Messrs Nyirongo and Company legal representatives of M and N Industrial Merchants Limited, enclosing documents from the Kitwe High Court indicating

that the Company had obtained an Order for Judicial Review regarding the handling of the impoundment matter by the Road Development Agency. The Order directed the Agency to release the impounded truck to the applicant pending the final determination of the case.

The matter was subsequently heard in December 2024, during which the Agency appeared before the Court and argued its case based on the provisions of the Public Roads (Maximum Weight of Vehicles) Regulations, Statutory Instrument No. 28 of 2007, which required the detention of an overloaded vehicle until the prescribed fines were fully paid. Following the hearing, the Judge reserved judgment to be delivered at a later date. As of the time of reporting, the judgment had not yet been delivered and the Agency continued to make periodic follow-ups with the Marshal to the Judge to ascertain the progress and final determination of the case.

Committee's Observations and Recommendations

The Committee notes that this matter is before the courts of law and urges the Controlling Officer to continue following up with the Court until judgment is delivered and will await a progress report on the matter.

MINISTRY OF HOME AFFAIRS AND INTERNAL SECURITY–PASSPORT AND CITIZENSHIP (PARAGRAPH 12)

a. Failure to Integrate Passport Services on the Government Service Bus

The Government Service Bus (GSB) platform had approximately 322 services.

- (i) Despite the numerous daily transactions recorded by the Department, the services had not been integrated into the GSB.

The Controlling Officer submitted that it was the Ministry's position to fully integrate the personalised passport system on the GSB, but because the two systems ran on independent software, the process required adequate funds to be fully integrated into a single system. The Committee was informed that due to fiscal space, the Ministry opted to proceed with a partial integration of the passport services on the GSB as they waited for adequate funding to fully integrate the services. The partial integration entailed that applicants would be able to make applications through the automated system uploaded onto the GSB up to a point where they could now manually attend interviews.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to fully fund the integration of the passport services on the GSB and will await a progress report on the matter.

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

The Controlling Officer submitted that the Personalised Passport System (PPS) was a system developed by a vendor who provided blank passport booklets. The system operated and ran on independent software from the payment gateway system, which was operated by Indo Zambia Bank. As such, it required adequate funds to bring together two systems operating on different software and the development of a single system. Due to limited fiscal space, the Ministry was unable to integrate the PPS and Indo Zambia Bank as the payment gateway.

The Committee was informed that the initial step toward partial integration of passport services marked a key milestone, with passport applications being processed through the automated Government Service Bus (GSB) system. Additionally, efforts had always been made to integrate the Personalised Passport System on the GSB, but due to limited fiscal space, the Ministry was unable to proceed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to fully fund the integration of the passport services on the GSB and will await a progress report on the matter.

b. Failure to Prepare Cashbooks (K48,519,090)

The Controlling Officer submitted that the officer assigned to ensure that cashbooks were prepared was inefficient in executing the duties. The inefficiency was largely attributed to the fact that the role of collecting passport application fees was delegated to Indo Zambia Bank, and Indo Zambia Bank delayed in providing the Ministry documentation required to prepare cashbooks. The Committee was informed that the Permanent Secretary had made recommendations to reshuffle officers within the Department, particularly those responsible for preparing cashbooks, to assign these duties to more efficient officers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that there is strict compliance with Regulation 133 of the Public Finance Management (General) Regulations, 2020 by maintaining an up-to-date revenue cashbook for all collections. The Committee further urges the Controlling Officer to institute disciplinary measures against the responsible officer for failure to comply with established procedures and will await a progress report on the matter.

c. Failure to Decentralise Passport Production

- (i) A review of records and physical inspection of provincial officers revealed that passport production centres were only in Lusaka; Ndola; Livingstone; and Chipata. In this regard, applications forms from other provinces had to be sent to the four locations for processing and production of passports, thereby lengthening the client waiting time.

The Controlling Officer submitted that the higher security standards set by the International Civil Aviation Organisation (ICAO) for passport production facilities had constrained the Ministry's ability to decentralise passport production to additional centres. This was because, according to ICAO requirements, such facilities must meet specific thresholds, including high levels of physical security and strict access control measures. Additionally, passport production equipment was very expensive. Therefore, in the wake of the Government's limited fiscal space, it was unattainable to decentralise production and at the same time be able to meet higher standards set by ICAO.

The Committee was informed that the Ministry acquired more vehicles to ease the delivery of passports to production centres for places where passport production was not available, as well as collecting produced passports to application centres.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to reinforce alternative service delivery measures to mitigate the impact on applicants, while ensuring compliance with international

security standards. The Committee further urges the Ministry to engage the Treasury to ensure that resources are ring-fenced for the decentralised production of passports in a manner that meets the higher standards set by ICAO. The Committee will await a progress report on the matter.

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

The Controlling Officer submitted that, contrary to the Auditor General's findings, the provisions of the Passport Act of 2016 stipulate that citizens must collect their passports from the designated application centres where the applications were lodged. The Committee was informed that long distances were not a factor, as the responsibility lay with the office to deliver applications from application centres to production centres and subsequently return the produced passports to the application centres, where citizens would collect them.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

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

i. Failure to Provide Performance Security for the Contract

The Controlling Officer submitted that the Ministry regretted that at the time of the audit, the performance bond could not be availed because efforts to trace and retrieve the document proved futile. Nevertheless, the performance bond was traced and attached to the submission.

Committee's Observations and Recommendations

The Committee notes, with concern, the failure by the supplier to provide the required performance security in accordance with the contract. The Committee further urges the Controlling Officer to take the audit process seriously and ensure that all required documents are availed to the Office of the Auditor General at the time of audit. The Committee recommends the matter for closure, subject to verification by the OAG.

ii Failure to Charge Liquidated Damages on Delayed Delivery of Passport Booklets (K655,530)

The Controlling Officer submitted that the vendor communicated to the Ministry regarding the delivery schedule for the 300,000 passport booklets following logistical challenges encountered during contract execution. In this regard, the Ministry responded to the vendor's request to defer delivery of 70 per cent of the passport booklets. Further, the request for a letter of credit was made with Zambia National Commercial Bank, which was only honoured late on 26th April 2024. Consequently, the supplier intended to defer commencement of delivery in the absence of one of the required financial security documents, and the Ministry was therefore unable to charge liquidated damages.

Committee's Observations and Recommendations

The Committee notes, with concern, the failure to enforce liquidated damages despite significant delays. The Committee, therefore, urges the Controlling Officer to ensure that any variations to contractual timelines are formally documented and approved in accordance with contract provisions and will await a progress report on the matter.

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

- (i) Contrary to Section 8 (1) of the Passport Act No. 28 of 2016, a comparison of the days within which a passport and travel documents were processed revealed that the Department did not provide the services within the stipulated time. The delays ranged between 101 and 555 days.

The Controlling Officer submitted that it was regrettable that the passports were not processed according to the stipulated timeframe. This was partly due to the regionalisation of passport production centres and internet interruptions, as passport production depended on connectivity as well as manually processed applications. The Committee was informed that now that the passport services had been integrated onto the GSB, the delayed passport production shall be addressed.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

- (ii) Further, it was observed that the Department did not have an approved Customer Service Charter.

The Controlling Officer submitted that during the audit, the service delivery charter was in its draft form, awaiting approval by Cabinet Office and that the service charter had been approved.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

MINISTRY OF TRANSPORT AND LOGISTICS – ROAD TRANSPORT AND SAFETY AGENCY (PARAGRAPH 13)

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

The Controlling Officer submitted that if the vehicles were sighted at RTSA stations then the vehicles could have been impounded or had come to comply with statutory obligations. On the other hand, if the motor vehicles were sighted at other places rather than RTSA Stations, then the observation regarding the failure to enforce and collect Road Service Licence (RSL) fees was not applicable to the sighted vehicles as they were private motor vehicles at the time of the audit.

The Committee was informed that in order to effectively enforce, there should be physical and indisputable evidence that the sighted vehicles were plying for hire and reward. The sighted vehicles lacked indisputable evidence which made it difficult to enforce. However, they had been monitoring the sighted vehicles in line with provision 101(5) (b) of the *Road Traffic (Amendment) Act No. 8 of 2022*. The Controlling Officer further submitted that this meant that if an officer was to be charged, it had to be either a police officer or a road traffic officer.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

b. Loss of Revenue due to Poor Administration of Road Service Licensing

The Controlling Officer submitted that the agency was not aware that the Electoral Commission of Zambia (ECZ) and other Ministries had hired private vehicles which had no Road Service Licences. Further, four ministries, excluding the Ministry of Transport and Logistics, collectively hired a total of ninety-nine vehicles for various high-level events in 2024. The Ministry of Foreign Affairs and International Cooperation hired the largest share, with forty-two vehicles for the SADC Double Troika Summit, followed by the Ministry of Agriculture, which hired twenty-six vehicles for the Africa Agricultural Policy Leadership Dialogue. The Ministry of Lands and Natural Resources hired eighteen vehicles for the Surveyor General’s Conference, while the Ministry of Tourism hired thirteen vehicles for the Kavango Zambezi Transfrontier Conservation Areas Heads of State Summit.

The Committee was informed that overall, the hiring was primarily driven by the need to support major conferences and summits. RTSA had written letters to the ECZ and the Ministry of Transport and Logistics advising them to adhere to the provision of the *Road Traffic Act No. 11 of 2002* as amended by the *Road Traffic Act No.8 of 2022*. Further, the agency had since proceeded to block the vehicles on its electronic Zambia Transport Information System (e-ZamTIS) pursuant to Section 101(1)(a) of the *Road Traffic Act*. This would compel the owners to approach the Agency where charges would be issued. Additionally, the Ministry of Transport and Logistics had written to all Ministries instructing that all hired motor vehicles must include a mandatory requirement to possess valid Road Service Licences (RSL) issued by the RTSA. Further, the Ministry would write and engage all firms and individuals that were hired to go and pay at RTSA.

Committee’s Observations and Recommendations

The Controlling Officer is urged to ensure that the outstanding payments are collected and avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

MINISTRY OF TOURISM (PARAGRAPH 14)

a. Budget Against Actual Collections

The Committee was informed that the Ministry of Tourism had collected revenue amounting to K317,924,602.00 against the approved estimate of K200,904,596.00 for the year ended 31st December, 2024, resulting in an over-collection of K117,020,006.00, which was acknowledged. The over-collection was largely attributed to the Department of National Parks, which collected part of its revenue in United States Dollars (USD). The 2024 revenue estimates had been prepared using an exchange rate of US\$1 to K18. However, the actual average exchange rate during the year, was approximately US\$1 to K27. The depreciation of the Kwacha against the US Dollar had, therefore, led to higher Kwacha-denominated revenue collections than initially projected, resulting in the over-collection recorded in 2024.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen its revenue forecasting mechanisms by incorporating realistic and regularly updated exchange rate projections to ensure greater accuracy in budget estimates and to minimise significant variances between projected and actual revenue collections. The Committee recommends the matter for closure pending verification by the OAG.

b. Budget against Actual Collections-K9,214,378.00

The Committee was informed that the Ministry had not been able to collect the Hotel Managers' Fees as stated by the Auditor General. The Ministry had since pursued the outstanding amounts, and a total of K1,049,809.00 was recovered.

Further, the revenue target of K6.4 million had been based on an estimated 9,000 tourism enterprises. However, a data-cleaning exercise conducted by the Zambia Tourism Agency (ZTA) revealed that only 5,000 active enterprises existed, which led to the under-collection. During the period under review, ZTA collected K525,104.00 through walk-in payments and K1,636,564.72 through Government Service Bus (GSB) collections, bringing the total collections to K2,161,668.72.

In addition, the Ministry was unable to collect all the projected revenue from Tourism Development Credit Facility (TDCF) loan repayments because some beneficiaries of the Tourism Development Fund (TDF) loans had ceased operations. The outstanding debt had since been submitted to the Ministry of Justice for enforcement and recovery.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen its debt collection and enforcement mechanisms; enhance the accuracy of its enterprise database to ensure realistic revenue projections; and expedite collaboration with the Ministry of Justice to recover outstanding loan repayments in order to improve revenue performance and minimise future under-collections. The Committee will await a progress report.

c. Non-Collection of Revenues from Debtors – Hotel Manager's Registration Fees K2,371,289.00

The Committee was informed that the revenue target had been based on an estimated 9,000 tourism enterprises. However, a data-cleaning exercise conducted by the ZTA revealed that only 5,000 active enterprises existed. This discrepancy resulted in the non-collection and subsequent under-collection of Hotel Managers' Registration Fees amounting to K2,371,289.00.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to maintain an updated and verified database of tourism enterprises to ensure accurate revenue projections and strengthen monitoring mechanisms to enhance the collection of Hotel Managers' Registration Fees and prevent future revenue shortfalls. The Committee will await a progress report.

d. Management of Casino Licence Fees

i. Non-Collection of Casino License Fees-K468,000.00

The Committee was informed that the Ministry of Tourism had failed to collect Casino Licence Fees amounting to K468,000.00 in respect of eleven operators. However, the Committee noted that outstanding fees amounting to K203,000.00 had since been collected from the operators.

The Committee further heard that the Department had issued demand notices to ensure that casino licence fees were collected in a timely manner going forward.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen its monitoring and enforcement mechanisms, including timely issuance of demand notices and follow-ups, to ensure full and prompt collection of casino licence fees. The Committee will await a progress report.

ii. Failure to Provide Statement of Accounts

The Committee was informed that twenty-seven operators had not submitted Statements of Accounts because they did not have audited financial statements at the time of the audit. Furthermore, out of the twenty-seven operators, fourteen had closed their businesses.

However, after being pursued by Ministry officials, eight of the operators had since submitted their Statements of Accounts, leaving a balance of five operators who had not yet complied. The Committee further noted that the Department of Tourism had constituted a team to conduct regular inspections to ensure that all casino operators were compliant with statutory requirements.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enforce strict compliance measures, including regular inspections and the imposition of penalties for non-submission of audited financial statements, to ensure timely submission and strengthened regulatory oversight of casino operators. The Committee will await a progress report.

e. Hostels Board of Management

i. Budget and Actual Revenue Collections

The Committee was informed that the over-collection of K3,340,607.00 had been attributed to Cabinet Office Circular No. CM10 of 2024, which had instructed Government institutions to hold workshops within district boundaries in order to reduce costs. As a result of this directive, the Hostels Board of Management (HBoM) had experienced increased business from Government institutions, leading to higher-than-projected revenue collections.

The Committee further noted that, going forward, HBoM would ensure that realistic budgets were prepared by involving all Lodge Managers and key staff in the preparation of revenue estimates.

Committee's Observations and Recommendations

The Committee recommends the matter for closure pending verification by the OAG.

ii. Non-collection of Revenues from Debtors-K8,016,266.00

The Committee was informed that K2,536,749.14 of the outstanding debt had so far been collected from debtors, leaving a balance of K5,479,516.86. The Ministry had since written to individual debtors reminding them to settle their outstanding obligations. The Committee further noted that the Ministry had written to the Secretary to the Treasury seeking intervention in respect of Ministries owing the HBoM.

Going forward, HBoM had resolved that it would no longer provide services on a credit basis. All lodges had been instructed to ensure that transactions were conducted strictly on a cash basis.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the HBoM strictly enforces its no-credit policy without exception; strengthen its debt recovery mechanisms in collaboration with the Secretary to the Treasury; and implement stricter internal controls to prevent the accumulation of arrears and safeguard public resources. The Committee will await a progress report.

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

The Committee was informed that the HBoM had failed to adequately rehabilitate infrastructure and equipment at the New Government Complex Conference Centre mainly due to limited financial resources, as capital expenditure required substantial funding. However, the Committee noted that HBoM had been undertaking minor maintenance works using funds generated from daily collections to ensure that services continued to be provided to clients.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that HBoM develops a structured maintenance and rehabilitation plan, prioritises critical capital works, and engage the Secretary to the Treasury for additional funding support to ensure that the Conference Centre infrastructure is properly maintained and preserved for sustained service delivery. The Committee will await a progress report.

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

The Committee was informed that the Zambia Tourism Agency (ZTA) had been unable to collect penalties from non-compliant tourism enterprises due to legal limitations under Section 78(b) of the *Tourism and Hospitality Act No. 13 of 2015* and the absence of an internal legal department to initiate prosecutions.

The Committee noted that ZTA had since appointed a Legal Counsel who had initiated legal processes to address the enforcement gap by engaging the National Prosecutions Authority (NPA). Furthermore, ZTA had institutionalised regular data validation to maintain accurate records of active tourism enterprises and ensure that revenue targets were aligned with verified data during the budget planning cycle.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that ZTA continues to strengthen its legal and enforcement capacity, maintain accurate and up-to-date enterprise records, and ensure that penalties for non-compliance are promptly imposed to safeguard revenue and promote adherence to statutory obligations. The Committee will await a progress report.

MINISTRY OF LANDS AND NATURAL RESOURCES (PARAGRAPH 15)

Budget and Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total revenue provision of K394,734,384.00 was made against which amounts totalling K331,060,183.00 were collected, resulting in an under collection of K63,674,201.00. See the table below:

The Controlling Officer submitted that the query arose as a result of failure by my Ministry to meet the revenue targets on all revenue streams other than documentation and registration fees as provided in the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024. The Committee was informed that most revenue transactions under the Ministry were client-driven and lodged at the instance of clients such as consideration, preparation and survey fees. Therefore, the failure was attributed to the fact that the Ministry could not compel clients to pay for land-related services. With regards to ground rent, the Ministry did not have any enforcement tools to compel clients to pay other than penalty charges on outstanding ground rent at the end of the year.

The Controlling Officer further submitted that the Ministry had continued to undertake several measures with the sole purpose of sensitising the property owners on the importance of paying fees through road shows, advertisements and SMS notifications of bills. Further, as regards ground rent, the Ministry had undertaken the following:

- (a) ensuring that all properties were billed on the 1st January to allow property owners ample time to settle their bills;
- (b) targeted distribution of bills to property owners with high value and multiple properties; and
- (c) mandatory payment of all outstanding ground rent fees before any secondary transactions were done on the property.

Further, the Ministry was in the process of strengthening the Lands Act so that enforcement is enhanced.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen forecasting mechanisms to ensure that realistic performance targets are set. The Controlling Officer is further urged to enhance revenue collection measures to improve enforcement mechanisms for ground rent and expedite the proposed amendments to the Lands Act. The Committee will await a progress report on the matter.

a. Audit of Performance Information

i. Failure to Attain Output Targets

The Controlling Officer submitted that the query arose due to the fact that the registration of properties through the registration of documents and the issuance of certificates of title under sporadic titling was client-driven. Using this method, the Ministry registered documents and issued the certificates of title as and when clients made applications, as such a reduction in the number of applications submitted with the Ministry affected the number of documents registered and titles issued. As regards the issuance of certificates of title under systematic titling, it was submitted that the failure to meet the target was attributed to the non-payment of consideration fees by property owners, which was a requirement for the issuance of the certificates of title.

The Committee was informed that the query under systematic titling – National Land Titling Programme (NLTP) arose due to the unrealistic original target of 250,000 certificates of title. Given the pattern of the payments and the number of properties available to the NLTP, the

target was revised to 20,000 in 2024. The Ministry still recognised that the actual number of certificates of title fell short of the target because of land owners not paying the minimum amount required to produce a title.

The Controlling Officer further submitted that the Ministry had enhanced sensitisation by conducting outreach and engagement activities with local communities and targeted public institutions by sensitising the public on the benefits of having properties registered and obtaining certificates of title. The sensitisation campaigns to enhance awareness and uptake of titles included activities such as road shows; radio programs; participation in public awareness programmes such as Public Service Day; Trade Fair; and the Agricultural show. The goal was to encourage people to make applications for issuance of certificates of title, pay consideration fees and increase awareness about the importance of land registration.

As regards the NLTP, the Committee was informed that the number of titles issued was dependent on the number of clients who paid the minimum amount required to produce the title. The focus by the Ministry, therefore, was to continue sensitising communities on the need to pay for the titles. The Ministry was working with the councils to provide demarcation areas where titles needed to be issued.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen forecasting mechanisms to ensure that realistic performance targets are set. The Controlling Officer is further urged to enhance revenue collection measures to improve enforcement mechanisms for the payment of consideration fees by property owners. The Committee will await a progress report on the matter.

ii. Failure to Carryout Survey Works

The Controlling Officer submitted that the query arose primarily due to unresolved land disputes that hindered the finalisation of surveys for the affected properties. In several instances, the properties were found to be partially or wholly occupied by other individuals who claimed to have been allocated the same land by the local authorities or needed re-planning. The Committee was informed that the Ministry had engaged, and continued to engage, the affected parties and relevant local authorities to resolve these disputes with a view to either re-plan the affected areas or offer alternative land. Where disputes had been successfully resolved, surveys had been completed and survey diagrams produced. Out of the seventeen cases identified, eight had been resolved, while nine remained outstanding.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

b. Medici Land Governance Contract

i. Outstanding Revenue Arrears (K177, 888,661.00)

The Controlling Officer submitted that the outstanding revenue arrears were a result of a lack of enforcement mechanisms to compel applicants to pay. Further, the affected properties were regularisations of already developed informal settlements mainly in improvement areas. The Committee was informed that the Ministry had continued to sensitise property owners to pay

outstanding consideration fees. Further, there was a caveat restricting secondary transactions on properties with outstanding fees. In addition, the Ministry would seek to amend the Lands Act to include enforcement mechanisms so as to enhance the collection of revenue.

Committee's Observations and Recommendations

The Committee expresses concern at the failure to collect outstanding revenue arrears amounting to K177,888,661.00 and urges the Controlling Officer to strengthen enforcement measures within the existing legal framework. The Committee further recommends that the Ministry should strengthen monitoring systems to prevent future occurrences and will await a progress report on the matter.

ii. Failure to Meet Contract Deliverables

The Controlling Officer submitted that the query arose due to the unrealistic target of 4,000,000 titles, which were envisaged to be issued over the 7-year period in the contract. In addition, the following challenges further affected the number of titles issued under the programme:

- (i) several properties on the Copperbelt were sitting on ZCCM land;
- (ii) failure to pay the minimum titling fees by landowners;
- (iii) some properties did not proceed to approval stage because the documentation of ownership, which was presented by the landholders, did not meet the legal requirements as required by the Commissioner of Lands;
- (iv) encumbrances due to legacy titles, as a lot of properties were sitting on old titles, which required cancellation following the due process of the law;
- (v) most properties, especially those in Ndola and Kitwe, were already on council titles or occupancy licences. This had caused a reduction in the number of expected titles on the Copperbelt.

The Committee was informed that the Ministry was negotiating with MEDICI to amend the contract and revise the target. The Ministry continued to carry out sensitisation to the communities where offer letters had been distributed. Further, the Ministry had engaged councils to help create a system to allow for documentation allowable for first registration and was also seeking modalities to cancel, re-enter or expire a title within the confines of the existing laws.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the proposed contract amendments with MEDICI are expedited and that the revised targets are realistic. The Controlling Officer is further urged to strengthen coordination with local authorities and landowners to address documentation challenges and improve compliance. The Committee will await a progress report on the matter.

c. Irregularities in the Administration of Ground Rent

i. Outstanding Ground Rent (K1,322,343,850.00)

The Controlling Officer submitted that the query arose due to errors in billing amounts, which resulted from properties having been migrated wrongly as hectares instead of square metres and led to the overbillings. In addition, the legislation governing the administration of ground rent did not empower the Ministry to impose sanctions on defaulters. The only provision

available under the existing law was the possibility of repossessing a property for non-payment of ground rent and a penalty of 25 per cent imposed on defaulters.

The Committee was informed that the Ministry had continued to distribute invoices to property owners with outstanding ground rent and had engaged several companies through meetings to develop debt repayment plans before 31st December 2025. Further, the Ministry had continued sensitisation efforts through radio programmes and road shows to remind clients to make ground rent payments and to highlight the implications of non-compliance. The Ministry had also embarked on a comprehensive data validation and cleaning exercise to correct the wrongly migrated data to reflect the correct position. The exercise was ongoing.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the ongoing data validation and cleaning exercise. The Controlling Officer is further urged to ensure that debt repayment plans are implemented without fail. The Committee will await a progress report on the matter.

ii. Failure to Bill Appropriate Ground Rent Due to Missing Land Area Size (K10,064,464.00)

The Controlling Officer submitted that the query arose due to limitations in the legacy Land Information Systems (LIMS and ZILMIS), which did not require land size as a mandatory field during property creation. This led to omission errors, resulting in 243,049 properties being recorded without land area sizes. However, the majority of these properties remained unallocated and were, therefore, not subject to ground rent payments. For properties where area sizes were missing, the correct sizes were captured at the point of land allocation. Additionally, the presence of properties with negative area sizes was attributed to system errors, as it was not technically possible to have negative land sizes.

The Committee was informed that the Ministry had since migrated to a new Land Information System (ZILAS), which mandated the entry of land area sizes during property creation. This measure effectively prevented the recurrence of creating property records with missing land sizes. To address legacy data gaps, the Ministry had initiated a data cleaning exercise targeting old records with missing land sizes. Over 1,500 records had already been cleaned. Furthermore, a comprehensive data cleaning strategy was being developed in collaboration with the EU-supported Land Governance Project. A pilot exercise would be conducted for properties in Chisamba District, and upon successful validation, the process would be scaled nationally to cover all affected records.

In addition, the affected records with negative land sizes had been reviewed and corrected to reflect accurate values.

Committee's Observations and Recommendations

The Committee urges 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. The Committee will await a progress report on the matter.

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

The Controlling Officer submitted that the query arose due to the failure of applicants to make payments. This stemmed from several factors, including the new ZILAS system not allowing partial payments for applicants unable to settle the full amount at once, as well as challenges

within the digital notification system, such as applicants not receiving email notifications informing them of issued invitations to treat. Additionally, certain properties on the schedule belonged to various Government institutions, which could not be reclaimed. Further, the schedule included properties that had undergone the process of conversion from customary to leasehold tenure, thus, the applicants for these properties were the ones who had obtained consent from the Chief, making repossession a challenge.

The Committee was informed that other properties on the schedule were in resettlement schemes, which were a direct recommendation from the Office of the Vice President. Reclaiming such properties would have to be effected by the Office of the Vice President's Department of Resettlement Scheme Office.

Out of the 3,296 Invitations to Treat (ITTs), 1,300 had changed status with some properties having been reclaimed by the Office of the Commissioner of Lands, while others had been paid for and were at various stages of processing, with some already completed and issued a Certificate of Title.

The Controlling Officer further submitted that recession should follow dialogue and adhere to the principles of natural justice, which required affording affected parties the right to be heard, failure to which it could result in negative public perception and adverse publicity. The Ministry would continue to engage applicants by calling them to remind them of the expired ITTs. ITT reclamation would proceed only after all available remedies had been exhausted.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to address the limitations within the ZILAS system, such as ensuring that digital notifications are received by applicants on time. The Controlling Officer is further urged to develop clear guidelines and timelines for the resolution of expired ITTs, in collaboration with stakeholders such as the Office of the Vice-President where applicable. The Committee will await a progress report on the matter.

iv. Failure to Collect Ground Rent from Councils (K181,868,712.00)

The Controlling Officer submitted that the Ministry had continued to focus on implementing the National Land Titling Program through which properties that were previously under the management of Councils were being migrated to the Ministry of Lands database. Once achieved, the ground rent on affected properties would be collected directly by the Ministry.

The Committee was informed that the Ministry had continued to undertake debt recovery initiatives targeting all forty-two Councils, which involved issuing updated ground rent bills and invoices to each Council, providing updated statements of accounts, sending formal reminder letters to prompt payments, and holding meetings with the affected councils to discuss the liquidation of the outstanding ground rent.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

EXPENDITURE SECTION

ZAMBIA POLICE SERVICE (PARAGRAPH 16)

a. Budget, Funding and Expenditure

The Committee was informed that the unspent funds amounting to K15,579,546.00 had resulted from delayed disbursements by the Treasury during the year under review. The late release of funds led to insufficient time to complete the necessary procedures required for expenditure, thereby affecting the implementation of planned activities. Management indicated that it would continue engaging the Treasury to ensure timely release of funds to enable the Department to fully implement its budgeted programmes.

Committee's Observations and Recommendations

The Committee recommends that the Treasury expedites the release of funds in future financial years and that the Controlling Officer should strengthen expenditure planning and monitoring mechanisms to minimise the accumulation of unspent balances. The matter is recommended for closure, pending verification by the OAG.

b. Crime Prevention and Policing Services – Infrastructure Development

i. Lack of Insurance for New Boats

The Committee was informed that the failure to insure the ten newly acquired boats in a timely manner was due to inadequate budgetary provision during the year under review. Management reported that it had engaged various insurance companies and obtained the lowest quotation of K1,440,270.72 as the premium payable on a total sum insured of K57,153,600.00 for the ten boats. However, the Department was unable to meet this cost within its current budget allocation and had since written to the Treasury seeking guidance on how to proceed. Management further indicated that the process to insure the horses had been initiated and would be concluded before the close of the financial year.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to urgently engage the Treasury to secure funding and ensure the immediate insurance of the boats. It further urges the Controlling Officer to strengthen budgetary planning by incorporating insurance costs into all future capital acquisitions and to implement robust risk management measures to prevent recurrence. The Committee will await a progress report on the matter.

ii. Procurement of Four Horses - Failure to Insure Horses

The Committee was informed that the failure to insure the horses in a timely manner was due to inadequate budgetary provision during the year under review. The Committee further noted that the loss of five horses occurred due to natural causes attributable to old age. It was reported that the horses in question had exceeded the maximum recommended insurable age of fifteen years by nearly ten years and, as such, did not qualify for insurance coverage.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen asset lifecycle planning, including timely replacement of aged animals and early insurance of newly procured horses. The Committee further recommends that adequate budgetary provisions be made for insurance to safeguard public assets and prevent similar occurrences in the future and will await a progress report on the matter.

c. Staff Related Matters

i. Officers on Payroll but not on Staff Returns

The Committee was informed that the six officers in question had been placed on the payroll during their police training. However, after graduating, the officers did not report to their respective stations, which resulted in their names not appearing on any staff returns. The officers were subsequently removed from the payroll as an administrative measure. Meanwhile, investigations were instituted to establish their whereabouts.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should strengthen monitoring mechanisms to ensure timely reconciliation between the payroll and staff returns; enforce strict reporting procedures for newly deployed officers; and expedite investigations to establish accountability. The Committee will await a progress report on the matter.

ii. Management of Separated Officers

• Irregular Payment of Salaries to Officers on Unpaid Leave-K230,573

The Committee was informed that the delay in removing the officers from the payroll was due to the lengthy process involved in obtaining final approval. The officers in question were subsequently terminated from the payroll. Furthermore, the officers were formally engaged and served with demand letters requiring them to refund the salaries amounting to K230,573.00 that were erroneously paid to them while they were on unpaid leave.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should streamline the process for removing separated or inactive officers from the payroll, strengthen payroll reconciliation procedures, and ensure timely communication between Human Resources and Finance units. The Committee further urges Controlling Officer to vigorously pursue the recovery of the K230,573.00 and to hold accountable any officers responsible for the oversight to prevent recurrence. The Committee will await a progress report on the matter.

• Irregular Payment of Salaries to Officers Who Resigned

The Committee was informed that the delay in removing the three officers from the payroll was due to the lengthy documentation process required to obtain final approval. Approvals for resignation were granted late and retrospectively after certain considerations, which made it difficult to terminate the affected officers from the payroll in a timely manner.

The Committee was further informed that the officer previously reported as dismissed had never been dismissed and was actively serving at Choma Central Police Station. He had been erroneously included on the list of dismissed officers at the time of data compilation.

The Committee noted that the three officers who resigned had since been terminated from the payroll. The circumstances surrounding each officer differed, resulting in different modes of recovery. For Constable Muchimba Eusebias, the amount due of K28,623.00 was being recovered from his terminal benefits. For Constable Sikazwe Phydalis, his salary was immediately frozen upon receipt of his resignation request, and therefore, Government did not incur any loss. In the case of trainee Constable Kalombo, who resigned while still in training, the Department was unable to identify a direct means to recover the funds paid in salaries.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to streamline resignation and payroll termination processes to ensure timely removal of officers from the payroll, implement clear mechanisms for recovering any funds owed by former officers, and improve coordination between Human Resources and Finance to prevent future delays and financial losses. The matter is recommended for closure, pending verification by the OAG.

d. Community Support Services – Unauthorised Use of User Fees K9, 616, 123.00

The Committee was informed that the expenditure of user fees without authority had occurred due to a lapse by hospital management in facilitating the renewal of authority for the year under review. A letter had since been written to the Treasury requesting the necessary authority, and Management was awaiting a response regarding the matter.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that authority from the Treasury is sought prior to appropriating any revenues, strengthen internal compliance and oversight mechanisms and implement robust controls to prevent recurrence of unauthorised expenditures. The Committee will await a progress report on the matter.

MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION (PARAGRAPH 17)

Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K2,215,000,071.00 was made to cater for various activities, against which amounts totalling K2,187,590,092.00 were released, resulting in underfunding of K27,409,979.00. As at 31st December 2024, amounts totalling K2,186,550,597.00 had been spent, leaving a balance of K1,039,495.00

The Controlling Officer submitted as follows:

I. Under Funding of K27,409,979.00

The Committee was informed that the Ministry of Finance and National Planning did not release the total budgetary allocation for the Ministry of Foreign Affairs and International Cooperation. Further, the Ministry would continue to engage the Treasury to release funds according to the Appropriations Act.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that the Ministry is funded fully and on time. The Committee recommends the matter for closure, subject to verification by the OAG.

II. Under Expenditure of K1,019,496.00

The Committee was informed that the underutilisation of funds emanated from the overseas allowances (Personal Emoluments) and the transportation of Diplomats. The appointed diplomats took long to report to their respective stations because they had to complete the Zambia Institute of Diplomacy and International Studies (ZIDIS) training and other related procedures, including clearance. Meanwhile, funds were already released by the Treasury, but could only be remitted upon the officers' arrival at their respective duty stations.

The Controlling Officer further submitted that the Ministry would endeavour to collaborate with all other institutions involved for the preferential clearance of officers. The officers had since reported to their respective Missions and were settled in their respective portfolios in accordance with the Foreign Service Regulations, Guidelines and Conditions of Service on appointment.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

Audit Findings

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

a. Failure to Meet Annual Output Targets

The Controlling Officer submitted that the performance gap was mainly due to challenges faced in finalising the Foreign Policy and implementing the Central Technical Services programmes, which required internal and Cabinet consultations. To address these issues, Management was conducting a comprehensive review of the Ministry's performance by realigning work plans and targets; strengthening coordination; enhancing activity scheduling; and improving output targets. This was to ensure timely and validated reporting, reaffirming the Ministry's commitment to implement the Strategic Plan and achieve its mandate and national development objectives. The annual report for the Ministry had since been submitted to the printing company.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that remedial measures are implemented as submitted. The Committee further urges the Controlling Officer to adhere to reporting timelines in line with the Strategic Plan to avoid recurrence of performance gaps and recommends the matter for closure, pending verification by the OAG.

b. Failure to Implement Risk Management Framework

The Controlling Officer submitted that the delay in implementing the Risk Management Framework was primarily due to the absence of a Risk Management Team. To address this gap, the Ministry had commenced the institutionalisation of risk management in line with the 2022–2026 Strategic Plan. The following actions would be undertaken:

- (i) development of a comprehensive Risk Management Framework aligned to the *Public Finance Management Act* and Treasury Circular No. 9 of 2022 (to be completed by Q1 2026);
- (ii) establishment of a functional Risk Management Team and designate Risk Champions across departments to strengthen oversight and implementation (Q1 2026);
- (iii) capacity-building for management and staff on risk identification, assessment, mitigation, and reporting (ongoing from Q2 2026);
- (iv) integration of risk management into planning, budgeting, and performance review processes to ensure systematic monitoring and timely mitigation of institutional risks; and
- (v) enhancing risk governance to improve accountability, transparency, and operational resilience across all programs.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that remedial measures are implemented as submitted. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the implementation of the Risk Management Framework.

c. Management of Missions Properties - Failure to Maintain Properties

The Controlling Officer submitted as follows:

i. Lubumbashi

The Controlling Officer expressed regret at the failure by the Ministry to adequately manage five properties at the Zambia Mission in Lubumbashi, which had leaking roofs; cracked wall fences; and falling ceiling boards, among other things. The Committee was informed that the Ministry could not carry out rehabilitation works on the Official Residence No. 26 Luvua Avenue and four staff houses, which are: No.6 Tshinyama Avenue; No. 6 Lundula Avenue; No. 743 Kamanyola Avenue; and No. 13320 Kapenda Avenue, due to budgetary constraints.

The Ministry of Infrastructure, Housing and Urban Development prepared Bills of Quantities in the year 2024 to be used to undertake rehabilitation works of the properties at the Mission. However, the procurement process to engage a contractor did not commence due to inadequate resources. The Ministry's budget for the year 2024 was not adequate to undertake new rehabilitation works, as the Ministry had ongoing contractual obligations such as construction works of the Chancery at the Missions in Addis Ababa and New Delhi, respectively. The Ministry would continue to engage Treasury to adequately support the Ministry's budgetary allocation under Infrastructure Maintenance for Missions Abroad in order to preserve the properties.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that funds are secured for the rehabilitation works of the properties at the Mission and that the budgetary allocation to the Ministry is increased to enable it to adequately manage all properties in Missions abroad. The Committee will await a progress report on the matter.

ii. KINSHASA

The Controlling Officer expressed regret at the failure by the Ministry to adequately manage four properties, namely: 6 Avenue Des Coteaux Gombe; 54-58 Avenue; De'Lecole Gombe; 3895 Avenue; De Clinique Gombe (Kalina Flats); and 981 Yandonge Mbiza Ngaliema at the Zambian Mission in Kinshasa. The Committee was informed that the Ministry of Infrastructure, Housing and Urban Development was engaged to develop Bills of Quantities (BOQs) in order to ascertain the cost estimate to undertake rehabilitation works of the properties at the Mission. Further, the Ministry could not carry out rehabilitation works for the four properties at the Mission due to budgetary constraints.

The Controlling Officer further submitted that the Ministry of Finance and National Planning, through the Secretary to the Treasury, had appointed a Special Committee of Survey to carry out evaluations of the properties in selected Missions. The Committee had since produced a report which the Ministry was still considering in order to get the best option. The Ministry would continue to engage the Treasury to adequately support its budgetary

allocation under Infrastructure Maintenance for Missions Abroad in order to preserve the properties. However, the Ministry was also exploring the possibility of re-developing the properties through Public Private Partnership (PPP), where properties had extra surrounding space to build staff apartments and commercial properties in order to generate revenue for the Treasury.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that funds are secured for this important undertaking and to engage the Ministry of Infrastructure, Housing and Urban Development to expedite the development of the BoQs. The Committee further recommends that the Ministry expedites engagements around the use of the PPP model to build staff apartments and commercial properties and will await a progress report on the matter.

iii. Windhoek

The Controlling Officer expressed regret at the state of the staff houses, namely: House No. 14 Lydia Street; House No. 93 Gever Street; and House No. 17 Veronica Street, having leaking roofs; falling ceiling boards; and cracked wall fences, among other things. The Committee was informed that the staff house located at number 14, Lydia Street, Ludwi Dorf, was recommended for disposal. However, the Special Committee of Survey, which was constituted by the Secretary to the Treasury, was not in favour of the proposal due to the following reasons:

1. National Interest Considerations: disposing of the property would not align with national interest, as it would be challenging and costly to acquire another property in a prime location if the property was sold.
2. Strategic Location: the property was situated in a location where other embassy residences were also located, adding to its strategic value for diplomatic purposes.

In view of these factors, the Committee proposed the following alternatives:

1. Government Financing: The Government could consider financing the redevelopment or maintenance activities using its own budget resources.
2. Public-Private Partnership (PPP): The Ministry of Foreign Affairs and International Cooperation could explore the possibility of engaging the Public-Private Partnership (PPP) Office to help redevelop the properties through a viable partnership arrangement.
3. Mortgage Facility: As a last resort, the Government could consider obtaining a mortgage facility from a financial institution to finance the redevelopment or necessary repairs of the property.

The Controlling Officer further submitted that with regard to the other properties, located at number 93 Gever Street Ludwigsdorf and number 17 Veronica Street, Ludwigsdorf, some minor works had been undertaken to try and preserve the usability of the properties. However, a more extensive rehabilitation was required to ensure the properties were in a condition that aligned with the standards expected of Mission residences. Further, the Ministry of Infrastructure, Housing and Urban Development assessed the properties with a view to develop BoQs for possible tendering of rehabilitation works. However, rehabilitation works could not be undertaken due to budgetary constraints.

The Committee was informed that the Special Committee of Survey Report had been considered for the best option of implementation. The Ministry had opted for a hybrid financing model to redevelop the properties (PPP and Government financing).

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that funds are secured for this important undertaking and to engage the Ministry of Infrastructure, Housing and Urban Development to expedite the development of the BoQs. The Committee further recommends that the Ministry expedites engagements around the use of the PPP model to help redevelop the properties and will await a progress report on the matter.

iv. Harare

The Controlling Officer expressed regret at the poor condition of some staff houses in Harare, which had falling ceiling boards and leaking roofs, among other defects. These properties were located at: 1 Alvord Drive Mt. Pleasant; 309 Pipendale; Borrowdale, 17; Droitwich Mt. Pleasant, 4 Arundel, Alexandra Park; 8 Simms Mt Pleasant, 13 Shipstone Greystone Park; 3 Verdi Lane, Strathaven Deed Transfer No. 1522/80 and 10 Carsberg Alexandra.

The Committee was informed that Ministry could not undertake rehabilitation works of all the fourteen properties in Harare at once due to budgetary constraints. Further, the four properties had since been rehabilitated and were in use. The Controlling Officer submitted that the Ministry of Infrastructure, Housing and Urban Development was in the process of developing BoQs for the remaining ten properties in order to establish the estimated cost for rehabilitating them. On the other hand, given the challenges of rehabilitating the properties through Government financing, the Ministry was trying to explore the possibility of engaging the Public-Private Partnership (PPP) Office to help redevelop the properties through a viable partnership arrangement in order to construct mixed-use properties, which could be used for revenue generation to the Treasury and make the Mission self-sustaining.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that funds for the rehabilitation of the properties can be done in a phased manner and to engage the Ministry of Infrastructure, Housing and Urban Development to expedite the development of the BoQs. The Committee further recommends that the Ministry expedites engagements around the use of the PPP model to help redevelop the properties in order to construct mixed-use properties and will await a progress report.

v. Maputo

The Controlling Officer expressed regret at the poor state of the staff house No. 1566 Avenida Julius Nyerere, occupied by the First Secretary of Defence at the Mission in Maputo. However, the Ministry could not undertake rehabilitation works at the Defence Attaché's house due to budgetary constraints. The Committee was informed that the Ministry of Infrastructure, Housing and Urban Development developed a BoQ in the sum of US\$273,448.00 to undertake rehabilitation works on the property. Further, the Ministry of Foreign Affairs was liaising with the Ministry of Defence on the possibility of sharing the cost of rehabilitation to preserve the structure from further damage and ultimately increase the value of the property.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that funds are secured for the rehabilitation works. The Committee further recommends that the Ministry expedite engagements with the Ministry of Defence on the possibility of sharing the cost of rehabilitation and will await a progress report.

vi. Nairobi Mission

The Controlling Officer expressed regret at the state of the Chancery at Plot No. 5450 Nyerere Road, the Official Residence at No. 2154(205/15) Riverside Drive and the staff house property No. L.R.1/9B Ngong Road, Kilimani. These properties had leaking roofs, cracked wall fences and leaking pipes, among other defects. Further, the Ministry could not undertake complete rehabilitation works at the Chancery and commence new rehabilitation works at the Residence due to inadequate resources. The Committee was informed that Property No. L.R 1/9B, located along Ngong Road, was under litigation in the host country. The Ministry could not carry out any improvements to the Ngong House because of an injunction granted by the court against any development. However, the injunction was interim in nature and pending an Inter Parte hearing. Therefore, it was no longer in effect.

The Controlling Officer submitted that the Ministry was considering the redevelopment of the property through PPP. With regards to the Chancery, located at Plot No. 5450 Nyerere Road, the Ministry undertook repair works of the roof. The Ministry would continue engaging Treasury to consider allocating resources towards the full maintenance of Mission properties, which includes renovation works at the Official Residence located at Plot No. 205/15 Riverside Drive.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that funds are secured for this important undertaking. The Committee further recommends that the Ministry expedites engagements around the use of the PPP model to redevelop the properties and will await a progress report on the matter.

vii. Addis Ababa

The Controlling Officer expressed regret that the leaking roof at the property had caused damage to the ceiling; wooden floor tiles; carpets; and furniture at the Ambassador's Residence. The Committee was informed that the Ministry could not undertake rehabilitation works at the Ambassador's Residence due to resource constraints. However, the Ministry had engaged a contractor to undertake painting works of the interior and exterior walls of the Official Residence and the replacement of the damaged ceiling. The works would be undertaken in a phased manner as and when funds were available, due to inadequate resources.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that funds are secured for the rehabilitation works at the Ambassador's Residence. The Committee further recommends that funds be urgently sourced to enable the painting of the ambassador's residence and will await a progress report on the matter.

viii. Gaborone Mission

The Controlling Officer expressed regret at the poor conditions of the Official Residence located at No. 262 Kgari Close and two staff houses located at 2485 Tshekedi Crescent and Plot 280 Tawana Close, respectively. The Committee was informed that the staff house, located at 105 Mongana Close, was recommended for demolition by the local authority in the host country. This was due to concerns regarding the building's structural integrity and safety, as it had developed severe cracks from the foundation and extending to the walls.

The Controlling Officer submitted that the Special Committee of Survey was not in favour of the proposal to dispose of the property, but instead recommended the demolition of the existing structure and the building of a new official residence for the High Commissioner on the same site. Further, the committee recommended to redeveloping the other properties for commercial use through a PPP, as they sat on large pieces of land or exploring other sources of financing. Further, the host country did not have strict regulations preventing the development of properties for commercial use, which made this proposal feasible. The Mission was already generating revenue from properties it was leasing.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that funds are secured for the rehabilitation works at the cited properties. The Committee further recommends that the Ministry expedite engagements around the use of the PPP model to build the proposed commercial properties and will await a progress report on the matter.

ix. Dar es Salaam

The Controlling Officer acknowledged the poor condition of the properties located at plot No. 5/6 Junction Ohio Sokoine; Plot No. 39/Ali Hassan Mwinyi; Plot 350/351 Lugalo Road-Upanga; Plot 484 Mindu Street-Upanga; and Plot 36 Galu Road-Ada Estate. Further, the Ministry had not undertaken major rehabilitation works at these properties due to inadequate resources. The Committee was informed that in an effort to preserve the usability of the properties, the Ministry, through the Mission, had undertaken minor renovation works on the four properties. Further, the Ministry of Infrastructure, Housing and Urban Development had developed BoQs to undertake rehabilitation works at the Chancery.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that funds are secured for the rehabilitation works at the Chancery and the other cited properties. The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

x. Lilongwe

The Controlling Officer acknowledged the poor state of the Official Residence at Plot No. 10/112-114 in Lilongwe and stated that the Ministry had commenced the procurement process to rehabilitate the Chancery and the Official Residence. However, after the procurement process was concluded, the Ministry could not undertake both projects as the funds available were utilised to execute rehabilitation works for the Chancery, only because of the roof that was leaking severely and was affecting other building elements. The rehabilitation works for the Chancery commenced in September 2025 and works were expected to be completed in 2026. The Controlling Officer submitted that the Ministry would

continue to engage the Treasury to allocate resources to undertake rehabilitation works at the residence as soon as possible to prevent the structure from dilapidating further.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that funds are secured for the rehabilitation works at the Chancery. The Committee further recommends that funds be urgently sourced to enable the painting of the ambassador's residence and will await a progress report on the matter.

OFFICE OF THE PRESIDENT-DISASTER MANAGEMENT AND MITIGATION UNIT (PARAGRAPH 18)

a. Budget, Funding and Expenditure

The Committee was informed that DMMU received a total funding of K124, 792,776.00 under Head 19, out of which funds totaling K111, 691,871.00 were spent, leaving a balance of K13, 100,905.00, as at 31st December 2024. In addition, a total amount of K251, 825,112.00 was funded under Head 21 as Third-Party funds, out of which amounts totaling K216, 070,262.00 were spent, leaving a balance of K35, 754,850.00 as at 31st December 2024.

However, the unspent balances were due to the following:

HEAD 19 – K13, 100,905.00 (RDCs)

The balance under Head 19, mainly arose from the construction of a warehouse in Choma. An amount of K8,500,000.00 remained unspent due to delays in the procurement process, specifically the lapse in time between tendering, evaluation and award of the contract. Consequently, the funds were mopped by the Treasury at the end of 2024. In addition, payments amounting to K4,367,610.57 could not be processed by the Treasury on 31st December 2024 and therefore, remained unpaid at the year end.

HEAD 21 – K35,754,850.00

The Committee was informed that the balance of K35,754,850.00 arose from programmes and activities that could not be completed by the end of 2024. These included the drilling and equipping of boreholes in Lusaka; Central; Southern; Eastern and Western Provinces under the drought response plan, completion of the warehouse in Lusaka, and clearance of imported maize from Tanzania as well as donated maize from the Republic of Burundi. The funds remained under Head 21 and could not be retained at the end of the year.

Authority to Retain Funds

Authority to retain funds under Head 19 was sought from the Secretary to the Treasury. However, approval to retain the K8,500,000.00 for the construction of the warehouse in Choma was not granted. The unprocessed amount of K4,367,610.57, which remained unspent as at 31st December 2024, was subsequently funded in 2025 through Head 21.

Committee's Observations and Recommendations

The Committee urges the National Coordinator to strengthen procurement and project planning to ensure that there is timely tendering, evaluation, and contract award to prevent funds from being mopped by the Treasury at year-end; improve project implementation timelines for programmes under Head 21 to ensure activities such as borehole drilling; warehouse construction; and maize clearance are completed within the financial year and

enhance cash-flow and fund retention planning; including early engagement with the Treasury to secure approvals for retaining unspent funds where necessary. The matter is recommended for closure pending verification by the OAG.

b. Contract for the Construction of Warehouse-Headquarters-K7,011,782.00

i. Failure to Complete Construction

• Stalled/Abandoned Construction Works

The Committee was informed that the delayed completion of the warehouse was due to slow workmanship by the contractor, despite the third and final extension to the original contractual completion period. The contractor was notified of the slow progress of the works, which subsequently resulted in the contract expiring. Following the expiry of the contract, the remaining works to complete the warehouse were being reviewed with a view to re-tendering the project. The Unit had since obtained a revised Bill of Quantities (BoQ) from the Ministry of Infrastructure for the remaining works of the project.

Committee's Observations and Recommendations

The Committee urges the National Coordinator to re-tender the warehouse project promptly to ensure the remaining works are completed without further delay; strengthen contractor performance management; including enforcing contractual timelines and penalties for slow progress and enhance project supervision and monitoring through regular progress reviews to prevent future delays. The Committee will await a progress report on the completion of the warehouse.

c. Disaster and Humanitarian Operation Management Programme

i. Lack of Disposal Details for Relief Items-K298,288,744.00

The Committee was informed that acquittal books for all maize drawn from the Food Reserve Agency (FRA) and other donated items were being maintained and kept in the respective provinces/districts and could not be brought to Lusaka for audit verification due to their bulkiness. The books were also being reviewed at the same time by other auditors conducting a Real-Time Audit of the Drought Response Plan. However, acquittals for donated food items such as dates, beans, and rice had been submitted by the provinces to the DMMU Headquarters for audit verification. The Regional Coordinators were instructed to make the maize relief acquittal books available to auditors for verification.

The Committee was further informed that some distribution records for part of the 650 tents purchased during the period had been retrieved, and a reconciliation of the records was being undertaken. It was regrettable that the forty-nine water tanks given to recipients had no disposal records, as observed by the auditors. However, the water tanks were kept at the FRA and distributed to various schools and clinics where they were installed. A letter was written to the FRA to assist in tracking the distribution of the unaccounted-for tanks. A reconciliation was being carried out for all donated non-food items (tents and tanks), and operations in the Disaster Humanitarian and Operations Management (DHOM) Department were being streamlined to avoid a recurrence of unaccounted stores items.

Committee's Observations and Recommendations

The Committee urges the National Coordinator to institute punitive measures against the officers who failed to avail the disposal details during the audit process. The National Coordinator is also urged to improve record keeping and documentation for all donated and non-food items to prevent missing or unaccounted for items and complete reconciliation of all non-food donations (tents and water tanks) and ensure clear disposal records are maintained. The Committee will await a comprehensive reconciliation report of all relief and donated items.

d. Other Irregularities

i. Lack of Risk Management Policy

The Committee was informed that DMMU had developed a draft risk policy document and a related risk register, which were awaiting validation and approval. Further, regarding the absence of a functional operational policy, the Unit had been using the National Disaster Risk Management Policy; Operations Manual; Audit Committee guidelines; the Public Finance Act; the Public Procurement Act; and other relevant documents.

Committee's Observations and Recommendations

The Committee urges the National Coordinator to ensure the validation and approval of the draft risk policy and risk register, as a matter of priority and ensure all operational activities are aligned with approved policy frameworks and relevant legislation. The Committee will await a progress report on the matter.

ii. Lack of Title Deeds for Five Properties

The Committee was informed that DMMU had engaged the Ministry of Lands and Natural Resources to secure land title deeds for all properties under its custody.

Committee's Observations and Recommendations

The Committee urges the National Coordinator to expedite the process of obtaining title deeds for all properties under its custody, through the Ministry of Lands and Natural Resources and ensure that there is proper documentation and registration of all properties to secure legal ownership and prevent disputes. The Committee will await a progress report on the matter.

MINISTRY OF FINANCE AND NATIONAL PLANNING –LOANS AND INVESTMENTS (PARAGRAPH 19)

Budget and Income

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total authorised provision of K41,613,876,574.00 was made to cater for programmes under Loans and Investments Programme, against which amounts totalling K24,808,885,976.00 were released, resulting in an underfunding of K16,804,990,598.00.

The Controlling Officer submitted that the query was largely attributed to the underfunding related to the fuel liability management operation. The Committee was informed that in 2024, Parliament approved a supplementary allocation of K15.2 billion in order to facilitate the liquidation of fuel arrears, which remained the most expensive category of domestic arrears

due to high late interest charges estimated at about 20 per cent. The financing for this operation was projected to be borrowed from the financial sector.

The Controlling Officer further submitted that while the Ministry engaged the financiers and the suppliers in good time, financial closure with both financiers and suppliers took longer than anticipated. This was, in part, due to the need to conform to a financing structure that ensured that the funds, though mobilised from outside the country (to cushion the impact on the exchange rate), were structured as domestic financing to the Government and also, without any form of security. Further, negotiations with the suppliers were also delayed on account of discussions around the required discount on accrued late interest payment. Consequently, only two local commercial banks managed to raise financing which was, however, not adequate to finance the fuel liability management operation.

Committee's Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification, subject to which the matter should be closed.

Audit Findings

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

a. Loss of Funds Due to Failure to Adhere to Agreement on Assignment of Rights and Interests (US\$3,659,192.39)

The Controlling Officer submitted that the Ministry of Finance and National Planning sought legal guidance from the Office of the Attorney General regarding this matter, who guided that the Ministry proceeds to pay ABGTL (formerly Swiss Singapore) to avert costly litigation. Further, the Attorney General reiterated that the payment to Nyiombo Investments Limited was erroneously made, as evidenced by the letter with reference MOJ/102/38/714/23 dated 15th February 2024. The Committee was further informed that consequently, the Ministry proceeded to pay ABGTL based on the advice from the Attorney General and further engaged the Drug Enforcement Commission (DEC) for assistance in the recovery of the overpayment to Nyiombo Investments Limited. The Commission acknowledged receipt and advised that it would immediately institute investigations into the matter. A follow-up letter with reference MFNP/BO/101/13/37 dated 9th September, 2025 was written to DEC requesting for an update on the matter.

Committee's Observations and Recommendations

The Committee notes, with concern, the loss by Government of US\$3,659,192.39 and urges the Controlling Officer to institute disciplinary action against all officers involved and to engage law enforcement agencies to expedite investigations so that those found wanting are brought to book. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the Office of the Auditor General for audit verification and will await a progress report on the disciplinary action taken and the outcome of the investigations.

b. Failure to Test Business Continuity and Disaster Recovery Plan

The Controlling Officer submitted that the Business Continuity and Disaster Recovery Plan was approved towards the end of the year 2024, but tests of the plan could not be undertaken as there was no equipment to perform the tests at the time. The Committee was informed that

Management had taken steps to address the issue by procuring the equipment whose installation and deployment was only completed in the first quarter of 2025. Further, Management had, in the 4th quarter of 2025, started conducting the first tests of the restorability of all the systems from the backup solutions in collaboration with the e-Government Division. The Controlling Officer further submitted that Management, in collaboration with the e-Government Division, would ensure that the tests were completed within the fourth quarter of 2025. Further, Management would be undertaking the tests biannually as stipulated in the plan.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement remedial measures as submitted and to ensure that supporting documents are availed to the OAG for audit verification, subject to which the matter should be closed.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT (PARAGRAPH 20)

Budget, Income and Expenditure

The Committee was informed that the underfunding by the Treasury, amounting to K4,108,156,598.00, was due to the realignment of the 2024 National Budget following the drought that affected the nation.

Further, the unspent amount of K37,010,482.00 was a result of the Treasury not clearing some outstanding payment items that had been submitted, mostly in December 2024.

Management wrote to the Ministry of Finance and National Planning and the Accountant General's Office regarding the unpaid items, and so far, K14,564,050.48 had been paid. Additionally, the Treasury released a total of K4,962,641.16 to clear arrears for goods and services that had already been delivered and rendered in 2024.

Transactions totalling K17,460,355.84 were reversed.

The Ministry indicated that it would continue engaging the Ministry of Finance and National Planning to ensure that all outstanding items in IFMIS were settled before the end of the fiscal period.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen engagement with the Ministry of Finance and National Planning to ensure timely release of funds and prompt settlement of outstanding obligations. The Committee further urges the Controlling Officer to enhance budget execution monitoring and ensure that all IFMIS payment items are cleared within the fiscal year to avoid accumulation of arrears and reversals. The Committee will await a progress report.

a. Audit of Annual Performance Information

i. Failure to Implement Planned Activities

The Committee was informed that 5,676 activities across six programmes had been planned for implementation in 2024. However, only 3,408 activities were implemented, leaving 2,268 activities unimplemented. This was mainly due to underfunding of the budget.

(a) HUMAN SETTLEMENT PLANNING AND REGULATIONS

- **Sensitisation on Planning Agreements:** The targets were not achieved during the 2024 financial year due to other commitments by traditional leaders, and consequently, the engagements were not concluded. The Department planned to hold meetings with traditional leaders in the 2025 financial year. As of the third quarter of 2025, four engagement meetings had been conducted. The Ministry continued sensitising traditional leaders on the importance of signing Planning Agreements for orderly and sustainable community development.
- **Maps and Baseline Data for the National Framework:** The target was not achieved due to the ongoing development of the Integrated National Planning Framework (INPF), which was expected to facilitate alignment and integration of spatial and socio-economic planning, in line with the *Urban and Regional Planning Act of 2015 and the National Planning and Budgeting Act of 2020*.

The Ministry of Local Government and Rural Development and the Ministry of Finance and National Planning agreed to adopt one National Planning Framework. This decision supported the revision of the National Planning and Budgeting Policy and was expected to guide subsequent revisions to the *Urban and Regional Planning Act No. 3 of 2015* and the *Budgeting Act No. 1 of 2020*. The Ministry of Finance and National Planning engaged a consultant to prepare the National Planning Framework, and the work was ongoing at the time of reporting.

(b) LOCAL GOVERNANCE

- **Performance Assessment System for Local Authorities:** The Department undertook 96 performance assessments out of the planned 116. The remaining 20 targets were not achieved due to underfunding. The assessments were scheduled for completion in 2025. Management continued engaging the Ministry of Finance and National Planning to ensure full release of funds.

(c) MUNICIPAL INFRASTRUCTURE AND SUPPORT DELIVERY

- **Solid Waste Management Compliance Monitoring:** The target was achieved; however, there was a delay in consolidating reports. The Department developed a digitalised compliance monitoring checklist to expedite report consolidation.
- **Bus Stations Construction:** The bus stations were not constructed as planned due to lengthy procurement processes and delayed approval by the Ministry of Justice. Although contracts were signed, contractors could not mobilise due to lack of funds.

In April 2025, the Ministry received K8,000,000.00, which was used to complete the construction of Lukanga Bus Station. In September 2025, the Treasury released K26,700,000.00 for the construction of Chavuma Bus Station, which was at 85 per cent completion, while Mpika Bus Station was at 48 per cent completion. Management strengthened coordination with the Treasury to ensure timely funding.

- **Solid Waste Service Provision Certificates:** The audit query arose due to an error in the output indicator, which stated “100 Solid Waste Service Provision Certificates processed” instead of “100 per cent processed.” The 100 per cent target was achieved, as all applications were processed during the review period. The Department indicated that it would promptly correct such errors to avoid future audit queries.

(d) RURAL DEVELOPMENT PROGRAMME

- **Rural Crossing Points Construction and Rehabilitation:** The budget line received K5,600,000.00, which was utilised for drainage construction in Lusaka. Funds for crossing points were not released in 2024.

In October 2025, the Ministry received K23,939,005.83 under the 2025 budget for crossing points. Contractors mobilised for eighteen crossing points under construction and five under rehabilitation. Additionally, fourteen contracts for seventy crossing points were at procurement stage. The Ministry continued engaging the Treasury to ensure full release of funds.

- **Sanitation Facilities in Public Places Construction:** This activity was not funded. Therefore, construction was not undertaken. Although clearance was obtained from the Ministry of Justice, contracts were not signed due to lack of funding in 2025, and the Ministry was in the process of cancelling the tender. The Ministry indicated that implementation would proceed once fiscal space became available.
- **Rural Development Coordination Framework:** The Ministry developed a draft Framework. Upon engagement with the Management Development Division, revisions were recommended. A revised draft was prepared and was at 80 per cent completion, awaiting provincial consultations scheduled for December 2025. The Ministry continued stakeholder engagement.

(e) CUSTOMARY GOVERNANCE

- **Village Records:** The Ministry planned to procure 5,000 village registers in 2024 but procured only 3,000 due to inadequate funding. Of the approved K1,000,000.00, only K500,000.00 was released. The remaining 2,000 registers were procured under the 2025 budget and distributed to provinces. The Ministry continued engaging the Treasury to ensure full funding.
- **Provincial Council of Chiefs Meetings:** The meetings were not held due to other commitments of the VVIP. In 2025, one VVIP meeting was held in Lusaka Province, and eight Provincial Council of Chiefs meetings were conducted in provincial centres. The Ministry indicated that it would ensure meetings were held as scheduled.
- **Chieftdom Boundary Mapping:** Twenty chieftdoms missing from the 1958 boundary map were not included due to ongoing consultations. A committee comprising members from selected Ministries was formed to address chieftdom boundary matters in consultation with the chiefs. Engagements were ongoing.

(f) RURAL DEVELOPMENT PROGRAMME

- **Rural Crossing Points Construction and Rehabilitation:** The budget line received K5,600,000.00, which was utilised for drainage construction in Lusaka. Funds for crossing points were not released in 2024.

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(g) CUSTOMARY GOVERNANCE

- **Village Records:** The Ministry planned to procure 5,000 village registers in 2024 but procured only 3,000 due to inadequate funding. Of the approved K1,000,000.00, only K500,000.00 was released. The remaining 2,000 registers were procured under the 2025 budget and distributed to provinces. The Ministry continued engaging the Treasury to ensure full funding.
- **Provincial Council of Chiefs Meetings:** The meetings were not held due to other commitments of the VVIP. In 2025, one VVIP meeting was held in Lusaka Province, and eight Provincial Council of Chiefs meetings were conducted in provincial centres. The Ministry indicated that it would ensure meetings were held as scheduled.
- **Chieftom Boundary Mapping:** Twenty chieftoms missing from the 1958 boundary map were not included due to ongoing consultations. A committee comprising members from selected Ministries was formed to address chieftom boundary matters in consultation with the chiefs. Engagements were ongoing.
- **Chiefs Palaces Construction**

The status of the seventeen Chiefs' palaces was as shown below:

Table 6: Status of Chiefs' Palaces

SN	Province	Chief's Palace	Progress	Current Status
1	Lusaka	Chief Nkomenshya	100 per cent	Completed
2	Western	Chief Kandala	100 per cent	Completed
3	Western	Chief Lukama	100 per cent	Completed
4	Western	Chief Kahari	96 per cent	The contractor was concluding the works
5	Northern	Chief Mukupa Kaoma	90 per cent	Installation of kitchen cabinets was in progress and the project was awaiting ZESCO connection
6	Luapula	Chief Munkanta	65 per cent	Remaining works included roofing of the meeting room, tiling, installation of ceiling boards in the meeting room and queen's quarters, fixing of doors and window panes, completion of plumbing works, painting, installation of kitchen cabinets, and external works
7	Luapula	Chieftainess Kanyembo	61 per cent	Remaining works included thatched roofing of the meeting room, tiling, installation of ceiling boards in the meeting room and queen's quarters, fixing of doors and window panes, completion of plumbing works, painting, installation of kitchen cabinets, and external works
8	Luapula	Senior Chief Mununga	100 per cent	Completed and awaiting ZESCO connection
9	Central	Chief Chipepo	85 per cent	Installation of aluminium windows, ceiling boards, and tiling works was completed; painting, external works, and the water reticulation system were underway
10	Central	Chief Moono	0 per cent	Contract was terminated and procurement for a new contractor was underway
11	North Western	Chieftainess Kucheka	65 per cent	Roofing and ceiling were completed, while electrical, plumbing, septic, window, and door installations were in progress
12	North Western	Chieftainess Ikeleng'i	75 per cent	Ceiling installation was in progress
13	Southern	Chief Choona	99 per cent	The contractor was finalising the works
14	Southern	Chief Mwenda	30 per cent	Plastering of the superstructure was underway
15	Copperbelt	Chief Shimukunami	0 per cent	The contractor had mobilised on site

SN	Province	Chief's Palace	Progress	Current Status
16	Copperbelt	Chief Mwinuna	60 per cent	Electrical fittings had been installed, and the contractor was undertaking wall skimming and installation of tiles
17	Copperbelt	Chief Nkambo	73 per cent	The contractor was undertaking electrical installations and floor and wall finishes

The Ministry closely monitored contractors to ensure timely completion and handover within contractual timelines.

- **Research in Chiefs' Affairs:** The planned research on the history and origins of Chief Mukumbi and Magodi's Chiefdoms was not undertaken due to legal matters. However, research was scheduled in Chief Mkanda and Chief Mweemba's Chiefdoms in December 2025. The Ministry indicated that due diligence would be strengthened when selecting chiefdoms for research.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen planning and budgeting processes to ensure that planned activities are aligned with realistic funding projections. The Committee further urges the Ministry to enhance engagement with the Treasury to secure timely and adequate release of funds to avoid project delays, contract terminations, and accumulation of unfinished works. The Committee will await a progress report.

b. Local Governance Programme

i. Construction of Chiefs Palaces

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

- **Project Status**

The Committee was informed that construction works had not commenced in various chiefdoms due to the reasons outlined below:

(a) EASTERN PROVINCE

- **Chasefu – Chief Magodi's Palace**

The site was replaced with Chief Mphamba's Palace due to land disputes. The new site was handed over to the contractor (ZCS) for mobilisation and commencement of works.

- **Vubwi – Chief Pembamoyo's Palace**

As of May 2025, works had not commenced due to chiefdom land disputes. The disputes were later resolved, and the site was handed over to the contractor (ZCS), with materials delivered on site.

- **Petauke – Senior Chief Kalindawalo**

The site was replaced with Chief Mumbi's Palace due to chiefdom land disputes. The site was handed over to the contractor (ZCS), who had yet to mobilise and commence works.

- **Katete – Paramount Chief Gawa Undi**

Engagements were ongoing with Paramount Chief Gawa Undi following a request for a larger house than originally planned.

(b) WESTERN PROVINCE

- **Mongu – Lealui and Limulunga Palaces (His Majesty the Litunga)**

The Ministry was awaiting consent from the Barotse Royal Establishment (BRE) for site possession following a request to rehabilitate the old palace. Consent was granted, subject to an assessment of the possibility of rehabilitating the old palace. The process was concluded, and the site was handed over to the contractor (ZCS) on 16th July, 2025. However, the contractor was yet to mobilise.

- **Senanga – Nalolo and Muoyo Palaces (Senior Chieftainess Litunga La Mboela)**

The Ministry awaited consent from BRE for site possession due to a request to rehabilitate the old palace. Consent was granted, subject to assessment. The site was handed over to the contractor (ZCS) on 16th July, 2025. However, mobilisation had not commenced.

- **Kalabo – Libonda and Mulundumana Palaces**

The Ministry awaited BRE consent for site possession due to a request to rehabilitate the old palace. Following consent and assessment, the site was handed over to the contractor (ZCS) on 16th July, 2025. However, the contractor had not mobilised.

- **Mwandi – Mwandi Palace (Senior Chief Amukena)**

The Ministry awaited BRE consent for site possession following a request to rehabilitate the old palace. After consent and assessment, the site was handed over to the contractor (ZCS) on 16th July, 2025, but mobilisation had not commenced.

- **Kaoma – Nalieli Palace (Senior Chief Mbanga Yeta)**

The Ministry awaited BRE consent for site possession due to a request to rehabilitate the old palace. Following consent and assessment, the site was handed over to the contractor (ZCS) on 16th July, 2025. However, the contractor had yet to mobilise.

(c) LUAPULA PROVINCE

- **Chifunabuli – Chief Mbulu**

The contractor (ZCS) encountered challenges in mobilising materials, as the site was accessible only by pontoon via water. Engagements were ongoing with ZCS to subcontract or rescope the works to contractors familiar with the area.

- **Lunga – Chief Kasoma Lunga**

The contractor (ZCS) encountered similar challenges in mobilising materials, as the site required access by pontoon via water. Engagements were ongoing to subcontract or rescope the works to contractors experienced in the locality.

The Ministry indicated that it was closely monitoring the contractor to ensure that the palaces were completed and handed over within the contract period.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen pre-project due diligence; including resolution of land disputes; stakeholder consent; and site readiness, before project commencement to avoid delays. The Controlling Officer is further urged to ensure timely mobilisation by the contractors and to enhance coordination with traditional authorities and the Barotse Royal Establishment to prevent prolonged delays in site handover and project implementation. The Committee will await a progress report.

○ **Construction of Chiefs’ Palaces by Private Contractors**

• **Failure to Engage New Contractor for the Construction of Chiefs’ Palaces**

The Committee was informed that the Ministry did not engage new contractors for the construction of three Chiefs’ palaces—Chief Tafuna in Mpulungu District; Chief Mpande in Senga Hill District; and Chief Mwamba in Kasama District—due to delays in the procurement process.

At the time of reporting, the procurement process for Chief Tafuna’s and Chief Mwamba’s palaces was at the stage of nomination of the best evaluated bidder. In addition, Chief Mpande’s palace was undergoing a second retendering process, as the first tender was non-responsive.

Subsequently, the procurement processes for the construction of Chief Tafuna’s and Chief Mwamba’s palaces were concluded, while the contract for Chief Mpande’s palace remained at the procurement stage. The Ministry indicated that it would ensure that procurement processes were concluded in a timely manner.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen procurement planning and contract management to avoid prolonged delays and repeated tendering. The Committee further urges the Ministry to ensure strict adherence to procurement timelines and to enhance oversight mechanisms so that construction projects commence promptly after tender award. The Committee will await a progress report.

○ **Project Status**

(a) NORTHERN PROVINCE

Kasama – Chief Nkole Mfumu’s Palace The contract had expired, and the Ministry was in the process of engaging a new contractor.

(b) NORTH-WESTERN PROVINCE

Solwezi – Chief Kapijimpanga’s Palace Works were at ninety-two per cent completion, with plumbing, tiling installation, and painting in progress. The scheduled completion date was 30th December, 2025.

Mufumbwe – Chief Chizela’s Palace Works were at seventy per cent completion. Roofing; plumbing; and door installations were in progress, while plastering had been completed. The scheduled completion date was 31st January, 2026.

Manyinga – Chief Sikufele’s Palace Works were ninety-nine per cent complete, except for one retainer’s house and additional works, which had been retendered. The scheduled completion date was 30th December, 2025.

(c) LUSAKA PROVINCE

Rufunsa – Chief Bunda Bunda’s Palace Works were at seventy-five per cent completion. Tiling of the main house, installation of the conference room ceiling, and construction of the tank stand were in progress. The ceiling for the main house had been completed, while painting had not yet commenced.

The Ministry indicated that it was closely monitoring contractors to ensure that the palaces were completed and handed over within the contract period.

Committee’s Observations and Recommendation

The Committee urges the Controlling Officer to expedite the engagement of new contractors where contracts had expired to prevent further delays. The Committee further urges the Ministry to strengthen contract supervision and enforce completion timelines, particularly for projects nearing completion, to ensure value for money and timely delivery of infrastructure. The Committee will await a progress report.

c. Municipal Infrastructure and Support Delivery

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

The Committee was informed that the delay in completing the construction of the Lady Diana Drainage and Culverts in Kanyama within the stipulated timeframe was due to the Ministry not receiving funding from the Disaster Management and Mitigation Unit (DMMU), the project funder.

The Disaster Management and Mitigation Unit (DMMU) disbursed K40,836,298.12 to the Ministry on 19th September, 2025 for the construction of the Lady Diana Drainage and Culverts in Kanyama. The Ministry subsequently paid the contractor the outstanding amounts, which enabled the contractor to intensify works by increasing manpower and equipment on site.

At the time of reporting, the project was at 48 per cent completion, and the contract had been extended to 31st December, 2025. The works were expected to be completed by 30th December, 2025. Management indicated that it would endeavour to complete projects within stipulated timeframes.

Committee’s Observations and Recommendation

The Committee urges the Controlling Officer to strengthen project planning and ensure that funding commitments are secured before project commencement to avoid delays and contract extensions. The Committee further urges the Controlling Officer to ensure strict adherence to procurement procedures, particularly where limited bidding methods are applied, to ensure transparency, value for money, and timely project completion. The Committee will await a progress report.

ii. Funding from Head 21-Loans and Investments

• Wasteful Expenditure-K4,546,708.00

The Committee was informed that the expenditure related to outstanding bills incurred prior to 1st January, 2022. These outstanding bills were subsequently transferred to the Ministry of Finance and National Planning under Head 21 – Loans and Investments.

The accumulation of interest on the outstanding bills arose from the failure to settle outstanding Interim Payment Certificates (IPCs) on time, which was attributed to inadequate funding from the Treasury.

The Ministry wrote to the Ministry of Finance and National Planning requesting funding amounting to K86,146,503.09 to clear the outstanding bills. The Treasury released K5,416,419 towards the debt, which was paid to the contractors.

Management had continued engaging the Ministry of Finance and National Planning to liquidate all outstanding bills and prevent further accumulation of interest.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen financial planning and commitment control to prevent the accumulation of unpaid bills and interest charges. The Committee further urges the Ministry to enhance engagement with the Ministry of Finance and National Planning to secure adequate and timely funding for debt clearance and to prioritise settlement of outstanding IPCs to avoid further wasteful expenditure arising from interest penalties. The Committee will await a progress report.

• Failure to Settle Outstanding Interest

The Committee was informed that the Ministry was awaiting funding from the Treasury to clear the outstanding interest on the debt.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to prioritise engagement with the Treasury to secure funding for the settlement of outstanding interest. The Controlling Officer is further urged to strengthen debt management and ensure that future contractual obligations are settled promptly to prevent the accumulation of additional interest and related financial liabilities. The Committee will await a progress report.

THE MINISTRY OF HOME AFFAIRS AND INTERNAL SECURITY – ZAMBIA CORRECTIONAL SERVICE (PARAGRAPH 21)

Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a provision of K1,183,338,920.00 was made to cater for the operations of the Zambia Correctional Service, against which amounts totalling K903,581,981.00 were received, resulting in an underfunding of K279,756,939.00. As at 31st December 2024, amounts totalling K879,032,209.00 had been spent, leaving a balance of K24,549,772.00.

The Controlling Officer submitted that out of the K24,549,772.00, an amount of K20,464,278.73 was for vendors and K2,612,439.02 was for customers whose open items could not be cleared by the Ministry of Finance and National Planning by the end of the financial year. The remaining balance of K1,473,054.25 remained unspent due to inadequate time to process payments, as the Treasury only released funding in the afternoon of the last working day of the financial year. The Committee was informed that the open items totalling K23,076,717.75 that remained unpaid had since been settled by the Ministry of Finance and National Planning through the Debt Management Department.

Committee's Observations and Recommendations

The Committee, in noting the response, urges the Secretary to the Treasury to ensure that the Ministry is funded fully and on time. The Committee recommends the matter for closure, subject to verification by the OAG.

Audit Findings

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

a. Compliance with Legislation and Regulations

i. Weaknesses in the Management of Inmates' Educational and Skills Programs – North-Western Region

The Controlling Officer submitted that the limited fiscal space under which the Zambia Correctional Service operated, impeded the implementation of the Inmates' Adult Literacy and Vocational Training as provided for in the *Zambia Correctional Service Act No.37 of 2021*. The Committee was informed that in an effort to address the observed omission, the Zambia Correctional Service implemented the following measures:

- (i) the Service had, in the interim, attached twenty-three officers to be instructors in various skills training centres to provide the required services. Further, the service works, in collaboration with other Government departments and stakeholders such as the Ministry of Education, Ministry of Agriculture, TEVETA and faith-based organisations, provided special services on a part-time basis while building internal capacity; and
- (ii) with regards to inadequate infrastructure in these centres, the service was funded K18,609,184.00 out of the budget of K79,536,157.00. These funds were used for the construction and rehabilitation of infrastructure in some centres such as Nansanga Correctional Farm; cells at Mwomboshi Correctional Farm; and the procurement of materials for fabrication of bunk beds for inmates.

Committee's Observations and Recommendations

The Committee, in noting the response, urges the Secretary to the Treasury to ensure that the Ministry is funded fully and on time. The Committee also urges the Controlling Officer to put in place measures to ensure that funds are expended within the fiscal year once received. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the implementation of the Inmates Adult Literacy and Vocational Training.

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

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

i. Failure to Update Establishment Register

The Controlling Officer submitted that the draft proposal was sent on time to the Payroll Management Establishment Control (PMEC) to update the establishment registers but it delayed in working on the report. The Committee was informed that the Service wrote to the PMEC, which had since commenced updating the register. Further, the Service would ensure that the process was completed before the end of the financial year and the reported 741 excess positions were ably dealt with and reconciled.

Committee's Observations and Recommendations

The Committee, in noting the response, urges the Controlling Officer to implement remedial measures as submitted. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the updating of the establishment register.

ii. Management of Separated Officers - Unsupported Separations

The Controlling Officer submitted that the officer had been engaged and had since commenced repayment, while the Regional Stores Officer had been charged.

Committee's Observations and Recommendations

The Committee resolves to close the matter, subject to verification by the OAG.

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

On 15th November 2024, the Zambia Correctional Service, through the Ministry of Home Affairs and Internal Security, engaged three suppliers to supply 818 yearling heifers to the Zambia Correctional Service – Chishinga Livestock Breeding Centre in Kawambwa at a total contract sum of K10,879,462.00 VAT inclusive, with a delivery period of 4-8 weeks from contract signing date and a contract period of four months. As at 31st August 2025, two suppliers had been paid a total of K1,826,824.00 (Cattlemen Livestock Cooperative Society Ltd – K899,304.00 and Kathemo K927,520.00) as 25 per cent advance payment and the following were observed:

i. Failure to Recover Liquidated Damages

The Controlling Officer submitted that the Zambia Correctional Service delayed to process the 25 per cent advance payment within 30 days after signing of contract as per contractual terms. The Committee was informed that the 25 per cent advance payments were only effected in the following year. Therefore, the Service could not proceed to claim liquidated damages on contracts which had expired immediately after payments were processed. Further, the contracts were under review for possible renewal.

Committee's Observations and Recommendations

The Committee, in noting the response, urges the Secretary to the Treasury to ensure that the Ministry is funded fully and on time. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

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

The Controlling Officer submitted that the budget for the construction and rehabilitation of infrastructure in the year under review was K79,536,157.00 and only K18,609,184.00 was funded. This was due to realignment of the budget that was caused by the drought. Therefore, it had been difficult to work on the blown-off roof on the classroom block at Mukobeko Medium Facility and other rehabilitation works. The Committee was informed that the Service had since continued rehabilitating and constructing new facilities like Nansanga Correctional Facility Cells at Mwomboshi Correctional Farm and the fabrication of bunk beds. However, the Service would roll out rehabilitation works to other facilities.

The Controlling Officer further submitted that the handover of Milima Prison Cells had been delayed due to non-completion of a security wire fence, gate lodge, kitchen and sewerage line for the cells to be operational. Further, these requirements did not form part of the Bill of Quantities. Further, the Service had engaged the Provincial Infrastructure Officer in Northern Province to terminate the contract so that internal resources were utilised.

Committee’s Observations and Recommendations

The Committee, in noting the response, urges the Secretary to the Treasury to ensure that the Ministry is funded fully and on time. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the rehabilitation of facilities and the completion of Milima Prison Cells.

e. Management of Assets

i. Lack of Title Deeds for Property

The Controlling Officer submitted that the delay in acquiring title deeds was due to the Survey Department under the Ministry of Lands not issuing offer letters and leases in a timely manner. However, the process of acquiring title for the properties had advanced as per attached site plans; offer letters; survey diagrams; and leases. Further, the Commissioner of Lands would issue certificates of titles for leases that had already been signed by the Ministry of Finance and National Planning.

Committee’s Observations and Recommendations

The Committee, in noting the response, urges the Controlling Officer to expedite the acquisition of title deeds for the property in question and will await a progress report on the matter.

ii. Dining Rooms without Tables and Chairs - Mwembeshi Remand

The Controlling Officer submitted that Mwembeshi Remand was a newly constructed facility and the process of acquiring furniture and equipment was ongoing. However, the Zambia Correctional Service had since commenced acquisition of dining furniture for the dining rooms, ‘as per attached proof of payment.

Committee’s Observations and Recommendations

The Committee resolves to close the matter, subject to verification by the OAG.

f. Failure to Dispose of Unserviceable Vehicles

The Controlling Officer submitted that the administrative procedures involved in asset disposal had caused the delay. However, the Zambia Correctional Service had made a formal request through the Ministry of Home Affairs and Internal Security.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the disposal of unserviceable vehicles.

g. Failure to Settle Staff and Other Obligations (K151,574,738.00)

The Controlling Officer submitted that outstanding bills were cumulative in nature as they fell due on a daily basis. However, the Secretary to the Treasury was engaged and had so far released K35,000,000.00 as supplementary funding. The Committee was informed that the Treasury had an outstanding balance of K151,574,738.00 for various expenditure items, of which K35,000,000.00 had been paid towards food rations, leaving a variance of K116,574,738.00. The unpaid amounts included K591,286.00 for Personal Emoluments; K35,595,754.00 for Utilities; K14,871,309.00 for Staff Allowances; K6,068,950.00 for Motor Vehicles; and K4,371,510.00 for Other RDCs, while K55,075,929.00 remained outstanding for Food Rations.

Committee's Observations and Recommendations

The Committee, in noting the response, urges the Secretary to the Treasury to ensure that the Ministry is funded fully and on time. The Committee also urges the Controlling Officer to put in place measures to ensure that once funds are received, they are expended within the fiscal year. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the settling of staff and other obligations.

h. Correctional Industries Revolving Fund - Failure to Settle Outstanding FRA Maize Purchases (K148,982,083.00)

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

A review of delivery notes and goods received vouchers from FRA and ZCS revealed that ZCS received 61,912.50 metric tonnes (MT) of maize from FRA, valued at K371,475,000.00. Further, ZCS had unpaid balance of K33,939,080.00 brought forward from 2023 bringing the total amount to K405,414,080.00. However, an examination of payment records showed that ZCS only paid amounts totalling K256,431,997.00 to FRA, leaving a balance of K148,982,083.00 as at 31st December 2024. Further, between January and June 2025, ZCS received an additional 105,893.10 metric tonnes of maize from FRA valued at K615,260,120.00 and made payments in amounts totalling K635,414,080.00 leaving an accumulated balance of K128,828,123.00 as at 31 Augustst 2025.

The Controlling Officer submitted that Kalonga Milling Plant had been liquidating the outstanding balances but at the same time, the Food Reserve Agency had been releasing maize, thereby making the whole process cumulative as balances were always adjusting either upwards or downwards. However, the current balance that Kalonga Milling Plant owed the Food Reserve Agency is K92,683,462.83 as per reconciled statement of demand dated 22nd

November 2025. Further, there had been continuous engagement with the Secretary to the Treasury so that supplementary funding was released to clear suppliers of food rations.

Committee's Observations and Recommendations

The Committee, in noting the response, urges the Secretary to the Treasury to ensure that the Ministry is funded to enable it to meet its outstanding obligations to the FRA. The Committee further urges the Controlling Officer to develop a clear payment plan to liquidate the outstanding balance owed to FRA. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

MINISTRY OF COMMUNITY DEVELOPMENT AND SOCIAL SERVICES (PARAGRAPH 22)

Budget, Funding and Expenditure

The Controlling Officer submitted that the underfunding of K1,153,086,859.00 was due to the non-release of funds by the Treasury. The Committee was informed that the Ministry had funds reflected in the Integrated Financial Management Information System (IFMIS) system and hence payments were prepared on that basis and open items submitted to Ministry of Finance and National Planning for onward payment. However, payments totalling K87,005,153.00, which were to be paid out were reversed under the Ministry's Head 45 and transferred to Head 21 under the Ministry of Finance and National Planning.

The Controlling Officer further submitted that the Ministry had continued engaging the Ministry of Finance and National Planning for the facilitation of funding according to budgeted activities and to ensure that payments were cleared before the IFMIS closed at the end of the financial year, 31st December.

Committee's Observations and Recommendations

The Committee notes the response and urges the Secretary to the Treasury to ensure that the Ministry is adequately funded in a timely manner. The Committee further urges the Controlling Officer to put in place appropriate measures to ensure that, once funds are received, they are expended within the fiscal year. The Committee recommends the matter for closure, subject to verification by the OAG.

a. Community Development

i. Food Security Pack Sub-Programme

- **Contract for the Supply of Various Seeds - Trans Seed Zambia Limited (K9, 785,106.46)**

On 28th November 2024, the Ministry engaged Trans Seed Zambia Limited for the supply and delivery of various seed for the rain-fed cropping component during the 2024/25 farming season, at a contract sum of K31,564,860.00 VAT inclusive, which was to be delivered to all the 116 districts with delivery period ranging from four to eighty weeks from the date of contract signing.

As at 31st August 2025, despite the supplier having been paid amounts totalling K9, 785,106.00, the seed had not been delivered.

The Controlling Officer submitted that on 28th November 2024, the Ministry entered into a contract with Trans Seed Zambia Limited for the supply and delivery of various seed types under the rain-fed cropping component for the 2024/2025 farming season. The contract was valued at K39,140,425.90 (VAT inclusive). In line with contractual provisions, an advance payment of 25 per cent, amounting to K9,785,106.46 was made to the supplier. As at 31st August 2025, despite the advance payment, the supplier had only delivered 46 per cent of the total seed quantities, leaving a shortfall of 54 per cent undelivered. The supplier attributed this shortfall to the unavailability of seed on the market, citing the severe drought experienced during the 2023/2024 rain season, which significantly affected seed production across the country.

The Committee was informed that the supplier was paid only for the quantities of seed delivered. In this regard, an advance payment of K9,785,106.46 was made against the total amended contract sum of K39,140,425.90. The total value of seed delivered amounted to K18,004,595.91. After deducting the initial advance payment of K9,785,106.46 and liquidated damages totalling K3,914,042.59, the remaining balance of K4,305,446.86 was paid to the supplier. Therefore, no payment was made for undelivered seeds.

The Controlling Officer further submitted that the Ministry reported the supplier to the Zambia Public Procurement Authority (ZPPA) for non-performance. Additionally, to mitigate the challenges faced by beneficiaries who did not receive inputs, the Ministry had extended support to the affected farmers by including them in the 2025/2026 farming season.

The Committee was informed that despite the challenges encountered with input deliveries, the Ministry recorded over-performance under the Food Security Programme (FSP). While the initial target was to support 244,000 households during the reporting period, a total of 532,645 vulnerable but viable farmer households were reached through various components of the FSP, including the Emergency Wetland Cropping Initiative, which was implemented as part of the response to the national drought disaster.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance contract monitoring mechanisms to ensure the timely delivery of inputs in line with contractual obligations. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the outcome of the matter with the Zambia Public Procurement Authority and measures taken to prevent future occurrences.

- **Non-Delivery of Seed to the Beneficiaries (K12,183,482.00)**

Seed costing K12,183,482.00 meant to be distributed to 62,317 beneficiaries in twenty-five districts, had not been delivered as at 31st August 2025.

The Controlling Officer submitted that the non-delivery of various seeds to beneficiaries resulted from suppliers declining to accept the offers to supply, citing unforeseen economic circumstances and a sharp increase in the cost of seed and logistical services arising from the drought. The suppliers indicated that these developments rendered the contracts onerous, expressing concern that fulfilling their contractual obligations would likely result in substantial financial losses. Further, the Ministry could not engage other suppliers because the planting season had almost elapsed, which entailed that seeds would have been delivered after the farming season.

The Committee was informed that the number of beneficiaries who did not receive the seed was 28,171 and not 62,848 as reported by the auditors. This was because the North-Western caseload was overstated as a zero was added to each caseload for the five districts in the province.

The Controlling Officer submitted that in order to mitigate the challenges faced by beneficiaries, the Ministry had carried forward all beneficiaries supported during the 2024/2025 farming season to the 2025/2026 farming season. Furthermore, the Ministry had continued to ensure compliance to contractual provisions such as the application of penalties and liquidated damages against suppliers who failed to meet delivery timeline or supply substandard inputs.

In addition, although the Ministry had initially planned to support 244,000 households during the period under review, a total of 532,645 vulnerable but viable farmer households were reached under the Farmer Input Support Programme (FSP), through its various components, including the Emergency Wetland Cropping initiative.

Committee's Observations and Recommendations

The Committee notes, with concern, the non-delivery of seed valued at K12,183,482.00, which adversely affected the distribution of inputs to beneficiaries. In this regard, the Committee urges the Controlling Officer to strengthen risk mitigation measures to minimise unforeseen disruptions such as those caused by the drought. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on measures implemented to prevent such scenarios from recurring.

- **Non-delivery of Soya Bean Seed to Beneficiaries (K815, 256.00)**

The Controlling Officer submitted that the non-delivery of soya bean seed by Cradle Investments Limited to beneficiaries, was due to the supplier's non-acceptance of the offer to supply citing unforeseen economic circumstances and a sharp increase in the cost of seed and logistical services. Further, the Ministry could not engage another supplier because the planting season had almost elapsed, which entailed that seed would have been delivered after the farming season.

The Committee was informed that to mitigate the challenges faced by beneficiaries, the Ministry had carried forward all beneficiaries supported during the 2024/2025 farming season to the 2025/2026 farming season. Further, the Ministry had enforced contractual compliance measures (Appointment of Contractual Managers), including the application of penalties and liquidated damages against suppliers who failed to meet delivery timeline or supply substandard inputs. In addition, although the Ministry had initially planned to support 244,000 households during the period under review, a total of 532,645 vulnerable but viable farmer households were reached under the Farmer Input Support Programme (FSP), through its various components, including the Emergency Wetland Cropping initiative.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that remedial measures are implemented as submitted. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to close the matter, subject to verification by the OAG.

- **Non-Delivery of Maize and Groundnut Seeds to Beneficiaries (K2,919,153.00)**

The Controlling Officer submitted that the Ministry engaged three seed suppliers, Trans Seed Zambia Limited; Amac Seed Zambia Limited; and Kagezi Seed Company Limited for the supply and delivery of medium maturing variety maize seed and medium maturing variety groundnut seed for the 2024/2025 farming season. Of the three suppliers, Amac Seed Zambia Limited fulfilled its contractual obligations in full. However, Trans Seed Zambia Limited delivered only 46 per cent of the contracted quantities. The company attributed its failure to supply the remaining quantity to the shortage of seed on the market, which was a direct consequence of the 2023/2024 drought that severely affected seed production across the country. Meanwhile, Kagezi Seed Company Limited opted not to proceed with the contract, citing increased seed prices and limited seed availability, also resulting from the adverse effects of the same drought.

The Committee was informed that to mitigate the impact of the non-delivery on beneficiaries, the Ministry carried forward all affected beneficiaries from the 2024/2025 farming season to the 2025/2026 farming season to ensure they received the intended support. Further, while the Ministry had initially planned to support 244,000 households during the period under review, a total of 532,645 vulnerable but viable farmer households were reached under the Food Security Pack (FSP) programme through its various components, including the Emergency Wetland Cropping Initiative.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen supplier due diligence. The Committee further urges the Ministry to strengthen procurement planning by establishing contingency mechanisms that enable the timely engagement of alternative suppliers in instances of supply disruptions. The Committee resolves to close the matter, subject to verification by the OAG.

- **Delivery of Uncertified Maize Seeds (K9,870,000.00)**

The Controlling Officer submitted that the 8,332 x 5kg bags of orange maize seed, valued at K1,958,020.00, were not replaced. Instead, the supplier had agreed and undertook to reimburse the Ministry with the monetary value of the goods and not the actual goods, given that the planting season had almost elapsed. The Committee was informed that the Ministry issued a demand letter to the supplier in the sum of K2,156,125.00, being the net monetary equivalent amount owed to the Ministry in respect of the uncertified seed which was delivered to the district offices. The Ministry was actively engaging the supplier to settle the amount owed.

The Committee notes, with concern, the payment for uncertified seed which failed to meet contractual specifications. The Committee further observes that the acceptance of and payment for defective inputs reveal serious lapses in internal controls within the Ministry. In this regard, the Committee directs the Controlling Officer to immediately report the matter to relevant Law Enforcement Agencies for further investigations, particularly concerning the suspected submission of a forged certification report. The Committee further urges the Controlling Officer to institute disciplinary proceedings against all officers found responsible for facilitating and authorising the payment of goods that did not conform to contractual specifications. Additionally, the Committee urges the Ministry to expedite the recovery of the outstanding amount owed by the supplier and await a progress report on the matter.

- **Failure to Reinvest Recovered Funds (K5,868,915.00)**

The Controlling Officer submitted that the unspent balances in the district recoveries accounts, were in respect of various participating communities in district which had been pooling resources for the purpose of implementing community led developmental projects intended to address their peculiar local needs. The Committee was informed that communities could only initiate their choice of community driven investments once they had mobilised sufficient resources in the recoveries account, which was a pool account for districts. The Ministry, through the district offices, only played a facilitatory role in the investment of the funds by supervising the utilisation of funds and coordinating procurements with Local Authorities in line with the FSP Guidelines 2019. To this effect, communities were encouraged to continue making savings beyond the farming season in order for them to raise adequate resources to trigger procurement of the project proposals. For this, the recovery accounts did not carry a zero balance since communities were making deposits from time to time and working capital in some cases to run the projects.

The Controlling Officer further submitted that in some cases, the unspent funds were due to the nature of the project desired by the community. For instance, in the case of Mungwi District, the community settled for the construction of a multi-facility storage shed, which required substantial funding to be mobilised across different farming seasons. As a result, funds remained temporarily unutilised while mobilisation continued. The Committee was informed that most of the recovered funds had since been reinvested into viable community projects that promoted improved livelihoods. These included the construction of community infrastructure, procurement of agricultural equipment, and distribution of livestock and irrigation systems to Community Welfare Assistance Committees (CWACs).

The Controlling Officer was further informed that going forward, the following measures had been instituted to ensure timely reinvestment and improved fund management in future cycles:

- (a) regular reconciliation of recovery funds;
- (b) early communication with CWACs regarding deposit and reinvestment timelines;
- (c) early engagement and coordination with the procurement office; and
- (d) strict adherence to approved fund utilisation timelines.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement remedial measures as submitted. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for verification, subject to which the matter should be closed.

- **Irregular Distribution of Farming Inputs to Beneficiaries – Rain-fed and Wetland Components, Western Province (K3,324,396.00)**

The Controlling Officer submitted that the guidelines on the implementation of the emergency wetland cropping did not exclude beneficiaries under rain-fed who were adversely impacted by the drought of the 2023/24 farming season, which had led to a declaration of a national disaster by the Republican President.

The Committee was informed that the Emergency Wetlands Cropping Sub-Programme was not a duplication of support but rather a complementary, targeted recovery measure in response to a national disaster. The two interventions addressed different objectives: the Rain-

fed support focused on the main production season, while the Emergency Wetlands component provided an immediate recovery mechanism to mitigate drought-induced food insecurity.

Committee’s Observations and Recommendations

The Committee, in noting the response, urges the Controlling Officer to avail supporting documents to the OAG for verification, subject to which the matter should be closed.

- **Irregular Inclusion of Farmer Input Support Program (FISP) Beneficiaries into Rain-fed – FSP Program**

The Controlling Officer submitted that the FSP rain-fed component at the time was manually administered and not integrated with FISP Management Information System. Secondly, the lack of a centralised social protection registry made it difficult to harmonise beneficiary data across various social protection programmes. The Committee was informed that ninety-six beneficiaries under Mulobezi District received support from both the Emergency Wetlands Cropping Sub-Programme and the FISP Programme. The Emergency Wetlands intervention was not a duplication, but rather a complementary, targeted recovery measure designed to respond to drought conditions. It provided immediate support to mitigate drought-induced food insecurity and help affected households recover.

The Controlling Officer submitted that the Ministry had since automated the FSP rain-fed component following implementation of the FSP Management Information System which was integrated with the FISP System. In addition, District Community Development Officers submitted their beneficiary lists to the District Agricultural Officers for verification prior to input distribution. Specific action points taken by the district are tabulated below:

Table 7: Actions Taken

Province	District	Findings	Actions Taken
Central	Kabwe	Nineteen beneficiaries identified	Ten beneficiaries started repaying funds equivalent to the FSP pack; seven had submitted commitment letters to repay. Two beneficiaries could not be traced during verification. Deposit slips and commitment letters were available for audit verification. Committee’s Observations and Recommendations The Committee urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the two beneficiaries who could not be traced during verification.
	Mkushi	Seven beneficiaries identified.	Two cases involved shared NRCs with Chitambo District. The remaining five beneficiaries who were found to be on both programmes were replaced during the input distribution exercise.

			<p>Committee's Observations and Recommendations</p> <p>The Committee urges the Controlling Officer to avail supporting documents to the OAG for verification, subject to which the matter should be closed.</p>
	Mumbwa	Fifty-two beneficiaries identified.	<p>Fifty-one beneficiaries accessed both programmes, while one case involved a shared NRC. Three beneficiaries had made partial repayments; others had issued commitment letters to repay equivalent to FSP pack values.</p> <p>Committee's Observations and Recommendations</p> <p>The Committee urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the beneficiaries who had issued commitment letters to repay equivalent to FSP pack values.</p>
	Serenje	Ten beneficiaries were identified.	<p>Four cases involved shared NRCs with other districts and one was a typographical error. Three beneficiaries had made partial repayments, while two had submitted commitment letters but had not yet made payments.</p> <p>Committee's Observations and Recommendations</p> <p>The Committee urges the Controlling Officer to ensure that systems are put in place to address the issue of shared NRCs by beneficiaries. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the beneficiaries who had issued commitment letters.</p>
Copperbelt	Mpongwe	Twenty-one Beneficiary farmers had potentially benefited from both programmes.	<p>All twenty-one identified beneficiaries were removed from the FSP programme following a District Food Security Committee resolution. In addition, they had submitted commitment letters to repay the funds.</p> <p>Committee's Observations and Recommendations</p> <p>The Committee resolves to close the matter, subject to verification by the OAG.</p>
Eastern	Chipata	Twenty-six beneficiaries identified	<p>Two names were not on the 2024 register; nineteen denied having accessed FISP, and five confirmed that relatives used their NRCs to access FISP.</p>

			<p>Committee's Observations and Recommendations</p> <p>The Committee urges the Controlling Officer to strengthen beneficiary verification by implementing control systems to prevent the misuse or sharing of NRCs. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the matter.</p>
	Petauke	Thirty-four beneficiaries were identified.	<p>NRCs for ten beneficiaries were verified by the National Registration Office and belonged to different people. One case involved a shared NRC. The remaining 24 beneficiaries were instructed to repay; four had made partial repayments.</p> <p>Committee's Observations and Recommendations</p> <p>The Committee urges the Controlling Officer to strengthen beneficiary verification by implementing control systems to prevent the misuse or sharing of NRCs. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the matter.</p>
Southern	Kazungula	Twenty-nine beneficiaries were identified to have benefited from both FSP and FISF.	<p>Ten were duplicate NRC cases originating from other districts. Four made partial repayments and three submitted commitment letters. Twelve denied benefiting from FISF, indicating possible NRCs used by other individuals.</p> <p>Committee's Observations and Recommendations</p> <p>The Committee urges the Controlling Officer to strengthen beneficiary verification by implementing control systems to prevent the misuse or sharing of NRCs. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the matter.</p>
Western	Sesheke	Three beneficiaries identified	<p>All three beneficiaries had fully repaid.</p> <p>Committee's Observations and Recommendations</p> <p>The Committee resolves to close the matter, subject to verification by the OAG.</p>
	Nalolo	Eighty-one beneficiaries identified	<p>Commitment letters to pay back have been submitted.</p>

			<p>Committee's Observations and Recommendations</p> <p>The Committee, in noting the submission, urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the repayments by beneficiaries.</p>
	Mwandi	Two beneficiaries were identified	<p>One beneficiary, Mr Muhamubi Muhamubi, made a partial payment of K400.00 and committed to repay the balance. The second case involved NRC misuse Mr Siseko Kamwi did not benefit, but his NRC was used by Mr Simataa Pumulo, who had admitted liability in a written statement attached for verification.</p> <p>Committee's Observations and Recommendations</p> <p>The Committee urges the Controlling Officer to ensure that the matter is reported to LEAs for further action against Mr Simataa Pumulo and will await a progress report on the matter.</p>
	Mulobezi	114 beneficiaries identified	<p>Eleven benefited from both the Traditional Wetlands and FISP programmes, while seven benefited from the 2024/2025 Rain-fed and FISP programmes. Additionally, ninety-six beneficiaries benefited from both the Emergency Wetlands and FISP programmes. Eighteen beneficiaries who benefited under the Rain-fed and Wetland components of the FSP had since commenced repayments in instalments, and commitment letters were attached for verification.</p> <p>Committee's Observations and Recommendations</p> <p>The Committee urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the repayments by beneficiaries.</p>
Muchinga	Lavushimanda	Five beneficiaries were identified	<p>After verification, the Ministry of Agriculture confirmed that the listed names were not on the 2024/2025 FISP beneficiary list. However, one case (Majorj Mwape) involved an NRC appearing under a different name (Pascalina Mambwe).</p> <p>Committee's Observations and</p>

			<p>Recommendations The Committee resolves to close the matter, subject to verification by the OAG.</p>
	Nakonde	Forty beneficiaries were found to have benefited from both the FISP and FSP programmes.	<p>All forty beneficiaries had begun repaying through the Ministry of Agriculture following a similar audit query raised to that Ministry. Deposit slips for three repayments, obtained from the Ministry of Agriculture, were available for verification. The Ministry had also written to the Ministry of Agriculture requesting continuous sharing of repayment deposit slips as beneficiaries made payments.</p> <p>Committee's Observations and Recommendations The Committee urges the Controlling Officer to strengthen beneficiary verification by implementing control systems to prevent similar occurrences. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the repayments by beneficiaries.</p>

b. Social Assistance

The Social Assistance Programme consisted of three sub-programmes, namely: Social Cash Transfer (SCT); Public Welfare Assistance Scheme (PWAS); and Care of Older Persons. The objective of the programme was to assist the targeted incapacitated households with cash, goods or in-kind support.

The following were observed:

i. Irregular Changes of Beneficiary Records on Social Cash Transfer Programme– Kalomo District (K698,600.00)

The Controlling Officer submitted that 247 changes to the beneficiary data were done within the framework of the SCT Programme Guidelines which allowed for data updates and refinement in order to account for data dynamism and to assure data integrity and quality in the SCT beneficiary database. In this vein, sections 6.3 and 6.6 provided for continuous data management and data cleaning, respectively, in line with the roles and responsibilities given to the programme officers under 6.2 of the guidelines.

The Committee was informed that the transition from the old SCT-MIS to the current MIS, namely; the Zambia Integrated Social Protection Information System (ZISPIS), necessitated continuous data refinement of beneficiary details considering the digital payment model which the Ministry had deployed in the disbursement of cash transfers. Further, the reported number of changes, one hundred fifty-nine (159), were in respect of name corrections due to KYC, twenty-seven were changed to correct migration error and sixty-two were in respect of replacement of beneficiaries from within the same household to replace deceased main

beneficiaries, as provided for under section 4.4 of the SCT guidelines. This was meant to ensure continued support to the affected vulnerable households, notwithstanding the death of the main beneficiary.

The Committee was informed that no new beneficiaries were introduced on the programme outside the affected households. Further, the Controlling Officer affirmed that all changes were compliant with programme provisions and necessary for effective service delivery. In this regard, the following developments had since occurred:

- (a) data corrections were completed in ZISPIS; and
- (b) data Migration from old SCT-MIS to ZISPIS was completed.

Committee's Observations and Recommendations

The Committee resolves to close the matter, subject to verification by the OAG.

ii. Irregular Transfer of Social Cash Transfer funds to the Ministry of Finance and National Planning– Mpulungu (K150,640.00)

The Controlling Officer submitted that the mopping up of funds by the Ministry of Finance and National Planning triggered the audit concern. Specifically, on 2nd February 2024, the Ministry of Finance and National Planning in exercise of its Treasury functions mopped up a sum of K150,640.00 from the Mpulungu SCT account into the Ministry of Finance and National Planning Account No. 0011000370327. The Committee was informed that the Ministry continued to engage the Ministry of Finance and National Planning for a waiver exempting SCT accounts from being mopped in order to avert possible disruption in SCT programming. However, in the instant case of Mpulungu, it was submitted that despite the mopping of funds, the district was funded in full for the period under review and all beneficiaries were paid accordingly.

Committee's Observations and Recommendations

The Committee resolves to close the matter, subject to verification by the OAG.

iii. Failure to Redeposit Uncollected Funds – Kalomo DSWO (K1,789,200.00)

The Controlling Officer submitted that the query was due to the untimely death of the officer in charge of the district, which led to improper handovers resulting in failure to trace some of the accountable documents such as payment lists and re-deposit records at the time of the audit. Further, out of the K1,789,200.00 queried, payment lists to the beneficiaries amounting to K1,172,000.00 had since been traced and accounted for as part of the retirement. In addition, redeposits into the Ministry transfer bank account totalling K155,000.00 had also been traced and available for audit verification.

Further, it was submitted that transactions totalling K223,600.00, appeared to be duplicated on the audit schedule, while the balance of K238,600.00 were a subject of further investigations.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that proper handover procedures are implemented to safeguard accountable documents and prevent similar occurrences in future. The Committee further urges the Controlling Officer to conclude the investigations on the

outstanding balance and avail supporting documents to the OAG for verification and will await a progress report on the matter.

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

The Controlling Officer submitted that the main cause of the query was the failure by the officer responsible (the deceased) to follow SCT guidelines as stipulated. The Committee was informed that the non-Civil Servants Pay Point Managers (PPMs) were terminated following Management's receipt of an Internal Audit Report issued in March 2025 in respect of the audit conducted at the district. Further, all beneficiaries had since been migrated to digital payment platforms, achieving 100 per cent digital coverage and eliminating manual disbursements via PPMs. Additionally, the Ministry submitted the names of all non-Civil Servants previously engaged as PPMs to the Drug Enforcement Commission (DEC) and Anti-Corruption Commission (ACC) for further investigation.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance internal controls and supervisory mechanisms to ensure strict adherence to program guidelines in the future. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the outcome of investigations by the relevant law enforcement agencies and administrative sanctions and disciplinary action taken against officers responsible for the breach.

c. Staff Related Matters

i. Excess Positions on the Payroll

The Controlling Officer submitted that the Department of Mother and Child under the Ministry of Health, was transferred to the Ministry of Community Development and Social Services in the year 2011, culminating into the renaming of the Ministry into the Ministry of Community Development, Mother and Child Health. Subsequently, the Department of Mother and Child was later reverted to the Ministry of Health in the year 2016. However, the payroll area for some of the positions was not aligned accordingly, resulting in the query under consideration.

The Committee was informed that the implementation of the decentralisation process, which resulted in the transfer of staff to the payroll for the respective provinces and districts, partly accounted for the mismatch as payroll sub-areas continued to be realigned. In this regard, although the Ministry was responsible for managing its payroll, alignment of payroll sub-areas fell within the responsibility of the Payroll Management and Establishment Control Unit (PMEC), with whom the Ministry continued to engage over the matter. The Controlling officer further submitted that the Ministry wrote to the Public Service Management Division (PSMD) to correct the anomaly.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for verification and resolves to await a progress report on the engagements with PMEC and the correspondence with the PSMD.

ii. Officers on Payroll but not on Staff Return (K252,397.00)

The Controlling Officer submitted that the officers were under the respective provincial and district payroll areas and not the ministerial headquarters payroll. The Committee was informed that the Ministry had continued to engage the PMEC unit to streamline payroll sub areas according to the respective organisational subunits.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the engagements with the PMEC unit to streamline payroll sub-areas according to the respective organisational subunits.

iii. Misplacement of Payroll Area (K10,450,791.00)

The Controlling Officer submitted that the payroll areas for the concerned officers were not streamlined. In this regard, out of the 106 officers, sixteen of the affected officers were Community Development employees deployed to provinces and districts, whose payroll was yet to be aligned by the PMEC. The Committee was informed that the implementation of the decentralisation process resulted in the payroll for the affected officers under the provinces and districts to be realigned to that of their respective provincial administration payroll, leading to the apparent mismatch. The remaining ninety officers were serving under the Ministry of Health and appeared on the Ministerial of Health sub-area, which was previously merged with the sub-area for the Ministry of Community of Development and Social Services. Therefore, the anomaly was attributed to the legacy merger and de-merger of the two Ministries under the name "Ministry of Community Development, Mother and Child Health" without rearrangement of the payroll sub-areas.

The Controlling Officer submitted that the Ministry continued to engage the Public Service Management Division on the need to align the payroll.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the engagements with the PSMD on the need to align the payroll.

d. Cross-Cutting Observations across Programmes – Other Irregularities

i. Irregular Approvals of Payments – Kalomo Social Welfare Office (K4,301,200.00)

The Controlling Officer submitted that the query arose due to the failure by the responsible officer at the time, (the deceased District Social Welfare Officer) to abide by the SCT guidelines in the delegation of duties. The Committee was informed that appropriate administrative measures were taken and the Ministry reorganised the district office following the reported incident. Further, in this respect, the supervising officer was charged for failure to provide oversight on the district. In addition, the Ministry recruited an accountant under the SCT-Project Implementation Unit (PIU) tasked to help backstop financial management at the districts within the province. In this vein, the Ministry had since strengthened supervision and approval protocols to prevent a recurrence of the highlighted shortcomings. Further, management proactively reported the matter to Law Enforcement Agencies and investigations were currently underway. To this effect, further action would be considered depending on the outcome of the investigation.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for verification and will await a progress report on the investigations by the Law Enforcement Agencies.

ii. Unauthorised Payments – Kalomo DSWO (K11,296,800.00)

The Controlling Officer submitted that the unauthorised payment vouchers were a result of the responsible officer failing to abide by the SCT programme guidelines and the financial management regulations. The Committee was informed that the Ministry had since strengthened supervision and approval protocols to prevent a recurrence of the highlighted shortcomings. Further, the matter was also escalated and was a subject of inquiry by the law enforcement wings. The Controlling Officer submitted that the Ministry would consider additional measures depending on the outcome of the said investigation.

Committee’s Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to institute disciplinary action against the officer for failure to abide by the regulations, regardless of the outcome of the investigations by the LEAs and will await a progress report on the matter.

iii. Failure to Deliver Bicycles (K3,486,771.00)

The Controlling Officer submitted that the advance payment was made in accordance with the contract terms. However, the supplier failed to deliver and instead requested a price adjustment after contract signing, via a letter dated 22nd August 2024 from Messrs Chipoma Chilambwe Legal Practitioners. Further, the Controlling Officer submitted that the Ministry had initially not intended to award the contract to the supplier after conducting a post evaluation due diligence, but the decision was overturned by the Zambia Public Procurement Authority (ZPPA) upon appeal by the said supplier.

The Committee was informed that the Ministry escalated the matter with the ZPPA and the Ministry of Justice seeking to bar the supplier in accordance with the *Public Procurement Act No. 8 of 2020*. However, ZPPA advised that Raton Freight could not be barred until the matter was concluded with the Ministry of Justice. On the other hand, the Ministry of Justice provided legal advice that the Ministry should consider re-negotiating the contract sum due to the lapse of time between the time the procurement process started in 2022 and the time the contract signing was done in 2023. The Ministry subsequently terminated the contract and demanded a refund of the advance payment. Upon continued non-compliance, letters were sent to the Attorney General and Solicitor General to initiate legal recovery proceedings. The Ministry was awaiting their actions.

Committee’s Observations and Recommendations

The Committee notes, with concern, that although the Ministry had initially raised reservations about awarding the contract following post-evaluation due diligence, the decision was overturned by the Zambia Public Procurement Authority (ZPPA) on appeal. In this regard, the Committee recommends that the Ministry should immediately institute engagements with the Attorney General and the Solicitor General to ensure that legal proceedings for the recovery of the advance payment are promptly instituted and concluded. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and will await a progress report on the matter.

iv. Management of Infrastructure

The Controlling Officer submitted that the Ministry did not have a dedicated budget line for infrastructure maintenance and rehabilitation. This had continued to constrain efforts to undertake the necessary repair works across various provincial and district offices.

The Committee was informed that all the Ministry's infrastructure and properties were captured. This would enhance transparency, accountability, and facilitate proper valuation and management of assets. Further, the Ministry would engage the Ministry of Finance and National Planning to create a specific budget line under the Ministry's annual budget for routine maintenance and rehabilitation of infrastructure. This would ensure systematic planning, allocation, and monitoring of funds for the maintenance of infrastructure. The Ministry would prepare a comprehensive Infrastructure Maintenance and Rehabilitation Plan informed by the property valuation exercise and inspection reports.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement the remedial measures as submitted. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and will await a progress report on the creation of a routine maintenance and rehabilitation budget line and the development of a comprehensive Infrastructure Maintenance and Rehabilitation Plan.

MINISTRY OF HEALTH (PARAGRAPH 23)

Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December, 2024, a provision of K18,732,259,790.00 was made to cater for various activities against which amounts totalling K13,644,454,885.00, were released, resulting in an underfunding of K5,087,804,905.00. As at 31st December 2024, amounts totalling K13,560,920,440.00 had been spent, leaving a balance of K83,534,445.00.

The Controlling Officer submitted that programs were not implemented due to underfunding and that the Ministry would continue engaging the Treasury so that programs budgeted for were funded fully within the financial year. The Committee was informed that the remaining unspent funds were as a result of the unprocessed payments, which were submitted to the Ministry of Finance and National Planning at the year's end, but not transmitted to the beneficiaries. Further, the funds were reversed open items in the IFMIS and were transferred as debt to be paid under Head 21 - Ministry of Finance and National Planning. Additionally, the Ministry of Finance and National Planning released funds amounting to K10,000,000.00 towards the open items, which were reversed at the year's end.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that the Ministry is funded fully and on time. The Committee recommends the matter for closure, subject to verification by the OAG.

a. Hospital Services Programme

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

The Controlling Officer submitted that at contract signing, the project had no VAT component. Further, the VAT was introduced when the contract was still running and therefore, the Ministry introduced an addendum to the contract, which brought the VAT component.

Committee's Observations and Recommendations

The Committee, in noting the submission, recommends the matter for closure, subject to verification by the OAG.

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

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

The Controlling Officer submitted that the contract did not include Government counterpart funding. Further, the Treasury only released counterpart funding, which did not include VAT and consultancy fees.

Committee's Observations and Recommendations

The Committee, in noting the submission, recommends the matter for closure, subject to verification by the OAG.

iii. Contract for Designing, Constructing and Equipping of Three District Hospitals and 115 Mini Hospitals

As at 31st August 2023, there were 101 health centres (mini hospitals) that had been completed, ten were under construction, while construction works had not commenced for four health centres in Lufwanyama; Mpongwe; Lusaka; and Mufumbwe. In addition, medical and other equipment, including laboratory and theatre equipment valued at US\$42,079.60 had not been delivered to seventeen mini hospitals. Further, five mini hospitals received non-functional equipment worth US\$10,817.66. A review of the situation carried out in April 2025 revealed that the contractor had been paid amounts totalling US\$299,000,000.00, leaving a balance of US\$1,000,000.00 for retention. The following were observed:

• Undelivered Equipment (US\$72,949.00)

The Controlling Officer submitted that the baby CPAP portable oxygen generator system did not exist, and that only a portable oxygen generator system existed. Further, disposal details for the portable oxygen generator system were retrieved and had since been attached.

Committee's Observations and Recommendations

The Committee, in noting the submission, recommends the matter for closure, subject to verification by the OAG.

- **Unaccounted for Equipment (US\$33,140.10)**

The Controlling Officer submitted that all the equipment cited as unaccounted for was accounted for. Further, guidance on the movement of equipment was issued and the Office of the Auditor General would be engaged so that the cited equipment could be verified and resolved.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that no equipment is transferred without authority and to strengthen internal controls to prevent any unauthorised movement of equipment in the future. The Committee recommends the matter for closure, subject to verification by the OAG.

- **Failure to Repair Defective Equipment (US\$44,526.32)**

The Controlling Officer submitted that all the equipment was functional, but those that used batteries needed to have them replaced. Further, the cited health facilities were handed over to the Ministry between 2019 and 2023. The Committee was informed at the time of audit, the cited equipment may not have been working and needed minor repairs or maintenance. Further, all the Provincial Health Officers were instructed to take up the maintenance and repair of the low-end equipment as the warranty from the NMS contract had expired. Further, all the cited equipment was delivered in good and functional condition at the time of delivery.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all necessary batteries are procured and that the affected equipment is promptly repaired and maintained. The Committee recommends the matter closure, subject to verification by the Office of the Auditor General.

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

The Controlling Officer submitted that the contract under Phase 1 of the NMS Contract Limited included approved works between the Ministry and NMS Infrastructure Limited for the design and construction of the mini hospitals without provision for the construction of mortuaries and kitchens. The Committee was informed that mortuaries and kitchens would be constructed based on a needs assessment and recommendations from stakeholders.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure such critical amenities are incorporated in all future hospital designs and construction projects. The Committee recommends the matter closure, subject to verification by the Office of the Auditor General.

- **Delayed Settlement of Value Added Tax Incurred on the Contract (US\$4,000,000.00)**

The Controlling Officer submitted that at contract signing, the project was VAT exclusive and all the payment certificates issued on the project had held the status of VAT exclusiveness. Further, discussions with the contractor, the Ministry of Finance and National Planning and the Ministry of Health on the issue of VAT had been held. However, these discussions had

not resulted into specific instructions being given to the Ministry of Health to settle the VAT amount to the contractor. Therefore, the Ministry was still awaiting guidance from the Ministry of Finance and National Planning.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite its engagement with the Ministry of Finance and National Planning to obtain clear guidance on the issue of VAT and ensure its timely resolution. The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

iv. Contract for Completion of the Construction of Mongu District Hospital Phase 3 and Associated External Works - Irregular Award of Contract

The Controlling Officer submitted that the signed statement that the bidder, Tonlex Investment Limited, had not been subject to suspension or that any of its directors or officers had not been involved with a bidder or supplier who was suspended or subject to suspension could not be considered during the evaluation process as it was not part of the evaluation criteria on the tender structure of the Electronic Government Procurement System (e-gp).

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen collaboration with the Zambia Public Procurement Authority (ZPPA) to ensure that all mandatory bidding requirements and contract stipulations are fully integrated into the Electronic Government Procurement System (e-GP). The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on engagements with the with the ZPPA to ensure that all future contract stipulations are integrated into the e-GP System.

v. Contract for Completion of the Construction of Kalomo District Hospital Phase III and Associated External Works - Delayed Site Handover

The Controlling Officer submitted that the site possession was a contractual matter administered by the consultant in this case, the Ministry of Infrastructure, Housing and Urban Development. Further, the funds were not available within the period stipulated in the contract to allow the consultant to proceed with his mandate to handover the site to the contractor. The Committee was informed that the site was handed over to the contractor on 24th January, 2025 when funds were made available by the Treasury. Further, the contractor was on site and a progress report had been provided.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the completion of the construction of Kalomo District Hospital Phase III and associated external works.

viii. Construction of Computer Laboratory and Library at Roan Antelope General Hospital – Poor Workmanship (K175,585.00)

The Controlling Officer submitted that during the period when the contract was active and payments were being made, the Ministry played the role of confirming the valuations before payments. These payments were, therefore, confirmed for payment on works that were verified satisfactory. The Committee was informed that the design was a preserve of the consultant on the project, which was the Ministry of Infrastructure, Housing and Urban

Development. Further, the National Council for Construction (NCC) was engaged to test the various structural components of the structure cited and the Ministry was awaiting feedback from the Council. The report would, therefore, determine the course of action that would be effected.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the tests of the various structural components by the National Council for Construction.

b. Cross-cutting Issues on Contracts

In addition to the contracts mentioned above, the following cross-cutting observations were made:

i. Failure to Remit Value Added Tax to ZRA (US\$11,084,273.18) (K15,401,323.00)

The Controlling Officer submitted that the US\$1,062,599.56 deducted from Siemens Healthineers could not be remitted to ZRA as the contractor involved was a foreign-based company. The financier paid the contractor directly, net of VAT, with US\$10,021,713.62 paid to AVIC International Ltd and K6,257,907.00 to Zhong Ding, while the Government was responsible for settling the VAT component. The Committee was informed that the Ministry withheld and remitted VAT for Hemmings Investments Limited, amounting to K1,374,479.74 to the ZRA. However, the remaining unremitted VAT amount was among the uncleared open items which remained at the year end and had since been regarded as a debt from last year. Further, the VAT cited in the report was for the Gross Interim Payment Certificates. The VAT would be remitted accordingly once funds were made available by the Treasury.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise the settlement of the outstanding obligations without further delay. The Committee further urges the Controlling Officer to engage the Treasury to secure the necessary funds to ensure strict compliance with statutory requirements governing tax remittances. The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

ii. Delayed Completion of the Projects (K520,338,846.00)

Physical inspections carried out between 7th April 2025 and 30th April 2025 revealed that nine projects with contract sums totalling K520,338,846.00 had delayed completion periods ranging from fifty-nine to 510 days.

The Controlling Officer submitted as follows:

- **Contract for Construction of the Cancer Treatment Centre in Ndola**

The contractor was active on site and all the works cited had since been done. Further, works such as the first-floor slab, beams formwork, staircases and roofing were completed and rated at 100 per cent completion and 65 per cent of external works had since been done.

Committee's Observations and Recommendations

The Committee recommends the matter closure, subject to verification by the Office of the Auditor General.

- **Construction of Mongu District Hospital under Phase Three**

The works cited, such as the covering of manholes, the tiling of bathrooms and sinking of a borehole had since been done. Further, the second fix electrical works commenced and works were at 94 per cent completion. However, among the works cited, the fixing of toilet seats and bath tubs, making ways for roads and a parking area, erecting of a 100,000-litre water tank, fixing of geysers, final painting of six houses had not yet commenced. The contractor was on site and works were ongoing.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the outstanding works.

- **Construction of Mkushi District Hospital Phase Three and Associated External Works**

The Committee was informed that the contractor was on site and works were ongoing. The sewer system was almost done and works were at 95 per cent completion. Further, other cited works such as electrical wiring; floor and wall tiling; painting and décor; sanitary fittings; door and ironmonger; window gazing; drainage; water reticulation also commenced and works were at 70 per cent completion. The Ministry, with the Ministry of Infrastructure, Housing and Urban Development, would spearhead the cited works to completion. Further, works for the driveway pavement commenced and were at 50 per cent completion. However, the electrical substation cited was non-applicable because it was done in Phase I and each phase contracted could not have its own. Further, the drilling of a borehole and the erecting of a tank stand had not yet commenced.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the outstanding works.

- **Construction of Luangwa District Hospital Phase Three and Associated External Works**

The Committee was informed that the contractor was on site and works were ongoing. The works cited, such as the construction of a septic tank and water reticulation, commenced and were at 98 per cent completion. Plumbing works also commenced and were at 95 per cent completion. Further, flooring and tiling commenced and works were rated at 83 per cent completion, while works such as carpentry, ceiling board, and electrical installations also commenced and were at 80 per cent completion. Walkways, female and children's wards, including the staff house, had been painted.

The Committee was further informed that works for the road construction and parking areas commenced and were at 40 per cent completion. However, the works cited for landscaping had not yet commenced. The Controlling Officer further submitted that the construction of electrical substation was not applicable because the hospital received the commodity under Phase 1. A standby generator would be procured when funds were made available and alternatively, the Ministry would engage cooperating partners so that the hospital could be solarised.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that the standby generator is procured. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the outstanding works.

- **Completion of Kalomo District Hospital and Associated External Works – Phase II**

The Committee was informed that the contractor was on site and the ceiling was at 60 per cent completion. Works for electrical fitting had commenced, the electrical piping was done and works were at 35 per cent completion. Plumbing works also commenced and the painting of walls was at 30 per cent and 25 per cent completion, respectively. The Controlling Officer further submitted that works for carpentry and joinery, external works and also ironmongery commenced and were all rated at 10 per cent. However, works such as flooring; drainage works; road works; parking areas; landscaping; oxidation ponds; boundary wall fence; and pathways had not yet started.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the outstanding works.

- **Construction of Ikelenge District Hospital Phase 1 and Associated External Works**

The Committee was informed that the contractor was on site and works were ongoing. Further, the works cited such as the construction of a septic tank and manholes, structural steel works and the procurement of motor vehicles were at 100 per cent completion, while works for flooring and wall finishes and roofing were at 90 per cent. The Controlling Officer further submitted that the installation of the water reticulation commenced and electrical installation works were at 30 per cent and 25 per cent, respectively. Works for the roads and parking area also commenced and works were at 20 per cent completion. However, works such as ironmongery, glazing, painting and decorating, and borehole drilling had not yet commenced.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the outstanding works.

- **Completion of the Construction of Mwinilunga District Hospital Phase One and Associated External Works**

The Committee was informed that the contractor was on site and works were ongoing. Further, the works cited such as roofing, structural steel works, metal works and borehole drilling were at 100 per cent completion. The Controlling Officer further submitted that septic tanks and manholes had been constructed and were almost complete at 90 per cent. Plumbing works, glazing and water reticulation also commenced and were at 75 per cent completion, whilst carpentry and joinery, ironmongery were at 60 per cent completion. Other works such as floor and wall finishes, electrical installation, roads and parking areas were at 40 per cent completion.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the outstanding works.

- **Completion of Mwense District Hospital Phase 1 and 3 – Delayed Completion of Works**

The Committee was informed that the contractor was active on site and works were at 95 per cent, with completed works including wall tiling, plumbing, flooring, and installation of washing basins, among others. Further, the contractor was installing the kitchen extractor while the lead X-ray door had been procured and would be delivered before the end of the year.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the Office of the Auditor General.

- **Construction of Mkushi District Hospital Phase Three and Associated External Works (HQ)**

The Committee was informed that the Project Manager had extended the project and a copy of the extension letter had since been attached.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the completion of the project.

iii. Failure to Claim Liquidated Damages (K26,766,324.00)

The Controlling Officer submitted that the clause on liquidated and ascertained damages may only be invoked if the projects were not extended by the consultant or the project managers. Further, the Ministry sought guidance on the extension of the cited contracts from the Ministry of Justice and the Ministry of Health was awaiting feedback. The Controlling Officer further submitted that the Ministry could not claim liquidated damages because the contracts were yet to be extended.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to expedite its engagement with the Ministry of Justice to ensure that the contracts are extended. The Committee further recommends that the Ministry strengthens contract management to ensure timely enforcement of contract terms and develop a contract database to ensure accurate tracking of contract timelines, performance bonds and payment schedules. The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the extension of the cited contracts and the development of the database.

iv. Questionable Inclusion of Works Already Done by Previous Contractors (K24,000,524.00)

The Controlling Officer submitted that the cited projects were managed by the Ministry of Infrastructure, Housing and Urban Development and that the Ministry engaged its counterpart on the works cited for further guidance. Further, the Ministry was awaiting feedback from the Ministry of Infrastructure, Housing and Urban Development regarding the matter.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

v. Discrepancy between Total Bill of Quantities and Contract Sum

The Controlling Officer submitted that the Ministry had since written to the Project Manager in this case, the Ministry of Infrastructure, Housing and Urban Development, regarding this matter and the Ministry was awaiting feedback.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

c. Management of Payroll and Staff Related Matters

i. Recruitment of 4,029 Health Workers

During the period under review, the Ministry, through the Civil Service Commission, recruited 4,029 health workers. The candidates were selected using the existing database of applicants for the 2023 recruitment, with priority given to those who had volunteered during the cholera outbreak.

The selection criteria was as follows:

- (a) Zambian citizens aged between 18 and 45 years and holders of a green National Registration Card (NRC);
- (b) Grade 12 school certificate holders with five 5 O' levels credit or better, including English language; and
- (c) Registered with the Nursing and Midwifery Council of Zambia (NMCZ) or Health Professions Council of Zambia (HPCZ) and possess a valid practising licence where applicable.

The following were observed:

• Failure to Replace Candidates who did not Report

The Controlling Officer submitted that eighty replacements had since been made and officers placed on the payroll as per attached payroll extract and appointment letters had since been provided. With regards to the remaining 106 positions, various recommendations to fill them up had been submitted to the Civil Service Commission through the Public Service Management Division (PSMD). The Ministry was awaiting feedback.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

• Failure to Comply with Treasury Authority - Misaligned Positions on Payroll

The Controlling Officer submitted that the variance was due to the incorrect assignment of positions to recruited candidates, as some officers were appointed to positions that did not correspond with their academic and professional qualifications. The Committee was informed that corrective actions were instituted in consultation with the Civil Service Commission to regularise all affected cases. Both the appointment letters and payroll records had since been amended to reflect the appropriate positions in line with the officers' qualifications. The changes were made without distorting the value of the approved Treasury Authority.

Committee's Observations and Recommendations

The Committee recommends the matter closure, subject to verification by the Office of the Auditor General.

ii. Administration of Terminated Officers

• Delayed Termination of Deceased Officers (K203,709.00)

The Controlling Officer submitted that the deceased officers cited under Head Office were from the following facilities: Levy Mwanawasa University Teaching Hospital, University Teaching Hospitals-Women and Newborn Hospital and University Teaching Hospitals-Adult Hospital. The Committee was informed that it was regrettable that salaries were paid to deceased officers. However, computation for recoveries from terminal leave benefits in respect of one officer who was under Levy Mwanawasa University Teaching Hospital were processed and the documents had since been attached. With regards to the Officer under UTH-Women and Newborn Hospital, Management managed to recover a total amount of K39,432.71 through her leave terminal benefits from the total amount of K102,850.20 which she owed the Government.

The Controlling Officer submitted that salaries that were paid to an officer under the University Teaching Hospitals - Adult Hospital could not be recovered because his retirement benefits had already been cleared. The Ministry had, therefore, written to seek authority to declare the balance, less tax of K53,625.99 in respect of one Officer under University Teaching Hospitals -Women and New Born Hospital and the salaries that were paid to the other officer under University Teaching Hospitals- Adult Hospital as a bad debt.

Committee's Observations and Recommendations

The Committee expresses serious concern over the delayed removal of deceased officers and urges the Controlling Officer to institute disciplinary action against all officers responsible for the lapse, without delay. The Committee recommends that the Ministry strengthen payroll controls to ensure prompt removal of deceased officers from the payroll. The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

• Payment of Salaries to Employees on Unpaid Leave (K540,020.00)

The Controlling Officer submitted that it was regrettable that salaries were paid to officers who had proceeded on unpaid leave. However, computation for recoveries from terminal leave benefits for all ineligible officers had been done. The officers were further engaged to pay the difference, as they were still on unpaid leave. The Committee was informed that the Senior Medical Superintendents from Chainama Hills College Hospital, University Teaching Hospitals-Women and Newborn Hospital and Levy Mwanawasa University Teaching Hospital were charged accordingly. Further, the Ministry would strengthen the quarterly internal payroll audits to avoid similar reoccurrences. To facilitate real-time audits, the Ministry had engaged the Office of the Auditor General to build the capacity of its internal auditors across various provinces in effective payroll audit management. Additionally, Provincial Health Directors had been reminded of the need to submit monthly attrition reports to enable effective tracking of staff movements.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

- **Irregular Payment of Salaries to Separated Officers (K52,129.00) and (K2,302,837.00)**

The Controlling Officer submitted that two officers, one who was dismissed and the other who had resigned, continued to receive their salaries. However, recovery of salaries paid to an officer under University Teaching Hospitals-Adult Hospital (dismissed on 3rd September 2012) commenced and the officer was re-appointed to the Civil Service effective 1st January 2017. Deductions were effected on the payroll and copies of payslips had since been attached. The Committee was informed that fourteen officers among the cited resigned and copies of computations from their terminal benefits were due for recoveries and had since been attached. Management was reviewing and reinforcing internal payroll management procedures to ensure the timely removal of separated officers from the payroll. Further, the Ministry remained committed to ensuring compliance with established regulations and preventing recurrence of such irregularities.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

- **Irregular Payment of Salaries to Officers with Expired Contracts (K12,811,197.00)**

The Controlling Officer submitted that out of the sixty-two officers cited, nineteen officers were serving under the permanent and pensionable conditions of service during the period under review and some of these officers had since been retired. Further, five of the officers cited were serving under valid contracts during the period under review. Copies of documentation confirming the validity of their contracts had since been attached. Further, thirty-four officers were recommended for contract renewals and were duly submitted to the Public Service Management Division (PSMD). However, the renewal confirmations were pending at the time of the audit. Management was actively following up with PSMD to expedite the finalisation of these contracts.

The Committee was informed that computations for the recovery of salaries paid to the four officers whose contracts had expired and were not renewed had been completed.

These recoveries were being effected from their respective gratuity payments and copies of computations had since been provided. Management was strengthening internal controls to ensure that no officer was maintained on the payroll without a valid contract through regular audits and reconciliations to prevent recurrence.

Committee's Observations and Recommendations

The Committee recommends that all irregular payments be fully recovered from the officers concerned and urges the Controlling Officer to strengthen internal controls by ensuring that no officer is retained on the payroll without a valid contract. The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

- **Misplacement of Payroll Area**

The Controlling Officer submitted that the observed misplacements of 2,179 staff was due to the administrative placement of critical staff made to respond to staffing needs necessary for effective service delivery in the newly created health facilities, which needed immediate operationalisation, pending issuance of Treasury Authority.

Further, the Ministry had gradually continued to normalise the administrative transfers using the granted Treasury Authorities and positions that fell vacant from time to time.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the Office of the Auditor General, but kept in view for future audits.

iii. Administration of Bounced Salaries

- **Salaries Paid to Deserted Officers – North-Western Province (K69,635.00)**

The Controlling Officer submitted that the salaries for all the cited officers had since been locked and disciplinary action had commenced. Copies of the disciplinary minutes and letters for locking of the salaries awaiting disposal of the cases had since been provided.

Committee's Observations and Recommendations

The Committee recommends the matter closure, subject to verification by the Office of the Auditor General.

- **Running Deductions on Voided Accounts (K2,085,432.00)**

The Controlling Officer submitted that the account numbers were voided to establish the whereabouts of the officers. It was further established that the officers had deserted and had since been terminated from payroll.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

d. Contracts for the Provision of Customs and Clearing Services-Primetime Freight and Customs Broker

On 19th May 2017, the Ministry engaged Primetime Freight and Customs Brokers for the provision of Customs and Clearing Services for goods at the rate of 2.35 per cent of the Value for Duty Purpose (VDP) for a period of three years commencing on 19th May 2017 and ending on 20th May 2020. During the period from January 2020 to December 2023, Primetime Freight and Customs Brokers provided customs and clearing services for Pharmaceuticals, Medical Equipment and non-medical goods with a Value for Duty Purpose (VDP) in amounts totalling K3,964,697,477.00, from which it charged a total of K108,464,627.00 as customs clearing charges. As at 31st May 2025, the Ministry had paid a total of K13,931,146.00 towards the charges, leaving a balance of K94,533,481.00. The following were observed:

- i. **Questionable Instruction to Pay a Debt without Supporting Invoices (K64,470,596.00)**

The Controlling Officer submitted that out of K64,470,596.00, ZAMMSA would pay K3,153,913.00 and the balance of K61,316,683.00 would be paid by the Ministry Headquarters and it had been added to the legacy debt to be paid from the dismantling of arrears under funding from the Ministry of Finance and National Planning. The Committee was informed that ZAMMSA could not pay the whole K64,470,596.00 because some transactions between the Ministry and Primetime Freight and Customs Brokers were done before ZAMMSA was given the mandate to procure drugs, medicines and equipment.

Committee's Observations and Recommendations

The Committee recommends the matter closure, subject to verification by the Office of the Auditor General.

e. Contracts for the Provision of Customs and Clearing Services - Primetime Freight and Customs Broker - Questionable Award of Contract

A review of procurement documents revealed that the provision of customs clearing services was awarded to Primetime Investments Limited at an estimated tender sum of K96,341,069. However, Management did not avail for audit the contract for the previous customs and clearing services to validate the price reasonableness analysis conducted. In addition, the variation in the bid prices was questionable in that the lowest bid was K1,196 and the highest was K96,341,068. As at 31st July 2025, the solicitation document and notice of award were not availed for audit, rendering the award of the contract questionable.

The Controlling Officer submitted that the Ministry could not provide the contract for the previous customs and clearing services during the audit exercise, as there was only an implied contract as guided by the Attorney General's Chambers. Regarding the variation between the lowest bid sum and the highest, the Committee was informed that the Ministry of Health invited bids through open national bidding, a competitive method of procurement via the e-GP System and prospective bidders were availed the scope of services, which had a cost implication in the solicitation document. Therefore, the Ministry was not privy to the level of understanding of the assignment by the bidders. Further, despite Regulation 89 (2) of Public Procurement Regulations No.30 of 2022 permitting bidders to seek clarifications on a tender under floatation, the Ministry did not receive any request for clarification during the tender proceedings. Nevertheless, the bidder in question was rejected at the preliminary evaluation stage of the evaluation process in line with provisions of Regulation 102 (1) (3) of Public Procurement Regulations No.30 of 2022. Therefore, the variation in the bid prices between the lowest bid of K1,196.00 and the highest of K96,341,068.00 could not be probed further pursuant to regulation 101 (1) (3) (a) of Public Procurement Regulation No.30 of 2022.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and recommends the matter for closure.

f. Management of Equipment

i. Lack of Equipment in Facilities

The Controlling Officer submitted that the Ministry of Health, through ZAMMSA, had awarded the procurement of kitchen equipment, laundry equipment and dental equipment for various facilities in a phased manner as and when resources were provided for medical equipment procurement. The Committee was informed that the Ministry planned to procure more equipment for other service areas under the 2026 Medical Equipment Budget. Further, Chilonga Mission Hospital lacked the requisite human resource capacity and infrastructure for the CT scan and MRI equipment.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the procurement of equipment to ensure that quality health services are provided to local communities in the districts and will await a progress report on the matter.

ii. Non-Functional Equipment

The Controlling Officer submitted that the Ministry of Health, through ZAMMSA, issued contract No. e-GP32830/3/81/2023 for the maintenance, repair and servicing of the laundry equipment in eighty-five selected health facilities across the country and that the works commenced on 2nd May 2025 at Chipata Central Hospital. Further, the works for Lewanika had been done, while the works for the remaining health facilities were in progress. The Committee was informed that the mobile X-ray at Lewanika was under ZAMMSA maintenance contract No. e-GP 32830/3/86/2023 issued on 6th March 2024. The contractor was waiting for funds from ZAMMSA to execute the works for Lewanika and other facilities under the contract for maintenance, repair and servicing. Further, the Ministry, through cooperating partners, had also procured a new mobile X-ray machine for Lewanika General Hospital.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to ensure that ZAMMSA is adequately funded to enable it to pay the contractors to execute the works. The Committee further urges the Controlling Officer to expedite the repair and maintenance of equipment to ensure that quality health services are provided to local communities around these health facilities and will await a progress report on the matter.

g. Management of Drug Storage

i. Drugs Stored Under Unregulated Temperatures – Eastern Province

The Controlling Officer submitted that corrective measures were made and the equipment cited at Kasenga; Mshawa; Lundazi Urban; Kapata; and Mchini was now functional, while the backup power systems at Chipangali DHO; Minga Mission Hospital; Katete DHO and Kasenga Mini Hospitals were put in place. In addition, Management at Minga Mission Hospital received support from Engineering Ministries International (EMI) in setting up a solar plant and works had already commenced. The Committee was informed that irregular temperatures recorded at Chijemu; Kagoro and Chibolya were as a result of load shedding, but the drugs were not affected by such variations in temperature. Further, Management engaged ZAMRA to sample and test products from some queried storage rooms with irregular temperatures to validate their potency and all the eight sampled products were found to be potent and fit to be used by patients.

The Controlling Officer further informed the Committee that Mchereka, in Lundazi District had no power connectivity to the national grid at the time of audit. However, ZESCO Ltd, through Rural Electrification Authority (REA), had partially connected the facility at the maternity annex and was yet to connect the main building where the pharmacy was located. Once this was completed, an air conditioner would be installed at the facility. Further, Kakumba; Nyangwe; Chisenjere and Zuze did not have air conditioners because they were not connected to the national grid. Management would continue to engage REA for power connectivity to the mentioned stations.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite its engagements with REA to ensure that all these health facilities are connected to the power grid and will await a progress report on the matter.

h. Management of Blood Bank Services - Low Staffing Levels – Northern Province

The Controlling Officer submitted that the seven positions for registered nurses and laboratory technicians had since been filled. Further, the Ministry would continue to expand the existing structures gradually with the availability of Treasury Authority.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the Office of the Auditor General, but kept in view for future audits.

i. Facilities Operating without Health Professions Council of Zambia (HPCZ) Accreditation Licences

The Controlling Officer submitted that it was regrettable that the cited institutions operated without HPCZ accreditation in the year under review. However, the cited facilities had since been accredited by HPCZ, as per attached 2025 licences.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the Office of the Auditor General.

j. Management of Medical Waste – Poor Disposal of Medical Waste

I. Contrary to the standard, physical inspections carried out in March 2024 at health facilities in seven districts revealed that the facilities did not have functional incinerators and secured rubbish pits. Consequently, medical waste such as used injections and gloves was being indiscriminately disposed of in unsecured pits.

The Controlling Officer submitted that in the North-Western Province, the construction of incinerators for Shiinda and Kakaindu facilities was included in the 2025 Infrastructure Plan and the Ministry was waiting for funding from the Treasury. Further, for Muchinga Province, the site where waste was being disposed of was fenced and well secured and the old incinerator was operational while efforts to construct a new incinerator at the hospital were underway.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to ensure that incinerators are constructed for Shiinda and Kakaindu facilities in the North-Western Province, as well as the other facilities in Muchinga Province and will await a progress report on the matter.

II. In addition, out of 229 facilities in Lusaka Province, eighty-one facilities operated without incinerators.

The Controlling Officer submitted that facilities located in densely populated residential areas were not permitted to construct traditional incinerators. The Zambia Environmental Management Agency (ZEMA) discouraged the establishment of such incinerators in high-density areas due to environmental and public health concerns, particularly the emission of harmful gases and smoke. Instead, ZEMA recommended the installation of macroburn incinerators, which were environmentally friendly and met current emission standards.

The Committee was informed that rural health facilities such as Lukolongo; Shimabala; Chipapa; Chikoka; Mugurameno; Chisankane; New Kabweza, Kambale; Kanyangala; and Mwando did not include the provision for traditional incinerators at inception. This omission may have been influenced by evolving environmental regulations, as ZEMA had been discouraging the use of traditional brick incinerators due to their inefficiency and potential environmental hazards. Additionally, limited financial and logistical support during the construction phase may have further contributed to the exclusion of incinerator structures. The Committee was also informed that most District Health Offices had no capacity to procure incinerators from their monthly funding and had since been encouraged to apply for Constituency Development Funds (CDF) through their Local Authorities so that the construction of incinerators could be considered.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise the provision of macroburn units, in line with ZEMA guidelines. The Committee further recommends strengthening coordination with local authorities to facilitate access to CDF funds for the construction and installation of incinerators, particularly in rural and peri-urban areas and will await a progress report on the matter.

k. Weaknesses in the Management of Vehicle Service Centre

An examination of records and physical inspections of equipment at Vehicle Service Centres (VSC) in Northern, Eastern and North Western Provinces revealed that key equipment was not functional and staff had not been trained to manage the equipment. In particular, the following were observed:

i. Construction and Extension of Vehicle Service Center – Stalled Project - Kasama PHO

The Controlling Officer submitted that the construction of the VSC had stalled due to a lack of funding. Further, the project had, in previous years, been budgeted for under the infrastructure operational plans.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to ensure that funds are secured for the completion of the Vehicle Service Centres. The Committee further urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

l. Fleet Management

i. Failure to Provide White books for Movable Assets (37 Motor Vehicles)

The Controlling Officer submitted that, in the Northern Province, Management had engaged the Ministry of Transport and Logistics for the provision of white books for the cited vehicles and was awaiting feedback. Further, in Eastern Province, Management had also engaged the Ministry of Transport and Logistics regarding the collection of white books, and that all white books for vehicles under Petauke had been retrieved and attached, along with four white books for Katete District Health Office.

Committee's Observations and Recommendations

The Committee finds it unacceptable that officers failed or neglected to secure and maintain motor vehicle documentation and urges the Controlling Officer to institute disciplinary action against officers responsible for the lapse. The Committee further directs that all outstanding white books be urgently secured and that internal controls over motor vehicle records be strengthened to ensure compliance and prevent recurrence. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

ii. Failure to Insure Motor Vehicles and Motor Bikes

The Controlling Officer submitted that in the Western Province, all the motor vehicles cited had been insured. Further, the Ministry had since engaged the Ministry of Local Government and Rural Development, as the District Health Offices had been devolved. The Committee was informed that for Lusaka Province, the motor vehicles which were not insured (ABV 1303 and GRZ 790CB), were not operational and in need of repairs, which would be done when funds were available. Further, the motor vehicle GRZ491 CP and all motorbikes were insured centrally at the Lusaka Provincial Health Office.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the repair and insurance of the two vehicles.

m. Management of Non-Moveable Assets - Failure to Secure Title Deeds

The Controlling Officer submitted that in the Central Province, the process of acquiring title deeds commenced and was at various stages. The Local Authority was involved and each station cited had provided documentation for review. The Committee was informed that for the Northern Province, all health facilities were instructed to write to respective Council Secretaries to acquire title deeds and the respective Councils had since given the cited stations guidance on how to commence the process of acquiring title deeds.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the securing of title deeds for the 278 properties in line with the *Public Finance Management Act No. 1 of 2018*. The Committee further urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

n. Management of Liabilities

i. Failure to Remit Withheld Tax

• Value Added Tax (VAT) - Headquarters (K1,865,110.00)

The Controlling Officer submitted that the cited VAT was among the open items which were advanced for payments to the Ministry of Finance and National Planning at the year end and were not honoured. The Committee was informed that it was treated as debt and at the time of audit, the Ministry was still waiting for funding from the Treasury.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Ministry of Finance and National Planning to ensure that the outstanding VAT obligations are prioritised and settled without further delay. The Committee further urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

- **Payment to Suppliers without Tax Clearance Certificates (K179,825.00)**

The Controlling Officer submitted that it was regrettable that the cited institutions procured items from unregistered suppliers. The Committee was informed that officers were trained and had since normalised their operations by dealing with vendors registered with ZRA. Further, officers at Kalumbila DHO paid two suppliers without Tax clearance Certificates because of the type of goods supplied that were difficult to get from reputable registered vendors at that particular time. The commodities procured were chickens and weighing stands for maternal and child health (MCH).

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure strict adherence to procurement regulations by only engaging tax-compliant vendors. The Controlling Officer is further urged to strengthen internal controls and ensure that disciplinary action is taken against officers who failed to comply with laid down procedure. The Committee further urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

- **Failure to Obtain Clearance from ZRA before Payment (K1,110,993.00)**

The Controlling Officer submitted that it was regrettable that institutions in Lusaka Province were cited for failure to obtain clearance from ZRA before payments. However, all institutions were now vetting all payments to suppliers. In relation to Muchinga Province, the Controlling Officer submitted that it was regrettable that payments were made to suppliers without clearance from ZRA. The ZRA and Ministry of Finance and National Planning oriented Accountants and Procurement Officers in garnishing processes before payments were effected to the vendors. The institution was upholding the obligation to seek clearance before payments were processed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure strict compliance with the requirement to obtain clearance from the ZRA before effecting any payments to suppliers and recommends the matter for closure, subject to verification by the OAG.

- o. **Management of Outstanding Obligations (K1,900,061,685.00)**

The Controlling Officer submitted that the Ministry had been making efforts to dismantle the outstanding obligations by engaging the Ministry of Finance and National Planning to release funds. The Committee was informed that the Ministry had an outstanding amount of K830,356,589.80 for personal emoluments as at 31st December, 2024. The Ministry engaged the Treasury on outstanding obligations and so far, an amount of K54,000,000.00 was released to dismantle the outstanding bills for personal emoluments, leaving a balance of K774,356,589.80. Further, the Ministry paid suppliers of goods and services an amount of K210,324,541.41, leaving a balance of K969,440.741.59 and the balances would be settled once funds were made available by the Treasury.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to prioritise the release of funds for the settlement of outstanding obligations. The Committee further urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

p. Infrastructure Development

During the financial period under review, amounts totalling K30,650,000.00 were received for infrastructure development by seven Provincial Health Offices. In addition, amounts totalling K35,939,074.00 were brought forward from the previous year, bringing total available funds to K66,589,074.00. As at 31st December 2024, a total amount of K40,781,490.00 had been spent, leaving a balance of K25,807,584.00. The following were observed:

i. Delayed Completion of Projects - Copperbelt, Lusaka and Central Provinces

The Controlling Officer submitted that as follows:

- **Copperbelt Province**

- **Installation of False Roofs at Chambishi Block (Lot 1A) at Kitwe Teaching Hospital in Kitwe by Nimwithu Real Estates and General**

The contractor was not on site and works were at 90 per cent completion. The roofing sheets and trusses had been fitted. However, rainwater gutters and the screens had not yet been fitted.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the contractor returns to site and completes the remaining works without delay. The Committee further recommends that appropriate contractual measures be enforced to address non-performance and prevent further delays. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

- **Installation of False Roofs to Kitchen (Lot 1d) at Kitwe Teaching Hospital in Kitwe by Yusamat Investment Ltd**

The Controlling Officer submitted that the works were progressing well with completion estimated at 80 per cent. The Committee was informed that priming of trusses and installation of base plates had been completed. However, the contractor was not on site, and a warning had been issued by the Project Manager. Further, the outstanding works remaining included the installation of roofing sheets and rainwater gutters.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the contractor returns to site and completes the remaining works without delay. The Committee further recommends that appropriate contractual measures be enforced to address non-performance and prevent further delays. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

- **Installation of False Roofs to Zambezi Ward (Lot 1C) at Kitwe Teaching Hospital in Kiwe by Pine Commercial Services**

The Controlling Officer submitted that the contractor was not on site and works were at 98 per cent completion. The roofing and the trusses cited were completely fitted. However, rainwater gutters were partially done, with the only outstanding work being the pipes that ran water from the gutters.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the contractor returns to site and completes the remaining works without delay. The Committee further recommends that appropriate contractual measures be enforced to address non-performance and prevent further delays. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

- **External Painting and Related Maintenance Works (Lot 3) at Kitwe Teaching Hospital in Kitwe by Luanshya Engineering, Construction and Contracting Company**

The Controlling Officer submitted that the frontage of the hospital had been painted and overall works were at 70 per cent completion. Related maintenance works had been awarded to various contractors: Zhengtai was working on the basement with progress at 75 per cent, while Mainway Construction Limited was engaged for the rehabilitation of the main building and the installation of a single-stack sanitation system. However, this contract was terminated at 40 per cent completion due to poor workmanship.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to closely supervise the remaining works to ensure timely completion by Zhengtai. The Committee further recommends that the Controlling Officer expedites the engagement of a new contractor to complete the terminated works. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

- **Lusaka Province**

- **Construction of Maternity Annex at Katoba Rural Health Centre in Chongwe by Kalikonga Enterprises Ltd**

The Controlling Officer submitted that the construction of the maternity annex at Katoba Rural Health Centre, was successfully completed in accordance with the approved scope of works, but had yet to be handed over to the Ministry.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

- **Central Province**

- **Construction of Nampundwe HC Maternity Annex in Shibuyunji District by Bestyet General Dealers**

The Controlling Officer submitted that the structure was handed over and the practical completion certificate was available for inspection.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

- **Construction of Maternity Annex at Ipongo Rural Health Center in Chibombo by Lewdan Investments Limited**

The Controlling Officer submitted that the structure was at painting stage with completion estimated at 95 per cent. The Committee was informed that works had progressed from the last time the audit was done. The structure had also been roofed and plastered. The contractor was on site working on plumbing, electrical works and the first coat of paint.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

ii. Stalled Projects

A review of contracts entered into by the Ministry during the period from 2014 to 2024, with total contract values of K1,084,382,079.00 and US\$157,736,999.61, revealed that 120 contracts had stalled and expired, as at 31st December 2024. Out of the contracted sums, payments totalling K125,338,155.00 and US\$245,338.40 had been made to the contractors. As at 31st August 2025, the Ministry had not prepared final accounts and the projects had stalled. It was, therefore, not clear whether or not the contractors owed the Government for money paid for but from which no benefit had been derived.

The Controlling Officer submitted as follows:

- **Copperbelt Province**

- **Upgrading of Ndeke Village Hospital and Construction of the Psychiatry Annex at Ndola Teaching Hospital**

The Controlling Officer submitted that the projects were on the list of projects that the Ministry had earmarked for procurement. Further, assessments to determine the scope of the works commenced within the month of November 2025. The contracts would be procured before the end of the first quarter 2026.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the upgrading of Ndeke Village Hospital and construction of the Psychiatry Annex at Ndola Teaching Hospital.

- **Construction of a Computer Laboratory and Library at Roan School of Nursing**

The Controlling Officer submitted that the Ministry was awaiting a report from the National Council for Construction as a basis to define the next course of action.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the report from the National Council for Construction on the construction of a computer laboratory and library at Roan School of Nursing.

- **Construction of Kitchen and Dining at Ndola Community Health Assistants Training School (NCHATS)**

The Controlling Officer submitted that the Ministry had made provisions for this project in the Infrastructure Operation Plan for 2026 and that it would be implemented once funds were made available.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the construction of a kitchen and dining at Ndola Community Health Assistants Training School.

- **Northern Province**

The Controlling Officer submitted that the construction of Bangweulu General Hospital had reached 40 per cent completion. The Committee was informed that the project had stalled due to inadequate funding. Further, once funds were made available, the Ministry would expedite works for the completion of the hospital.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury to ensure that the Ministry is funded to enable it to complete the project. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the construction of Bangweulu General Hospital

- **Central Province**

The Committee was informed that the completion of all the health posts cited under Central Province was planned under the 2025 Infrastructure Operational Plan and was awaiting funding.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to secure funding for the completion of the health posts under the 2025 Infrastructure Operational Plan.

The Committee further recommends that the projects be prioritised to ensure timely completion and delivery of essential health services. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

- **Lusaka Province**

The Committee was informed that the construction of the office block at Kafue General Hospital had not stalled. The contractor was still actively on site and the overall physical progress stood at approximately 85 per cent.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

- **Luapula Province**

The Controlling Officer submitted that the initial contracts for the completion of Mwense District Hospital Children's and Female Wards were terminated due to non-availability of funds.

The Committee was informed that funds were later released from the Treasury for the completion of the two contracts and the contracts were re-advertised and awarded to new contractors who were both on site.

The Controlling Officer further submitted that the contractor working on the Mwense District Hospital Phase I and III was on site and works were at 95 per cent. Further, all outstanding Interim Payment Certificates (IPCs) had been settled and works completed so far included; tiling, plumbing, flooring, and the installation of washing basins. Further, the kitchen extractor had been installed and the led X-ray door was procured.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

iii. Failure to Maintain Properties

The Controlling Officer submitted that most of the cited stations had dilapidated structures requiring capital maintenance, which has since been included in the 2026 Infrastructure Plan. Renovations at Waterfalls Clinic in Lusaka Province commenced and a progress report had since been attached. The District Health Office engaged the Local Authority, requesting financial assistance through the Constituency Development Fund (CDF) to facilitate the replacement of ceilings in both the passage and the wards at Kapata Urban Clinic in Eastern Province.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

iv. Facilities at Solwezi Teachers Training College Clinic

• Inadequate Space

The Controlling Officer submitted that the facility was being used as a sick bay at the college and later expanded its services to the surrounding community.

The institution had since improvised another additional room and the community had allocated land where a full-fledged health facility would be built.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the building of a full-fledged health facility.

• Inadequate Toilets

The Controlling Officer submitted that the facility was being used as a sick bay at the college and later expanded its services to the surrounding community. The Community had allocated land where a full-fledged health facility would be built.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the building of a full-fledged health facility.

MINISTRY OF TRANSPORT AND LOGISTICS - (PARAGRAPH 24)

a. Budget, Funding, and Expenditure

The Committee was informed that the Ministry had continued engaging the Treasury to secure full and timely funding to ensure implementation of planned activities. However, the Ministry was unable to fully utilise all funds released for the financial year ended 31st December 2024, particularly those disbursed on 30th December 2024, due to insufficient time to process payments before year-end.

Additionally, the Integrated Financial Management System (IFMIS), which was used to execute government expenditure, closed at midnight on 31st December 2024, preventing further transactions. The Ministry had, therefore, undertaken to engage the Treasury to ensure that future funding, especially the final disbursements, was released at least ten days before the close of the financial year.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance coordination with the Treasury and to ensure timely release of funds, particularly final disbursements, to allow adequate time for utilisation before the close of the financial year. The matter is recommended for closure, subject to verification by the OAG.

b. Air, Road, Railway and Maritime Transport Development Programme - Concessional Agreement – Walvis Bay Port

i. Failure by Concessionaire to Implement Responsibilities

The Committee was informed that the Government had terminated the Memorandum of Understanding (MoU) with the concessionaire due to failure to meet contractual obligations. Consequently, the lease agreement for the dry port facility between NAMPORT and AUFS was also terminated in July 2023.

Following this, the Government appointed Zambia Cargo and Logistics Limited (ZCL) to develop, operate, and manage the facility, and operations commenced in September 2024. Since then, ZCL recorded significant growth in performance. By 30th September 2025, the company had handled 6,210 TEUs (155,250 metric tons), compared to 586 TEUs (14,650 metric tons) in 2024, representing a 960 per cent increase. Revenue had also increased substantially, with US\$375,345.00 generated between January and September 2025, compared to US\$63,456.65 recorded for the entire year of 2024, reflecting a 491 per cent increase.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen oversight and contract management frameworks to ensure that concessionaires fully comply with their obligations in order to prevent recurrence of similar breaches. The Committee recommends that legal and financial actions be instituted against the concessionaire for breach of contractual obligations and supporting documents availed for audit verification. The Committee will await a progress report on the matter.

ii. Unsettled Port Rental Charges Accumulated by Previous Concessionaire US\$1,636,301.40 (N\$29,453,424.80)

The Committee was informed that the Government of the Republic of Zambia had paid N\$29,453,424.80 (equivalent to K40,486,354.65) to NAMPORT in 2024 to settle port rental and utility arrears on behalf of AUFS/AUC. The Ministry had subsequently instructed the Ministry of Justice to initiate debt recovery proceedings against AUFS/AUC. Accordingly, on 13th October 2025, a demand letter had been served to the former concessionaire through the Ministry of Foreign Affairs and International Cooperation. The Ministry awaited a response.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the debt recovery process by closely following up with the Ministry of Justice and relevant stakeholders to ensure timely response and enforcement against AUFS/AUC. It should also strengthen contractual safeguards and monitoring mechanisms to prevent the accumulation of liabilities on behalf of third parties, thereby protecting public resources and ensuring accountability. The Committee will await a progress report on the matter.

iii. Unremitted Concession Fees

The Committee was informed that the Ministry had instructed the Ministry of Justice to commence debt recovery proceedings against AUFS/AUC to recover N\$29,453,424.80 (equivalent to K40,486,354.65), which had been paid in 2024 for port rental and utility arrears. The Ministry of Justice had also been directed to recover 2 per cent retainer fees for the years 2021, 2022, and part of 2023 on a pro-rata basis. On 13th October 2025, a demand letter was served to AUFS/AUC through the Ministry of Foreign Affairs and International Cooperation. The Ministry awaited a response from the former Concessionaire.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the debt recovery process by closely following up with the Ministry of Justice and ensuring timely legal action against AUFS/AUC. It further urges the Ministry to put in place stronger contractual safeguards and monitoring mechanisms to prevent similar arrears in future concessions. The Committee will await a progress report on the matter.

iv. Unauthorised Transfer of Lease to Third Party

The Committee was informed that AUFS breached the lease agreement by transferring it to a third party, AUC, without the consent of the Ministry of Transport and Logistics and NAMPORT. This breach, together with the failure to fulfil obligations related to port development, led to the termination of the Memorandum of Understanding in July 2023. Following this, the Government appointed Zambia Cargo and Logistics Limited (ZCL) to develop, operate, and manage the dry port facility.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen oversight and enforcement of lease agreements by ensuring that any transfer of contractual rights is subject to prior written approval. It further urges the Ministry to enhance due diligence and monitoring mechanisms to ensure concessionaires fully comply with their development obligations and deter the reoccurrence of such irregularities in future. The Committee recommends the matter for closure, pending verification by the OAG.

v. Unconfirmed Existence of African Union Financial Services (Private) Limited

The Committee was informed that the Ministry, through the Office of the President – Special Division, had established that there was no official documentation indicating that AUFS/AUC had been liquidated. It was further noted that AUFS/AUC had remained operational in the Democratic Republic of Congo and Namibia.

Committee’s Observations and Recommendations

The Committee recommends that the Ministry intensifies efforts to verify the legal and operational status of AUFS/AUC in all relevant jurisdictions, including the Democratic Republic of Congo and Namibia, to support ongoing recovery and enforcement actions. The Committee will await a progress report on the matter.

vi. Irregularities in Management of Unsettled Port Charges Accumulated by Previous Concessionaire

- **Loss as a Result of Liquidating Utility Bills on Behalf of African Union Financial Services (Private) Limited US\$1,428,072.49**

- **Failure to Claim Refund K40,486,355.00**

The Committee was informed that the Ministry had engaged the Ministry of Justice on several occasions to recover the utility fees paid by the Government, as evidenced by ongoing correspondence between the two Ministries.

On 13th October 2025, the Ministry of Justice confirmed that a demand letter had been served on AUFS/AUC through the Ministry of Foreign Affairs. The matter had remained under active consideration, and the recovery process was ongoing to ensure reimbursement to the Government.

Committee’s Observations and Recommendations

The Committee recommends that the Ministry expedites the recovery of the K40,486,355.00 by ensuring sustained follow-up with the Ministry of Justice on the demand issued to AUFS/AUC and ensure full reimbursement to the Government and will await a progress report on the matter.

vii. Failure to Develop and Construct Port Facilities

The Committee was informed that AUFS had breached the lease agreement by transferring it to a third party, AUC, without the consent of the Ministry of Transport and Logistics and NAMPORT. This breach, together with the failure to fulfil obligations related to port development, led to the termination of the Memorandum of Understanding in July 2023.

Following this, the Government appointed Zambia Cargo and Logistics Limited (ZCL) to develop, operate, and manage the dry port facility, with full operations commencing in October 2024.

The Committee was further informed that ZCL had recorded significant performance improvements. By 30th September 2025, the company had handled a total throughput of 6,210 TEUs (155,250 metric tons), compared to 586 TEUs (14,650 metric tons) in 2024, representing a 960 per cent year-on-year increase.

In terms of revenue, US\$375,345.00 had been generated between January and September 2025, reflecting a 491 per cent increase, compared to US\$63,456.65 recorded between January and December 2024.

Committee's Observations and Recommendations

The Committee recommends that the Ministry strengthens contractual enforcement mechanisms to prevent unauthorised transfer of lease agreements and ensure strict compliance with development obligations by concessionaires. It further urges the Ministry to incorporate clear performance benchmarks, penalties, and monitoring frameworks in future agreements to safeguard Government interests. The Committee will await a progress report on the matter.

c. Contract for Supply, Delivery and Installation of (01, No) Computer to Plate Machine for Government Printing Department-K4,576,000

i. Questionable Payment of 50 per cent Advance Before Contract Signing

The Committee was informed that payment for the Computer to Plate (CTP) system was effected to the supplier based on an invalid purchase order issued prior to the signing of a formal contract. The Controlling Officer acknowledged that, in accordance with section 72(2) of *the Public Procurement Act*, a purchase order issued without the requisite approvals, including clearance from the Attorney General, was invalid. Although the contract was submitted to the Attorney General's Chambers for review at the time of payment, the required clearance had not yet been granted, which constituted a procedural failure. The Committee was further informed that the Advance Payment Guarantee was obtained by the supplier before the formal issuance of the Notice of Award, an irregular sequence that raised concerns regarding the integrity of the procurement process.

However, the decisions were made in good faith to expedite the modernisation of printing operations and confirmed that Government had suffered no financial loss, as the CTP system had been successfully delivered, installed, commissioned, and was fully operational. The Controlling Officer also outlined remedial measures instituted to prevent recurrence, including the introduction of a mandatory compliance checklist requiring Attorney General clearance before processing purchase orders or payments; strengthening the oversight role of the Ministerial Procurement Committee; conducting capacity-building workshops on procurement compliance; installing a Smart Office Management System to improve workflow tracking; and initiating an administrative review to determine responsibility for the procedural lapses.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure strict adherence to procurement procedures in future transactions irrespective of the urgency. The Controlling Officer is further urged to institute punitive measures against the erring officers in order to deter the reoccurrence, implement the stipulated corrective measures and conclude the administrative review to uphold accountability and safeguard public resources. The Committee will await a progress report on the matter.

ii. Failure to Seek Authority from the Attorney General

The Committee was informed that authority to proceed with the procurement was sought from the Attorney General's Office, and approval was granted through Minute No. MOJ

101/7/2, dated 30th December 2024. This action was necessitated by the impending closure of Government accounts at the end of the financial year, to prevent the funds from being swept back to the Treasury.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, pending verification by the OAG.

d. Contract for Supply of Pontoon Rehabilitation Materials - Pontoon Services Programme

i. Irregular Payment to Supplier Before Contract Signing-K1,843,217.00

The Committee was informed that the procurement process had been influenced by urgent operational needs and timing constraints. The pontoon materials were urgently required to maintain waterway operations and prevent disruptions and potential disasters in critical areas. Administrative delays occurred after the draft contract was submitted to the Ministry of Justice on December 27, 2024. Clearance from the Solicitor General delayed due to the high volume of end-of-year contract reviews. Meanwhile, the supplier, Menov Trading Limited, was ready with stock and had begun delivering materials in batches, starting January 3, 2025, to meet urgent demands.

Payments and deliveries were processed before final contract clearance, based on an invalid local purchase order, while the contract was still pending approval from the Attorney General. Although the Notice of Award was not issued on December 27, 2024, and accepted by the supplier, final legal clearance had only been obtained on February 24, 2025. Proceeding before this clearance was identified as a regrettable procedural lapse.

Despite these delays, the Committee was assured that Government interests were protected. A Performance Bond was submitted on November 8, 2024, funding was approved on November 21, 2024, and the supplier had formally accepted revised terms on December 23, 2024. As a result, the Government was not financially exposed, and actions taken were driven by urgency rather than an intentional breach of procedure.

The Controlling Officer submitted that no financial loss was incurred. Materials were successfully delivered on January 3, February 8, and March 15, 2025, and were deployed to maintain pontoon operations and prevent service disruptions.

To address the identified lapses, several remedial measures had been implemented. These included enforcing a strict rule prohibiting delivery or payment without Attorney General clearance and a signed contract; improving early engagement with the Ministry of Justice to avoid delays; implementing a Smart Office Management System to track workflows; and conducting capacity-building training for procurement staff. The Ministry reaffirmed its commitment to prudent use of public resources, acknowledged the procedural gaps, and strengthened internal controls to prevent recurrence.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strictly enforce procurement regulations by ensuring that no payments or deliveries are made prior to contract signing and Attorney General clearance, regardless of operational urgency. It further urges the Controlling Officer to deter reoccurrence of this anomaly with measures as stipulated. The matter is recommended for closure, pending verification by the OAG.

ii. Failure to Repair three pontoons

The Committee was informed that repair works were completed at Mbesuma and Lukulu, while works on the Watopa Pontoon were ongoing. The delay was caused by a mechanical fault in the crane truck. The pontoon repairs were ready for verification.

Committee's Observations and Recommendations

The Committee recommends that the Ministry expedites the completion of repair works on the Watopa Pontoon by promptly addressing the mechanical fault affecting the crane truck. It further urges the Ministry to strengthen maintenance and contingency planning for critical equipment to avoid similar delays in future. The Committee will await a progress report on the matter.

e. Management and Support Services Programme

i. Failure to Remit Deducted Pay As You Earn-K602,803.00

The Committee was informed that the delay in remitting PAYE was due to insufficient funding. The Ministry relied on Treasury funding for Personnel Emoluments, from which the PAYE obligations to ZRA were to be settled. However, the funding was not released until 2025. A total of K485,602.70 was paid to twenty-five officers for terminal benefits, repatriation and Leave terminal. Of the amount paid the Ministry owed a total of K602,802.67 to ZRA for Pay as You Earn.

The Committee was further informed that measures were put in place to ensure that all statutory obligations were paid immediately deductions were done as the way forward. This was to enhance timely remittance of statutory obligations and avoid the recurrence of such delays and to ensure that the Ministry remained fully compliant with the provisions of the law.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all statutory obligations are settled as stipulated and avail supporting documents to the OAG. The Committee will await a progress report on the matter.

ii. Allowances and Imprest Management

• Irregular Payment for Accountable Imprest-K99,960.00

The Committee was informed that during the settlement of accountable imprest, the Ministry had incurred expenditure on snacks and refreshments for fifty-three officers who were working on the preparation of the Medium-Term Budget Framework for 2025. This expenditure was necessitated by time constraints, as officers worked over the weekend, making it impractical to follow standard procurement procedures.

Regarding the irregular VAT charge, it was explained that the supplier was required to cancel the VAT on the invoice and replace it with Turnover Tax (TOT). The correct VAT amount should have been K13,788.00, not K14,888.00, as indicated by the Auditors. The irregular VAT amount of K13,788.00 had subsequently been refunded by the supplier.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen adherence to procurement and financial regulations irrespective of the urgency and to institute disciplinary measures on the erring officers. Additionally, the Ministry should enhance oversight mechanisms to verify supplier tax compliance and accuracy of invoices before payment, while reinforcing internal controls and staff capacity to prevent similar irregularities in future. The Committee will await a progress report on the disciplinary measures.

• Holding of Workshops without Cabinet Authority-K628,004.00

The Committee was informed that several payments were made in 2024 for conference facilities and related events. On 25 March 2024, K33,250.00 was paid to ZASTI for hosting the 2024 Ministerial Procurement Plan and work plan meeting, while on 8 May 2024, K290,692.83 was paid to Sandys Creations Garden for the Nacala Development Corridor Management Meeting. On 24 May 2024, two payments were made: K13,925.00 to Gravally Technology Limited for a conference facility used in compiling obsolete items and preparing a report for the Committee of the Board of Survey, and K116,591.07 to Mulungushi International Conference Centre for facilities related to the upcoming tripartite TAZARA concession negotiations, for which no Cabinet Authority was required.

Later in the year, K86,062.50 was paid on 20 November 2024 to Nomads Court Lodge for a retreat on the development of design and preparation of the bill of quantities for a new office block. On 19 December 2024, K59,482.76 was paid to Mika Convention Centre for hosting NACALA Corridor Meetings, followed by K28,000.00 on 30 December 2024 to ZASTI for a revenue reconciliation workshop for Government Printers. Cabinet Authority was availed for all the listed transactions except for the payment made to Mulungushi International Conference Centre.

Committee's Observations and Recommendations

The Committee recommends that the Ministry should strictly adhere to established financial and administrative regulations by ensuring that Cabinet Authority is obtained prior to committing public funds for workshops, conferences, and related activities. The matter is recommended for closure, pending verification by the OAG.

f. Payroll Management

i. Non-Compliance with Disciplinary Procedures Regarding Absenteeism Without Leave

The Committee was informed that the three officers, out of the four officers namely; Mr Kawama Muubu Muchindu (former Machine Operator); Mr Kanungwe Chisha Mumpuka (Former Machine Operator); and Mr Chiwaya Chilongu (Former Machine Operator), had since been dismissed from employment. The Ministry managed to recover the total sum of K61,033.73 from the three officers' leave terminal benefits and NAPSA had also been engaged to recover the balance of K 214, 515.89 from their pension contributions.

In addition, the recommendation letter for the dismissal of the fourth officer, Mr John Musole Zimba (Registry Clerk), was submitted to the Public Service Management Division and the Ministry was awaiting a response. His salary was blocked following his absence from duty without authority for more than ten consecutive days. Therefore, the recovery of the erroneously paid salary to Mr Zimba, amounting to K25,316.38 would be done once directives for his dismissal were received.

The Ministry had since enhanced disposal of outstanding disciplinary cases and had instituted measures of blocking salaries once reports of absenteeism cases were received.

Committee's Observations and Recommendations

The Committee recommends that the Ministry should enhance payroll management by strengthening adherence to disciplinary procedures and payroll management regulations and implementing continuous monitoring and staff sensitisation to prevent recurrence. The Committee will await a progress report on the matter.

ii. Officers in Integrated Default Positions

The Committee was informed that the two officers, namely; Mr Sylvestor Nonde, former Administrative Officer (I) and Mr Galaciano Chapepa, former Senior Office Orderly (B) were placed in Integrated Default positions following their resignation and retirement from the Civil Service with effect from 5th July, 2024 and 18th February 2024 respectively. Their placement on Integrated Default positions signified their termination from payroll following their separations as evidenced on the attached extracts from the payroll system. However, the Ministry clarified that after further analysis and re-computations, the overpaid amount to both officers was K10, 309.06 as opposed to K45,027.00

Mr Nonde's June, 2024 salary was erroneously withheld on account of resignation with immediate effect. However, when the Ministry noted that the officer had given prior three months' notice of resignation, his June salary arrears were paid to him at the time he was terminated as reflected on his attached July, 2024 payslip. The Ministry however regreted the two months' delayed termination of Mr Chapepa from the payroll and the July, 2024 transport allowance paid to Mr Nonde, which resulted into the stated overpayment.

Further, the amount overpaid to Mr Chapepa was K 8,580.16, whereas that of Mr Nonde was K1, 728.90, bringing the total amount overpaid to both Officers to K10,309.06. The Ministry had since fully recovered the overpayment of K10, 309.06 from the officers' leave terminal benefits.

Committee's Observations and Recommendations

The Committee recommends that the Ministry should strengthen payroll management controls to ensure timely removal of separated officers from the payroll and prevent irregular payments. The Committee also urges the Controlling Officer to conduct regular payroll audits; improve coordination between human resource and finance units; and enhance staff accountability to prevent recurrence of such anomalies. The matter is recommended for closure, pending verification by the OAG.

MINISTRY OF WATER DEVELOPMENT AND SANITATION– (PARAGRAPH 25)

Budget, Funding and Expenditure

The Committee was informed that the cited unspent funds, amounting to K54,609,202.00 were in respect of payments that had been processed and submitted to the Treasury for settlement but had not been honoured by 31st December, 2024. Consequently, the funds were transferred to Head 21 as arrears, in accordance with the letter referenced MF/OAG/101/2/6, dated 20th February, 2025. The Ministry had been following up with the Treasury for the release of the funds and was still awaiting their disbursement.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen its engagement with the Treasury to ensure the timely release of approved funds and prevent the accumulation of arrears and will await a progress report on the matter.

a. Water Resource Management Development

i. Unfavourable Programme Performance

The Committee was informed that the cited unspent funds amounting to K11,750,327.00, were in respect of payments that had been processed and submitted to the Treasury for settlement but had not been honoured by 31st December 2024. Consequently, the funds were transferred to Head 21 as arrears, in accordance with the letter referenced MF/OAG/101/2/6 dated 20th February 2025.

The Committee was further informed that the amount stated in the referenced letter (Customers: K6,635,671.21; Vendors: K55,588,381.79), represented total arrears for the entire Ministry, while the K11,750,327.00, cited above related specifically to the Water Resources Management and Development Programme. The Ministry had been following up with the Treasury for the release of funds and was still awaiting disbursement.

- **Maintenance of 770 Dams (Funds Transferred to Provincial Offices)**

Under the 2024 Budget and Work Plan, the Ministry had initially planned to maintain 90 dams. However, due to the drought experienced in the country, ministries were directed to realign their budgets to the Drought Response and Emergency Recovery Plan, which was to be implemented over a period of fourteen months. This resulted in an increase in the number of dams to be maintained from 90 to 770, which could not be completed within 2024.

At the time of audit verification, the Ministry was still implementing the maintenance works. The Ministry subsequently enhanced coordination at provincial, district, and local community levels to expedite completion. This included incorporating staff from other Government departments, providing additional supervision, and delivering vehicles.

As at the time of reporting, a total of 653 dams had been maintained, representing 84 per cent completion. The remaining dams were scheduled for completion in the first quarter of 2026.

- **Rehabilitation of twenty Dams in Eighty-Four Drought-Affected Districts in Eight Provinces**

The rehabilitation of 20 dams required a total of K146 million for successful implementation. However, the approved national budget only provided K27 million, under which the Ministry had planned to rehabilitate six dams. The remaining 14 dams were to be financed under the Drought Response and Early Recovery Plan through funds realigned from other government departments and Spending Agencies amounting to K132 million. The implementation of this activity was affected by the non-disbursement of the realigned funds by the Treasury.

Additionally, the procurement of consultancy services for feasibility studies and engineering designs for the remaining 14 dams could not proceed because the bid sums received exceeded the available and budgeted funds. To expedite implementation, the Ministry internally engaged engineering staff within the Department of Water Resources Development to undertake technical assessments and prepare engineering designs.

As a result, three additional dams had since been rehabilitated, bringing the total number of completed dams to nine, while rehabilitation works for three more dams were in progress. The remaining eight dams were at the technical assessment and design stages.

- **Expedite Construction of Twenty-Eight Dams Planned in 2024**

The delay in implementing 12 out of the 28 planned dams was largely due to a non-responsive tender process for the procurement of contractors. The Ministry subsequently incorporated the 12 dams into the programme for the Design, Construction and Rehabilitation of 60 dams in five drought-prone provinces, which had been approved by Cabinet under Memorandum No. CAB. (25)13 dated 28th January 2025.

Due to budget constraints, nine dams had since been procured, and works had commenced.

- **Construction of watering points -150 for Livestock and seventy-five for Wild Life**

The target of 225 watering points (150 for livestock and 75 for wildlife), was derived from the Food Security and Drought Response Plan under Pillar 7.

However, by November 2024, due to limited funding, the Ministry had only contracted 160 commercial boreholes for livestock and wildlife. Of these, 45 were for livestock (out of the planned 150) and 15 were for wildlife (out of the planned 75), with the remainder allocated to water supply.

The 160 boreholes were contracted as follows:

- (a) Western Province – 28 boreholes
- (b) Eastern Province – 36 boreholes
- (c) Southern Province – 41 boreholes
- (d) Central Province – 31 boreholes
- (e) Lusaka Province – 24 boreholes

Out of the 160 boreholes, 87 had been successfully drilled and cased, representing 54.3 per cent completion. The contracts were valid up to May 2026, and it was projected that all 160 boreholes would be drilled and cased within the contract period.

- **Immediate Rehabilitation of Six Sets of Drilling Rigs**

The delay in rehabilitating two sets of drilling rigs was largely due to the non-availability of funds at the time of audit. Funds for the rehabilitation of one of the two remaining sets had since been disbursed. Funds for the rehabilitation of the drilling rig in Luapula Province had been disbursed, while funds for the rehabilitation of the drilling rig in Lusaka Province would be disbursed once made available by the Treasury.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen financial planning and coordination with the Treasury to ensure timely disbursement of approved and realigned funds to avoid delays in programme implementation. The Committee further urges the Ministry to enhance procurement efficiency, improve project monitoring mechanisms, and ensure that drought-response interventions are implemented within the stipulated timeframes to maximise impact. The Committee will await a progress report on the matters.

ii. Failure to Operationalise Water Development Trust Fund

The Committee was informed that following the creation of the Ministry of Water Development, Sanitation and Environmental Protection in 2016, which consolidated the portfolio functions of Water Resources Development, Water Supply and Sanitation, and Environmental Protection, there was need to harmonise the existing funds provided for under different legislative frameworks into a single Fund.

While this process was going on, the Ministry was further realigned in 2021 into the Ministry of Water Development and Sanitation in accordance with Gazette Notice No. 1123 of 2021. This development necessitated a review of the harmonisation process to accommodate the changes in the portfolio. In addition, prolonged consultations and engagements with key stakeholders on appropriate modalities and sustainable sources of financing for the Fund further contributed to delays in its operationalisation.

To facilitate the operationalisation of the Trust Fund, the Ministry had undertaken the following measures:

- (a) commenced the process of reviewing and amending the *Water Supply and Sanitation Act* and the *Water Resources Management Act* to provide for the establishment of a comprehensive Water and Sanitation Fund;
- (b) engaged key stakeholders and Cooperating Partners to agree on sustainable financing modalities for the Fund; and
- (c) initiated the process for the appointment of a new Board of Trustees.

The Ministry had submitted the draft Water Supply and Sanitation Bill and the Water Resources Management Bill to the Ministry of Justice to provide for the establishment of a comprehensive Water and Sanitation Fund.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the legislative review process and ensure that the necessary amendments are finalised within a clear and defined timeframe to operationalise the Water Development Trust Fund. The Committee further urges the Ministry to conclude stakeholder consultations promptly and establish sustainable financing mechanisms to ensure the Fund becomes fully functional and capable of effectively supporting water and sanitation programmes and will await a progress report on the matter.

iii. Contracts for Construction and Rehabilitation of Dams (K223,777,624.00)

(a) Failure to Recover Advance Payments from Terminated Contracts (K12,087,713.00)

The Committee was informed that, in the contract for the construction of four dams, there were discrepancies between the contract agreement and the special conditions of contract regarding the commencement date. The contract agreement stated that “the contract completion period shall be twelve months from the date of signing the contract,” while sub-clause GCC 1.1 (dd) of the special conditions of contract provided that “the contract start date shall be one year from the date of signing the contract.”

The Ministry terminated the contracts due to non-performance. However, owing to the discrepancies highlighted above, legal opinion from the Ministry of Justice guided that the Ministry should consider extending the contracts, considering the urgent need to harvest water due to the drought being experienced in the country and to prevent the encashment of performance bonds.

The failure to recover the advance payments and performance bonds arose from the Ministry's instruction to the insurer to halt the encashment process of the contract securities, as guided by the Ministry of Justice. The Ministry had since initiated the process to amicably settle the pending contractual matters arising from the termination of the four contracts. The Ministry had invited the affected contractors to meetings to resolve the outstanding issues.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen contract management and ensure that there is consistency between contract agreements and special conditions before execution to avoid legal ambiguities. The Controlling Officer is also urged to expedite the resolution of the terminated contracts and ensure full recovery of the advance payments. The Committee will await a progress report on the matter.

(b) Failure to Extend Advance Payment Guarantees and Performance Bonds on Six Extended Contracts

The Committee was informed that failure by the six contractors to extend the contracts and the associated advance payment guarantees and performance bonds was due to delays in obtaining legal opinion from the Ministry of Justice regarding the requested contract extensions.

The Committee noted that a valid contract addendum was required to enable the insurers to extend the advance payment guarantees and performance bonds. Management had written to the Ministry of Justice seeking clearance for the extension of the contracts and was awaiting legal opinion. It was further stated that once the contracts were formally extended, the contractors would be requested to renew the guarantees accordingly.

Committee's Observations and Recommendations.

The Committee urges the Controlling Officer to strengthen coordination with the Ministry of Justice to ensure timely provision of legal opinions to avoid lapses in contract securities. The Committee further urges the Ministry to closely monitor contract timelines and proactively initiate the extension of guarantees and performance bonds before their expiry in order to safeguard public resources and minimise exposure to financial risk. The Committee will await a progress report on the matter.

(c) Failure to Recover Amounts Owed on Final Closure of Accounts (K5,8881,022.34)

The Committee was informed that, in the contracts for the construction of the Mbaswa; Chief Mpande; Changula; and Luing'a dams, there were discrepancies between the contract agreement and the special conditions of contract regarding the contract commencement date. The contract agreement stated that "the contract completion period shall be twelve months from the date of signing the contract," while sub-clause GCC 1.1 (dd) of the special conditions of contract provided that "the contract start date shall be one year from the date of signing the contract."

The Ministry terminated the contracts due to non-performance. However, owing to the discrepancies highlighted above, legal opinion from the Ministry of Justice guided that the Ministry should consider extending the contracts and halting the encashment of performance bonds. Consequently, the failure to recover advance payments and performance bonds arose from the Ministry's instruction to the insurer to suspend the encashment process of the contract securities, as advised by the Ministry of Justice.

Failure to recover amounts owed upon final closure of accounts further resulted from the legal opinion, which advised the Ministry to consider an amicable settlement with the contractors. The Ministry had initiated the process to amicably resolve the pending contractual matters arising from the termination of the four contracts and was awaiting the outcome of the meeting with the contractors.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen contract drafting and review processes to eliminate inconsistencies in contract provisions prior to execution. The Committee further urges the Ministry to expedite the resolution of the affected contracts and ensure that all outstanding amounts due to Government are recovered promptly and will await a progress report on the matter.

b. Water Supply and Sanitation

i. Programme Performance

The Committee was informed that the cited unspent funds, amounting to K12,338,494.00 were in respect of payments that had been processed and submitted to the Treasury for settlement but had not been honoured by 31st December 2024. Consequently, the funds were transferred to Head 21 as arrears, in accordance with the letter referenced MF/OAG/101/2/6 dated 20th February 2025.

The Committee noted that the amount stated in the referenced letter (Customers: K6,635,671.21; Vendors: K55,588,381.79), represented the total arrears for the entire Ministry, while the K12,338,494.00 cited above related specifically to the Water Supply and Sanitation Programme. The Ministry had been following up with the Treasury for the release of funds and was still awaiting disbursement.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance coordination with the Treasury to ensure timely disbursement of approved funds in order to prevent the accumulation of arrears and disruptions in programme implementation. The Committee further urges the Treasury to prioritise the settlement of outstanding obligations to support effective service delivery in the water supply and sanitation sector and will await a progress report on the matter.

(a) Failure to Implement Planned Activities Under Emergency Drought Response

The Committee was informed that the activities under the Drought Response Plan were being driven by the availability of funds. However, using the ministerial budget allocation, the Ministry was able to implement the following:

- **Rehabilitation of 500 non-functional boreholes to mechanised solar water schemes equipped with solar systems**

The non-performance was due to the non-release of funds specifically allocated for this activity. Under the 2024 Annual Work Plan, the Ministry upgraded 58 existing boreholes into solar-powered piped water schemes. In addition, under the 2025 Annual Work Plan, the Ministry planned to rehabilitate 50 non-functional small piped water schemes in five drought-affected provinces. Contracts for the rehabilitation of ten piped water schemes had been signed in Central Province, while procurement for the remaining forty schemes in the other four drought-affected provinces was at various stages.

- **Construction of 1500 new piped water schemes equipped with solar systems**

The slow implementation was due to insufficient funding and delayed disbursement by the Treasury. Out of the remaining 1,076 piped water schemes, the Ministry had completed 15 solar-powered piped water schemes.

Further, in line with the decentralisation policy, the Ministry, through Provincial Administration, had commenced procurement for the construction of 138 new piped water schemes under the 2025/2026 Annual Work Plans. Central Province had concluded procurement for 42 water schemes, and contractors had mobilised to the sites. Procurement processes in the remaining four provinces were at various stages. Additionally, under the Drought Response Plan, DMMU had drilled and cased 163 boreholes, which were to be equipped with solar systems.

- **Non-Revenue Water Reduction Intervention**

The delay in implementation was due to the non-release of funds by the Treasury. To facilitate implementation, the Ministry, under the 2025 Annual Work Plan, had disbursed K275,240,803.77 in the form of Institutional Support, Capital Expenditure (CAPEX), and Grants to Commercial Water Utilities. These funds supported various interventions, including Non-Revenue Water (NRW) reduction measures such as water meter replacements and the replacement of leaking pipes. Commercial Water Utilities were implementing NRW interventions, which were at various stages of progress.

- **Procurement of water treatment chemicals for 11 Commercial Utility**

The procurement of water treatment chemicals was not actualised due to the non-release of funds. The Ministry had since disbursed K275,240,803.77 in the form of Institutional Support, CAPEX, and Grants to Commercial Water Utilities, which included support for the procurement of water treatment chemicals. Commercial Water Utilities had been utilising internally generated funds and Institutional Support to sustain their operations, including the purchase of water treatment chemicals.

- **Installation of Twenty-Two standby water pumping system**

The delay in installation was due to the non-release of funds by the Treasury. Under the 2025 Budget, the Ministry was procuring 55 standby water pumping systems for Commercial Water Utilities. Out of the 55 systems procured, 18 had been delivered, representing 33 per cent contract completion.

- **Construction of Two Hundred and Fifty sanitation facilities in Public Institutions**

The delay in implementation was due to insufficient funds released by the Treasury. Under the 2024/2025 Work Plan, the Ministry was implementing the construction of 43 waterborne toilets, which had reached 78 per cent completion.

Under the 2025/2026 Work Plan, the Ministry was procuring 68 waterborne toilets, which were at the procurement stage.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen financial planning and ensure timely engagement with the Treasury to secure adequate and predictable funding for critical water and sanitation interventions. The Committee further urges the Ministry to prioritise the completion of ongoing projects; enhance procurement efficiency; and improve monitoring

mechanisms to ensure that planned targets are achieved within stipulated timeframes, particularly in drought-affected areas where water supply and sanitation services are critical.

The Committee will await a progress report on the matter.

ii. Contracts for Construction and Rehabilitation Projects Procured in 2023

The Committee was informed that the delays in project implementation were due to the non-availability of funds. The non-payment of outstanding Interim Payment Certificates (IPCs) resulted from the late release of funds by the Treasury. The Ministry had since cleared all outstanding IPCs, and all cited Interim Payment Certificates had been paid.

Committee's Observations and Recommendations

The Committee recommends the matter for closure pending verification by the OAG.

(a) Delayed Completion of Projects

• Stepicat Enterprise Limited

The Committee was informed that the works on contract No. MWDS/PSU/02/2023 (Lot 6) did not commence because the contractor failed to mobilise and perform its contractual obligations. The Ministry issued a warning letter and a demand notice for bond encashment and termination. The contract was terminated, but contractor disputed the termination. The matter was under litigation. Further, works on the rehabilitation and maintenance of sixty boreholes in North-Western Province – Lot 16 did not commence on time due to delayed mobilisation by the contractor, resulting in failure to perform contractual obligations.

The Ministry issued warning letters and a demand notice for bond encashment and termination. A close of account was conducted, and the contract was terminated. The Ministry had commenced re-tendering of the remaining works, which was at the evaluation stage.

a. Nande Venture Limited

The Committee was informed that the works on Contract No. MWDS/PSU/02/2023 (Lot 12) did not commence on time because the contractor delayed mobilisation, resulting in failure to fulfil contractual obligations. Warning letters and a demand notice for bond encashment and termination were issued. The contract was terminated, but the contractor disputed the termination. The matter was under litigation. Further, the Committee was informed that the works on Contract No. MWDS/PSU/02/2023 (Lot 13) did not commence on time due to delayed mobilisation by the contractor, leading to non-performance of contractual obligations. Warning letters and a demand notice for bond encashment and termination were issued. The contract was terminated but the contractor disputed the termination. The matter was under litigation.

• Capricorn Innovation Limited

The Committee was informed that the works on Contract No. MWDS/PSU/02/2023 (Lot 15) did not commence on time because the contractor delayed mobilisation, resulting in non-performance. Warning letters and a demand notice for bond encashment and termination were issued. The contract was terminated, and the Ministry engaged another contractor to complete the remaining works. Further, the Committee was informed that the works on Contract No. MWDS/PSU/02/2023 (Lot 19) did not commence because the contractor failed to mobilise and perform contractual obligations. Warning letters and a demand notice

for bond encashment and termination were issued. The contract was terminated, and the Ministry had commenced re-tendering of the remaining works, which was at the evaluation stage.

- **Bengwave**

The Committee was informed that the works on Contract No. MWDS/PSU/02/2023 (Lot 7) did not commence on time due to delayed mobilisation by the contractor, resulting in failure to perform contractual obligations. Warning letters were issued, and a close of account was conducted. The contract expired, and the Ministry had commenced re-tendering of the remaining works, which was at the evaluation stage.

- **United Chemolide Industries (Z) Limited**

The Committee was informed that the works on Contract No. MWDS/PSU/02/2023 (Lot 20) did not commence on time due to delayed mobilisation by the contractor, resulting in non-performance of contractual obligations. The Ministry issued warning letters and a demand notice for bond encashment and termination. A close of account was conducted, and the contract was terminated. The Ministry had commenced re-tendering of the remaining works, which was at the evaluation stage.

- **Totten Infrastructure Limited**

The Committee was informed that the works on the Rehabilitation and Maintenance of Forty Boreholes in Muchinga Province (Lot 20) did not commence on time due to delayed mobilisation by the contractor, leading to non-performance of contractual obligations.

Warning letters and a demand notice for bond encashment and termination were issued. The contract was terminated, and the Ministry had commenced re-tendering of the remaining works.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that due diligence is undertaken prior to engagement of contractors; enhance contract monitoring and timely completion of water infrastructure projects to minimise delays and improve service delivery. The Committee will await a progress report on the matters.

(b) Failure to Recover Funds on Terminated Contracts (K20,575,847.00)

The Controlling Officer submitted as follows:

- **Western Province**

Stephcat Enterprise Limited

The insurance company failed to honour its obligation under Contract No. MWDS/PSU/02/2023 (Lot 6) after the Ministry issued the demand notice. The Ministry of Justice was engaged to assist in recovery.

Bengwave Investment Limited

For the Upgrade/Mechanisation of thirteen existing boreholes to piped water schemes in rural growth centres in Western Province under the contract No. MWDS/PSU/02/2023 under Lot 7, there was a delay in finalising the closure of accounts. The Ministry engaged the contractor for the remaining balance of K969,046.13 (VAT inclusive). The contractor proposed settlement, and the Ministry advised on the correct procedure. An assignment letter from Bengwave to the National Road Fund Authority (NRFA) had been received)

- **Eastern Province**

Nande Venture Limited

The insurance company failed to honour its obligation under contract No. MWDS/PSU/02/2023 under (Lot 12). The Ministry of Justice was engaged to recover funds.

Nande Venture Limited

The insurance company failed to honour its obligation under contract No. MWDS/PSU/02/2023 under (Lot 13) after the Ministry issued a demand notice for encashment. The Ministry engaged the Ministry of Justice through the Civil Litigation and Debt Collection Department to assist in recovering the funds owed. In addition, the Ministry notified the Pensions and Insurance Authority (PIA) of this development. The Ministry of Justice appointed legal counsel to handle the matter.

- **Central Province**

Capricorn Innovations Limited

The insurance company failed to honour its obligation under contract No. MWDS/PSU/02/2023 under (Lot 15) after the Ministry issued a demand notice for encashment. The Ministry engaged the Ministry of Justice through the Civil Litigation and Debt Collection Department to recover the remaining funds owed. The Ministry also notified PIA of this development. The Ministry of Justice was appointed legal counsel to handle the matter. Funds amounting to K519,120.29 were recovered, leaving a balance of K1,985,120.29.

- **North Western Province**

Capricorn Innovations Limited

The insurance company failed to honour its obligation under Contract No. MWDS/PSU/02/2023 under (Lot 19) after the Ministry issued a demand notice for encashment. The Ministry engaged the Ministry of Justice through the Civil Litigation and Debt Collection Department to assist in recovery. The Ministry also notified PIA of this development. The Ministry of Justice was appointed legal counsel to handle the matter.

- **Muchinga Province**

United Chemolide Industries Limited

For the Upgrade/Mechanisation of twenty existing boreholes to piped water schemes in rural growth centres in Muchinga Province under the contract No. MWDS/PSU/02/2023 under Lot 20, there was a delay in finalising the closure of accounts. The Ministry engaged the contractor for the remaining balance of K1,506,475.24. The contractor agreed proposed to settle the outstanding balance. The Ministry engaged the Ministry of Justice for a legal opinion regarding a debt swap. The remaining balance of K1,506,475.24, was recovered through a debt swap with the Eastern Water and Sanitation Company.

- **Northern Province**

Capricorn Innovations Limited

The insurance company failed to honour its obligation under Contract No. MWDS/PSU/W/04/2023 (Lot 1) after the Ministry issued a demand notice for encashment.

The Ministry engaged the Ministry of Justice, through the Civil Litigation and Debt Collection Department to recover the funds owed. The Ministry notified PIA of this development. The Ministry of Justice appointed legal counsel to handle the matter.

- **Western Province**

Capricorn Innovations Limited

The insurance company failed to honour its obligation under Contract No. MWDS/PSU/W/04/2023 (Lot 15) after the Ministry issued a demand notice for encashment. The Ministry engaged the Ministry of Justice through the Civil Litigation and Debt Collection Department to recover the funds owed. The Ministry notified PIA of this development. The Ministry of Justice appointed legal counsel to handle the matter.

Nkamu Investment Limited

The insurance company failed to honour its obligation under Contract No. MWDS/PSU/W/004/2023 (Lot 5) after the Ministry issued a demand notice for encashment. The Ministry engaged the Ministry of Justice through the Civil Litigation and Debt Collection Department to recover the remaining funds owed. The Ministry notified PIA of this development. The Ministry of Justice appointed legal counsel to handle the matter. Funds amounting to K393,047.68 were recovered after the final account, leaving a balance of K831,961.77.

- **Muchinga Province**

Totten Infrastructure Ltd

The insurance company failed to honour its obligation under Contract No. MWDS/PSU/W/004/2023 (Lot 20) after the Ministry issued a demand notice for encashment. The Ministry engaged the Ministry of Justice through the Civil Litigation and Debt Collection Department to recover the remaining funds owed. The Ministry notified PIA of this development. The Ministry of Justice appointed legal counsel to handle the matter. Funds amounting to K417,600.00 were recovered after the final account, leaving a balance of K120,234.00, which the contractor committed to pay.

- **North-Western Province**

Stephcat Enterprise Limited

The insurance company failed to honour its obligation under Contract No. MWDS/PSU/W/004/2023 (Lot 16) after the Ministry issued a demand notice for encashment. After the final account, the Ministry recovered the full advance payment of K735,550.20. A notice of advance recovery was issued to the contractor.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enforce contract securities and ensure that insurance companies honour their obligations promptly. It further urges the Ministry to expedite recovery of outstanding balances through the Ministry of Justice and explore alternative mechanisms such as debt swaps where necessary. The Committee will await a progress report on the matters.

- **Construction of Chisuta Dam in Chikankata District of Southern Province**

Failure to Renew Advance Payment Guarantee and Performance Bond

The Committee was informed that the contractor failed to extend the contract and advance payment security because the Ministry of Justice delayed issuing a legal opinion on the request for contract extension. A valid addendum to the contract was required to enable the insurer to extend the Performance Bond and Advance Payment Bond. The Ministry had written to the Ministry of Justice to clear the contract addendum and was awaiting legal clearance.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to expedite engagement with the Ministry of Justice to finalise contract addendum to enable the timely renewal of advance payment and performance bonds and will await a progress report on the matter.

Project Physical Status:

The Committee was informed that in the contract for the construction of Chisuta Dam, discrepancies existed between the contract agreement and the special conditions regarding the contract start date. The contract agreement stipulated that “the contract completion period shall be twelve (12) months from the date of signing the contract,” while the special conditions of contract sub-clause GCC 1.1 dd stated that “the contract start date shall be one (1) year from the date of signing the contract.”

A legal opinion sought from the Ministry of Justice clarified that the start date was twelve months after the contract signature, as provided in sub-clause GCC 1.1 dd. The Committee was informed that the contractor was not on site at the time of audit because of the assumption that the contract had expired before the legal opinion was provided. Additionally, the embankment was washed away due to the contractor’s failure to secure the works against flash floods.

Following the legal opinion, the contractor was informed of the correct status of the contract and requested to remobilize to the site. Management instructed the contractor to immediately remedy the works under the contractor’s liability. The Ministry of Justice cleared the request to extend the contract completion period for the construction of Chisuta Dam under Contract No. MWDS/PSU/W/06/2023 – Lot 9.

The contractor was requested to:

- (i) submit an extended Advance Payment Bond and Performance Guarantee covering the extended contract period;
- (ii) provide a detailed schedule of works showing how the project would be completed within the extended time; and
- (iii) implement measures to ensure all works, including the washed-away embankment, would be completed before the expiry of the extended contract.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to closely monitor the contractor’s remobilisation and ensure strict compliance with the extended schedule. It further urges that all remedial works, including the washed-away embankment, be completed within the

extended contract period, with performance and advance payment guarantees fully covering the duration. The Committee also urges the Ministry to enforce contractor liability for any damages resulting from negligence, such as failure to secure works against flash floods. The Committee will await a progress report on the matter.

- **Construction of Mbaswa Dam in Serenje District of Central Province**

Failure to Recover Advance Payment Guarantee and Performance Bond

The Committee was informed that in the contract for the construction of Mbaswa Dam, discrepancies existed between the contract agreement and the special conditions regarding the contract start date. The contract agreement stated that “the contract completion period shall be twelve (12) months from the date of signing the contract,” while the special conditions of contract sub-clause GCC 1.1 dd stated that “the contract start date shall be one (1) year from the date of signing the contract.”

The Ministry had terminated the contract for non-performance. However, due to the discrepancies highlighted, legal opinion from the Ministry of Justice guided the Ministry to consider extending the contract and to halt the encashment of bonds. The failure to recover advance payments and performance bonds was, therefore, caused by the Ministry’s instruction to the insurer to suspend the encashment process, in line with the legal guidance. The Ministry initiated the process to amicably settle the pending contractual matter with the contractor and was awaiting resolution from a meeting scheduled with the contractor for the week beginning 17th November 2025.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to expedite the amicable settlement with the contractor to recover outstanding advance payments and performance bonds. It further advises that all future contracts should ensure alignment between contract agreements and special conditions, with timely legal review to prevent delays in encashment of contract securities and to ensure strict enforcement of contractual obligations to safeguard public funds. The Committee will await a progress report on the matter.

Project Physical Status:

The Committee was informed that the contractor was not on site at the time of the audit due to the assumption that the contract had expired before the Ministry of Justice provided a legal opinion. The Ministry had initiated the process to amicably settle the pending contractual matter of termination with the contractor and was awaiting resolution from a meeting scheduled for the week beginning 17th November 2025.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to expedite the settlement process with the contractor and ensure the contractor remobilises to site promptly. It further advised that clear legal guidance be obtained before contract expiration in future projects to prevent similar delays and safeguard project timelines and public funds. The Committee will await a progress report on the matter.

- **Contract for the Construction of Chibwe Ntolo Dam in Pemba District of Southern Province**

The Committee was informed that the contractor failed to extend the contract and advance payment security due to delays in obtaining legal clearance from the Ministry of Justice for

the request to extend the contract period. A valid addendum to the extended contract was required to enable the insurer to extend the Advance Payment Bond and Performance Bond. Management followed up with the Ministry of Justice to expedite the legal clearance for the contract extension and was awaiting the Ministry's response.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to urgently follow up with the Ministry of Justice to secure legal clearance for the contract extension, to ensure that the contractor's advance payment and performance bonds are extended promptly to safeguard public funds and ensure uninterrupted implementation of the Chibwe Ntolo Dam project. The Committee will await a progress report on the matter.

Project Physical Status:

The Committee was informed that in the contract for the construction of Chibwe Ntolo Dam, discrepancies existed between the contract agreement and the special conditions regarding the contract start date. The contract agreement stated that "the contract completion period shall be twelve months from the date of signing the contract," while the special conditions of contract sub-clause GCC 1.1 dd stated that "the contract start date shall be one year from the date of signing the contract."

A legal opinion sought from the Ministry of Justice clarified that the start date was twelve months after the contract signature, as provided in sub-clause GCC 1.1 dd. The contractor was not on site at the time of the audit due to the assumption that the contract had expired before the legal opinion was issued. Following the legal opinion, the contractor was informed of the correct contract status and requested to remobilise to site.

The Committee noted that as of the reporting period, 57 per cent of the works had been completed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to closely monitor the contractor's remobilisation and progress to ensure timely completion of the remaining works. The Ministry is further urged to ensure that any future contract discrepancies are resolved promptly through legal review to avoid delays, and that the contractor's obligations be enforced to safeguard project timelines and public funds. The Committee will await a progress report on the matter.

- **Contract for the Construction of Luingá Dam in Ikelenge District – North Western Province**

The Committee was informed that in the contract for the construction of Luingá Dam, discrepancies existed between the contract agreement and the special conditions regarding the contract start date. The contract agreement stated that "the contract completion period shall be twelve months from the date of signing the contract," while the special conditions of contract sub-clause GCC 1.1 stated that "the contract start date shall be one year from the date of signing the contract."

The Ministry had terminated the contract for non-performance. However, due to the discrepancies highlighted, legal opinion from the Ministry of Justice guided the Ministry to consider extending the contract and to halt the encashment of bonds. The failure to recover

advance payments and performance bonds was caused by the Ministry's instruction to the insurer to suspend the encashment process, in line with the legal guidance.

The Committee was informed that the K6,100,820.48 paid to the contractor consisted of an advance payment of K3,874,516.58, of which K907,012.70 had been recovered, leaving a balance of K2,967,503.88. The remaining K2,226,303.00 represented certified works, which accounted for 20 per cent of the contract sum, with a proportional physical progress of 23 per cent.

The Ministry had initiated the process to amicably settle the pending contractual matter with the contractor and was awaiting resolution from a meeting scheduled for the week beginning 17th November 2025.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the amicable settlement with the contractor to recover outstanding advance payments and certified works. The Ministry is also urged to ensure close monitoring of the contractor's remobilisation and physical progress to ensure completion. The Committee emphasises that future contracts should have aligned contract agreements and special conditions, with legal review completed before the start date, to prevent similar delays and safeguard public funds. The Committee will await a progress report on the matter.

MINISTRY OF INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT- (PARAGRAPH 26)

a. Budget Provision, Funding and Expenditure

The Committee was informed that the cited amount of K24,877,258.00 mainly comprised two monthly grants to the Road Development Agency (RDA) and one payment to a vendor, which were duly processed and paid by the Ministry through the Integrated Financial Management Information System (IFMIS)/SAP.

The payments were presented as open items to the Treasury at the Ministry of Finance and National Planning (MoFNP) on 14th November, 11th December, and 31st December 2024 for settlement. However, as of 31st December 2024, the Treasury had not effected the settlements. Consequently, the unpaid open items for 2024 were migrated to Head 21, and assurance was provided to the Ministry of Infrastructure, Housing and Urban Development (MIHUD) that the Treasury would settle them.

The Committee was informed that once payments were presented to the Treasury, the Ministry of Finance and National Planning was expected to honour them accordingly. However, the payments were not honoured during the period under review. The Ministry continued to engage the Ministry of Finance and National Planning to facilitate settlement of the outstanding amounts.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to continue engaging the Ministry of Finance and National Planning to prioritise the timely settlement of approved open items to prevent the accumulation of arrears and ensure smooth implementation of budgeted programmes. The Committee will await a progress report.

b. Audit of Annual Performance Information

The Controlling Officer submitted that the annual targets set for 2024 were not fully achieved due to inadequate and untimely funding to the programmes, which resulted in the non-payment of advance and interim payment certificates for a number of targeted projects.

In 2024, a sum of K198,376,550.20 was allocated to the Department of Public Infrastructure, out of which only K88,513,716.00 was released towards the completion of infrastructure construction in new districts; provincial centres; retirement houses for former presidents; and other capital projects, representing forty-five per cent of the budgeted amount.

The Ministry had targeted to execute approximately twenty-six projects in 2024. Out of the twenty-six targeted projects, eight were successfully completed and handed over, representing thirty-one per cent, while eleven recorded substantial progress despite financial constraints. The remaining projects did not commence on time due to inadequate funding.

Under the Department of Preventive and Maintenance Services, the planned inspection missions to Kenya; Tanzania; and Malawi were not undertaken due to inadequate funding. Out of the total budget of K7.7 million earmarked for Recurrent Departmental Charges, only K2.9 million was released, representing thirty-eight per cent of the budgeted amount. In light of this underfunding, the planned inspection of missions abroad was not undertaken.

In summary, as a result of the underfunding, activities such as the upgrade and re-development of informal settlements; procurement of assets (CAPEX); maintenance of public infrastructure; and construction of homes for the aged and vulnerable, amounting to K176,608,942.66, were not implemented.

The Committee was further informed that despite the poor funding, substantive progress had been recorded towards the following:

- i. **Informal settlement upgrade - Kanyama Drainage:** The earth drain had been completed at 100 per cent, while the concrete lining was at fifteen per cent completion.
- ii. **Construction of homes for the aged -** As of the end of 2024, the old people's homes in Choma were at sixty-eight per cent completion, Chinsali at seventy-five per cent, and Mongu at thirty per cent.

The following were the interventions that were undertaken by the Ministry:

- continued engagement with the Treasury on the need for predictable and adequate funding to support infrastructure and housing development activities, with emphasis on timely releases to avoid project interruptions;
- strengthened programme prioritisation to ensure that limited funds were channelled to high-impact projects with strong readiness for implementation;
- Scaled up resource mobilisation efforts with local and international partners to complement government funding; and
- conducted contract management training.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen budget planning and enhance engagement with the Treasury to secure timely and adequate funding for priority projects. Additionally, Management should institutionalise strong project prioritisation; resource

mobilisation strategies; and contract management practices to mitigate the impact of funding shortfalls and improve the achievement of annual performance targets. The Committee will await a progress report on the matter.

c. Property Management Services Programme

i. Valuation of Properties

- **Lack of Approved Valuation Surveying Fee Structure (K1,582,193)**

The Committee was informed that during the period under review, the Zambia Institute of Valuation Surveyors, which was responsible for the formulation of the scale of fees, had not yet made a submission to the Ministry for consideration and drafting of the Statutory Instrument.

Following the submission of the Draft Statutory Instrument by the Zambia Institute of Valuation Surveyors, in March 2025, the Ministry reviewed the proposed scale of fees and subsequently provided guidance to the Institute to undertake an impact assessment of the proposed fees before the draft could be submitted to the Business Regulatory Review Agency (BRRA) for further review and approval.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the Zambia Institute of Valuation Surveyors expedites the impact assessment process to facilitate timely submission of the Draft Statutory Instrument to the BRRA for review and approval. The Committee will await a progress report on the matter.

- **Unsupported Valuation Reports**

The Committee was informed that fifteen unsupported items had been cleared during the audit verification process, as evidenced by the Auditor's comments in the verification status report. The valuation reports, receipts, and quotations for the two remaining unsupported items were availed for verification.

Committee's Observations and Recommendations

The Committee recommends that matter for closure pending verification by the OAG.

ii. Properties Management

- **Under Collection of Revenue-(K2,305,227.00)**

The Committee was informed that the under-collection of revenue for rent on GRZ premises, was attributed to several factors. Tenants with uncollected amounts, totaling K640,600.00 had not been paying due to the absence of lease agreements, as the properties were under litigation. Some tenants had also failed to pay and the Ministry had commenced the process of handing over the cases to the Attorney General for the recovery of K891,067.48, which remained outstanding. Although the Ministry of Infrastructure, Housing and Urban Development was mandated to oversee all Government properties, it had limited control over properties under the jurisdiction of other Ministries, such as tenants at Levy Mwanawasa Ndola Stadium. As a result, a total amount of K731,160.00 remained outstanding from properties under other ministries.

The Ministry had commenced the following measures to strengthen revenue collection:

Follow-up Mechanisms

A dedicated task team from the Department of Finance; Legal Unit; and the Department of Valuation and Property Management (DVPM), had been constituted to track and follow up on outstanding rentals, including the issuance of demand notices to defaulting tenants.

Lease Compliance and Penalties

The Ministry had reviewed and revised the lease agreement, and the draft document was to be submitted to the Attorney General for clearance. The revised lease agreement included punitive measures to deter non-compliance with lease obligations. The Ministry had issued demand notices to defaulting tenants and was proceeding with legal action to evict them and recover overdue rent.

Strategic Measures

The Ministry had been implementing both short-term measures (enhanced monitoring, reconciliations, and recovery drives) and long-term strategies (digitisation of property records and integration with the Government Property Asset Register under the Government Services Bus (GSB) – Zamportal) to improve revenue collection efficiency and accountability.

All rented properties were expected to be accessible on the GSB, enabling tenants to pay rentals through Zamportal using mobile money and bank transfers.

The Committee was further informed that this intervention also included the sale of flowers to the public. The Ministry had achieved this milestone with technical support from Smart Zambia.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the regularisation and clearance of lease agreements, particularly for properties under litigation, and strengthen enforcement mechanisms to ensure compliance by defaulting tenants. The Committee further urges the Ministry to accelerate the recovery of outstanding arrears through the Attorney General and intensify follow-up measures through the dedicated task team. The Committee will await a progress report on the matter.

- **Non-Collection of Rentals-K698,604.00**

The Committee was informed that the under-collection of rentals amounting to K698,604 was attributed to several factors. The Ministry of Infrastructure, Housing and Urban Development, was mandated to oversee all government properties but had limited control over properties under the jurisdiction of other Ministries, such as tenants at Levy Mwanawasa Ndola Stadium. Some tenants were not paying due to the absence of lease agreements, as the properties were under litigation. Other tenants failed to pay and the Ministry had commenced the process of handing the cases over to the Attorney General for recovery.

With regards to the twenty-four lease agreements cited for non-renewal, it was indicated that the issuance of lease agreements had only commenced in 2022 and that the lease tenure was pegged at three years. Therefore, no lease agreement had expired during the period under review. The Ministry further informed the Committee that it had started engaging other

institutions collecting rentals on behalf of the government to submit revenue returns to the Ministry of Housing, Infrastructure and Urban Development (MIHUD) to enable the consolidation of rental revenue streams as stated in its targets.

With regards to tenants with matters under litigation, MIHUD had engaged the Ministry of Justice to confirm the status of the stay of execution order. The Ministry had issued demand notices and ordered the tenants to restore the demised premises to their original condition. For defiant clients, the Ministry had commenced the process of handing the cases to the Ministry of Justice for debt recovery. The Ministry further reported that out of the twenty-four cited tenants, five had valid lease agreements; six had ceased to operate, one was in the process of reviewing the lease agreement which was later finalised, and discussions with the remaining twelve tenants were ongoing and expected to be concluded soon.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the resolution of outstanding rental payments by fast-tracking the recovery process through the Attorney General and strengthening enforcement against defaulting tenants. The Committee further urges the Ministry to enhance coordination with other ministries to improve oversight of government properties under their jurisdiction; ensure timely issuance and renewal of lease agreements; and consolidate rental revenue returns from institutions collecting on behalf of government. The Committee will await a progress report on the matter.

- **Poor Management of Receivables - Contract with Sand-Ridge Associates Limited**

- i. Failure to Collect Rentals from Private Tenants (K257,197.00)**

The Committee was informed that failure to collect rentals amounting to K257,197.00 was due to ineffective property management by Sandridge Associates Limited. In order to address the issue, the Ministry did not renew the property manager's contract; took over the property management services of the Government Complex; and had managed to collect K148,423.00 from the outstanding K257,197.79. The Ministry would continue to pursue settlement of the remaining rental amount and was on-boarding rented properties onto the Government Services Bus (GSB) to improve the accuracy of billing, payment tracking, and accountability.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to finalise the recovery of the outstanding rental arrears and strengthen internal property management by ensuring that property management responsibilities are clearly defined and effectively supervised to prevent future under-collection. The Committee will await a progress report on the matter.

- ii. Failure to Collect Service Charges (K2,610,761.00)**

The Committee was informed that failure to collect service charges amounting to K2,610,761.00, was due to ineffective property management by Sandridge Associates Limited and the budgetary constraints faced by some government institutions, which led to delayed releases of operational funds and affected their ability to settle obligations on time.

To avert this, the Ministry did not renew the property manager's contract; took over the property management services of the Government Complex; and issued demand notices for the outstanding service charges. Additionally, a request was made to the Treasury to deduct

the outstanding service charges at source from the monthly budgetary releases to the affected government institutions to ensure immediate recovery of arrears. Furthermore, the Secretary to the Treasury was requested to issue a circular directing all government institutions occupying government-rented properties to prioritise the settlement of service charges as part of their operational expenditures and to on-board all rented properties onto the Government Services Bus (GSB) to improve the accuracy of billing, payment tracking, and accountability.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance the collection of service charges using the stipulated measures and avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

iii. Lack of Tenancy Agreements

The Committee was informed that during the period under review, it was established that most tenants were depositing rentals using their individual names instead of the company names reflected in the lease agreements. This resulted in discrepancies in the records examined by the auditors; including payment records; lease agreement files; and the rented properties register. Furthermore, regarding the number of tenants captured as thirty-four, the correct position was that the number was actually thirty-two, as one tenant had vacated the premises while another tenant had been captured twice.

A detailed reconciliation list of tenants showing both individual and company names was prepared. The Committee was informed that with the on boarding of property management services onto the Government Services Bus (GSB), such discrepancies would not recur.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all rental payments are reflected under the correct company names as per lease agreements, and strengthen internal controls to prevent duplication and data errors. The Committee recommends the matter for closure, pending verification by the OAG.

iv. Dormant Revenue Stream from Property Under Execution Stay (K3,085,500.00)

The Committee was informed that the office of the Attorney General had not availed the Ministry with the court order despite promising to provide a copy, as evidenced by follow-up letters. The Ministry had made numerous follow-ups with the Attorney General's Office, as well as the Supreme Court to establish the status of the court case and to obtain the court order. The Ministry had also written to the plaintiff to request a copy of the restraining order. However, in their response, the tenants had proposed to regularise their occupancy and agree on a payment plan to liquidate the outstanding rental arrears.

Arising from the foregoing futile efforts to obtain a court order from both the court and the plaintiff, the Ministry held a meeting with all the tenants with a view to reaching a settlement on the matter. In the meeting held on 17th November 2025, the tenants affirmed their commitment to regularise their occupation of the property. The tenants further agreed to commence payments towards liquidating their outstanding arrears and undertook to sign lease agreements and propose a payment plan. The meeting agreed to conclude the process of signing lease agreements and payment plans on 21st November 2025. The technical

department responsible for Valuation and Property Management had since assessed the current rental amounts for each shop and had drafted lease agreements for approval.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to intensify follow-ups with the Attorney General's Office and the Supreme Court to obtain the court order, and expedite the finalisation and approval of lease agreements and payment plans for the tenants. The Committee will await a progress report.

v. Conversion of Rented Space Without Authority

The Controlling Officer submitted that, regrettably, the matter was handled in a manner that allowed the tenant to breach the terms and conditions of the tenancy agreement due to inadequate monitoring by responsible officers. The Ministry had written to the Interns Association of Zambia to terminate the lease agreement and directed them to settle the outstanding rental arrears. The serving officers had since been cautioned, while disciplinary action could not be meted out against one officer as the officer was no longer in service.

Management had mapped out a plan to undertake impromptu and scheduled inspections to ensure that tenants adhered to the terms and conditions contained in the lease agreements.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the termination of the lease agreement with the Interns Association of Zambia and ensure full recovery of the outstanding rental arrears. The Committee further urges the Ministry to strengthen monitoring and enforcement mechanisms, including regular inspections, to prevent unauthorised conversion of rented space and ensure compliance with lease terms. The Committee will await a progress report.

vi. Low Title Deeds Ratio: Titled Government Properties to Total Government Properties (1,970)

The Committee was informed that the main cause of the query was poor coordination between ministries and institutions regarding the titling process. The process involved the respective ministries and institutions as initiators, MIHUD, which prepared site plans and submitted them to the Ministry of Lands, which prepared the actual titles. As per the Cabinet Office Circular minute of 2020 for preparation of title deeds and Section 41(4) of the *Public Finance Management Act No. 1 of 2018*, a Controlling Officer was required to ensure that all public properties under their charge were secured with title deeds.

The Committee was further informed that out of the 2,539 properties cited, only about 316 belonged to MIHUD, and the Ministry had launched a campaign to capture all land and properties under its jurisdiction to obtain title deeds. The Ministry had also made several follow-ups with the Ministry of Lands regarding the numbering of submitted site plans for Southern and Lusaka provinces, the latest being a letter dated 5th April 2025. Where the Ministry had received requests from other Ministries and Institutions, it had prepared site plans and handed them over to the Ministry of Lands and Natural Resources for title processing. For instance, on the Copperbelt, a total of 249 site plans had been prepared and forwarded to the Ministry of Lands and Natural Resources for further processing.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen coordination with other ministries and institutions to expedite the titling process and ensure timely submission and numbering of site plans. The Committee further urges the Ministry to accelerate its campaign of capturing all land and properties under its jurisdiction for title acquisition and to maintain continuous follow-ups with the Ministry of Lands and Natural Resources to ensure prompt processing of site plans. The Committee will await a progress report.

d. Public Infrastructure, Housing Development and Government Asset Management Programmes – Failure to Withhold and Remit VAT to ZRA (K5,445,577.00)

The Committee was informed that the advance payment was treated as a loan facility extended to a contractor prior to the commencement of works, intended, to facilitate initial mobilisation of equipment, manpower, and materials to the site. The advance payment was backed by advance guarantee/bond securities. Under this framework, IPC No. 1 was considered an advance payment, and the Ministry was supposed to recover VAT in subsequent payments.

The Ministry acted by communicating with the Zambia Revenue Authority (ZRA) and the relevant contractors to regularise VAT obligations in accordance with the applicable tax provisions at the time.

Letters were sent to the affected contractors, outlining specific recovery amounts and demanding proof of remittance in cases where VAT had already been settled directly with the ZRA.

The Committee was further informed that the cited VAT amount was overstated by K908,943.24. In addition, VAT, amounting to K2,767,364.01 for contractors who had not yet remitted to ZRA was recovered from subsequent payments and remitted to ZRA. The balance of K1,769,268.96 was to be recovered from the affected contractors' remaining payments once the Ministry was funded for outstanding IPCs.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure the full recovery and remittance of the outstanding VAT balance; ensure that all contractors comply with VAT remittance requirements; and provide proof of payment to the Zambia Revenue Authority. The Committee further urges the Ministry to strengthen internal controls to ensure that VAT on advance payments is correctly recovered in subsequent IPCs and will await a progress report.

e. Personal Emoluments - Recruitment in Excess of Authorised Positions

The Committee was informed that the cited observation resulted from the delayed reconciliation of the Establishment Register (ER) and the payroll. However, the draft Establishment Register for the year under review was published several months after the year-end.

The total number of positions in salary scale 'B' was sixty, instead of sixty-three as previously stated in the table. The total number of positions in the ER was fifty-nine, compared to sixty positions reflected on the payroll.

Further, the positions in salary scale 'H' on the ER were fifty-eight, compared to fifty-six on the payroll. The variance arose because the position of registry officer in the ER had been assigned the incorrect salary scale 'H' instead of 'F'. Secondly, one position of assistant human resource management officer had been erroneously included in the ER, although it was not reflected on the payroll.

Management stated that, following an analysis and reconciliation of the payroll and the ER, the variances were updated in the ER. Furthermore, no overpayment had occurred, as the positions were duly authorised in accordance with the ER. Management updated the Establishment Register, and the matter was closed during audit verification, as attached.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that there is timely reconciliation between the Establishment Register and the payroll to prevent future discrepancies. Additionally, the Establishment Register should be reviewed and updated promptly before year-end to enhance accuracy and strengthen internal controls over authorised positions and personal emoluments. The matter is recommended for closure.

i. Failure to Fill Vacant Positions

The Committee was informed that the Ministry had not received directives from the appointing authorities, namely the Civil Service Commission and the Public Service Management Division (PSMD), during the financial year under review.

Management stated that nineteen out of the twenty positions had been filled during the period under review. One position of Accounts Assistant (F), which was not in the approved structure, had been traded off to create a position of Registry Clerk (D) at the Ministry Headquarters in accordance with the approved structure.

The filled positions were itemised as listed hereunder.

1. Position ID No. 20087950 was filled effective September 2025.
2. Position ID No. 20078875 was filled effective July 2025.
3. Position ID No. 30034870 was filled effective September 2025.
4. Position ID No. 20000281 was filled effective 22 July 2025.
5. Position ID No. 20107219 was filled effective September 2025.
6. Position ID No. 20107241 was filled effective August 2025.
7. Position ID No. 20107134 was filled effective September 2025.
8. Position ID No. 30034789 was filled effective September 2025.
9. Position ID No. 30172229 was filled effective October 2025.
10. Position ID No. 30099897 was filled effective September 2025.
11. Position ID No. 30099918 was filled effective July 2025.
12. Position ID No. 30099904 was filled effective September 2025.
13. Position ID No. 30172239 was filled effective June 2025.
14. Position ID No. 30075474 was filled effective September 2025.
15. Position ID No. 30075481 was filled effective October 2025.
16. Position ID No. 30075482 was filled effective January 2025.
17. Position ID No. 30034867 was filled effective September 2025.
18. Position ID No. 30034893 was filled effective February 2025.
19. Position ID No. 2006735 was filled effective August 2025.

During the audit, documentation was provided and four out of the twenty cases were resolved, leaving a balance of sixteen cases. The Ministry reported that the remaining sixteen positions had since been filled, and supporting documentation was availed for verification.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen its coordination with the appointing authorities to ensure timely filling of vacant positions and maintain updated records of recruitment status. The matter is recommended for closure, pending verification by the OAG.

ii. Misplacement of Payroll Area

The Committee was informed that some identified officers were not centrally transferred to their new duty stations following the dissolution of the Ministry of Works and Supply, while others required the intervention of payroll super-users to facilitate their transfer across ministries.

Management stated the following:

Six officers listed in the table below, who were working at the Ministry but had misplaced payrolls, were subsequently placed on the Ministry’s payroll.

Table 8: Misplaced Payroll

Emp_No	Name	Position	Payroll Status
147948	Mr Abuidie Phiri	General Worker (A)	Officer on MIHUD Payroll
277924	Miss Fridah Munyandi	Office Orderly (A)	Officer on MIHUD Payroll
344643	Ms Esther Mwanza	Security Guard (A)	Officer on MIHUD Payroll
200022	Elias Malupenga	Transport Officer (A)	Officer on MIHUD Payroll
241811	Peggy Mpange	Assistant Stores Officer (H)	Officer on MIHUD Payroll
295008	Chishimba A. Chishimba	Human Resources Management Officer (H)	Officer on MIHUD Payroll

Four officers listed in the table below, who had misplaced payrolls, were subsequently transferred to the Ministry of Transport and Logistics.

Table 9: Misplaced Payroll

Emp_No	NRC	Emp_Name	Position	SalScale	Payroll Status
327562	274581/13/1	Ms Bridget Mayuka	Office Orderly	A	Transferred payroll to Ministry of Transport and Logises
332364	334747/82/1	Ms Carol Chindambwe	Watchman	A	Transferred payroll to Ministry of Transport and Logises
334311	918090/11/1	Mr Edward Kajiya	Driver	B	Transferred payroll to Ministry of Transport and Logises
359127	174281/23/1	Mr Jimmy Mulundano	Coxswains	B	Transferred payroll to Ministry of Transport and Logises

It was noted that the foregoing matter was closed during audit verification.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure pending verification by the OAG.

f. Failure to Avail Beneficial Ownership Information

The Ministry acknowledged that in some cases, beneficial ownership details were not requested upfront during engagement due to reliance on contractors’ self-declared company registration documentation. Unfortunately, some vendors had not updated their records with the Patents and Companies Registration Agency (PACRA), which remained their sole responsibility for filing and maintaining beneficial ownership information. Consequently, at the time of payment processing, the Ministry assumed that the beneficial ownership records were up to date.

Management wrote to PACRA to verify the non-compliance regarding beneficial ownership information, and on 6th November, 2025, PACRA responded in the affirmative.

In light of the response, the Ministry wrote to all affected vendors requesting them to update their information with PACRA and provide proof of compliance to the Ministry by the end of November 2025.

Further, the Ministry stated that it would ensure the following:

- demanded certified and updated beneficial ownership information (PACRA printout) from all firms at the point of engagement;
- verified company details directly with PACRA prior to payment processing; and
- maintained a register of contractors’ beneficial ownership information as part of procurement documentation for future audits.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to implement strict compliance with beneficial ownership requirements by verifying PACRA records at both engagement and payment stages. Additionally, Management should institutionalise the maintenance of an updated beneficial ownership registers to enhance transparency; strengthen due diligence in procurement processes; and prevent recurrence of non-compliance in future audits. The Committee will await a progress report.

MINISTRY OF EDUCATION (PARAGRAPH 27)

Budget, Funding and Expenditure

The Committee was informed that the underfunding of K488,526,879.00 against the 2024 approved budget of K23,730,397,585.00 resulted from broader national Treasury cash flow challenges. However, the Ministry proactively and consistently engaged the Ministry of Finance and National Planning to advocate for the full release of its budgetary allocations, and these efforts were yielding positive results. A clear indication of this improvement was that the underfunding gap was reduced by 33.8 per cent in the 2024 fiscal year, declining from K1,446,164,820.00 in 2023 to K488,526,879.00 in 2024.

The unspent balance of K409,850,276.00 at the end of the 2024 financial year, primarily related to funds earmarked for the Emergency School Feeding Programme under the drought response plan. Delays in utilising these funds were attributed to procurement procedures involved in the acquisition of beans and maize. However, payments to suppliers had been effected by 31 December 2024.

Committee's Observations and Recommendations

The Committee recommends that the Ministry continues engaging the Ministry of Finance and National Planning to secure timely and adequate budget releases; strengthen cash flow planning to minimise underfunding; and enhance procurement planning for emergency interventions to ensure there is prompt utilisation of funds and timely delivery of critical programmes such as the Emergency School Feeding Programme. The matter is recommended for closure, pending verification by the OAG.

a. Primary Education

i. Management of Home-Grown School Meals - Lack of Feeding Shelters (Sinazongwe District Education Office)

The Committee was informed that, in accordance with the Zambia Home Grown School Meals Programme Implementation Guidelines, Chapter Eight (8), Subsection 8.2, the responsibility for constructing and maintaining school feeding and cooking shelters rested with the surrounding community at no cost to the programme throughout the project cycle, as a community contribution. The existence and proper maintenance of these facilities was an indicator of community commitment and ownership.

Delays in the construction of school feeding and cooking shelters were attributed to challenges in community resource mobilisation. However, progress had been recorded at the four cited schools, as outlined below:

- **Maamba Mine Secondary School** – Construction of both feeding and cooking shelters had been completed, and the facilities were currently in use.
- **Mweela Primary School** – Construction of both feeding and cooking shelters had been completed, and the facilities were currently being utilised.
- **Airport Primary School** – Construction of both feeding and cooking shelters had been completed, and the facilities were currently in use.
- **Mayanda Primary School** – Construction of both feeding and cooking shelters had been completed, and the facilities were currently being utilised.

Further, the Ministry had continued to encourage schools to strengthen collaboration with surrounding communities through sustained community engagement.

Committee's Observations and Recommendations

The Committee recommends that the Ministry should intensify community engagement and support mechanisms to enhance resource mobilisation for the timely construction and maintenance of school feeding and cooking shelters, while ensuring that there is continued collaboration between schools and communities to sustain infrastructure development and strengthen ownership under the home - grown School Meals Programme. The Committee recommends the matter for closure pending verification by the OAG.

ii. Failure to Avail Contract for Communication Towers – Kandemba Primary School- North-Western Province

The Controlling Officer submitted that it was regrettable that at the time of audit, Kandemba Primary School failed to avail the contract agreement with MTN Zambia Limited, as well as related bank statements and receipt books, to the Office of the Auditor General in respect of the communication tower located within the school premises. The failure to provide the documentation was attributed to misfiling of important records and weak record-keeping practices at the school.

The Ministry subsequently followed up the matter with MTN Zambia Limited and IHS Zambia Limited, the owners of the towers, and successfully retrieved copies of the contract agreement and evidence of payments relating to the tower. The Head Teacher was charged for failure to properly maintain documents under his responsibility.

Committee's Observations and Recommendations

The Committee recommends that the Ministry should strengthen records management and accountability at school level by enforcing proper filing and documentation practices; conducting regular compliance checks; and applying disciplinary measures where necessary to ensure that all contractual agreements and financial records are readily available for audit and oversight purposes. The Committee recommends the matter for closure, pending verification by the OAG.

iii. Failure to Maintain Properties – Primary Schools

The Committee was informed that the failure to maintain properties was due to inadequate infrastructure fund allocation under grants and the limited scope of maintenance. The infrastructure grant funds restricted schools to minor repairs and routine upkeep, leaving major structural issues unaddressed.

The Ministry, in partnership with local authorities, recorded progress in the maintenance of these properties as follows:

(a) Muchinga Province – Konja Primary School

The school was built using ordinary molds, making it difficult to maintain using the funds received under grants. However, the Ministry of Education, through ZEEL was currently constructing a 1x2 classroom block (ECE Hub) to help decongest classroom space. Additionally, the school had applied for the construction of a 1x4 classroom block through the Constituency Development Fund (CDF) and was awaiting a response. The classroom

block was being closely monitored by the District Buildings Officer and the Provincial Regional Engineer to ensure the safety of learners and teachers.

(b) Luapula Province – Kashikishi Primary School

An assessment revealed that the school required K3,178,107.00 to fully rehabilitate the structure, indicating that it was a capital project beyond the school's funding profile. The Ministry was currently reviewing The Bill of Quantities submitted by the province.

(c) Southern Province

A classroom at Light of Hope Community School whose roof was blown off during the previous rainy season had since been repaired and rehabilitated by a community well-wisher.

(d) Western Province

• **Sichili Primary School**

The school had repaired cracked walls and broken window panes and would continue to renovate using infrastructure allocations under the grants.

• **Sioma Primary School**

Due to high safety risks, the Local Authority recommended the demolition of the affected classroom block. The school lobbied the Local Authority for the construction of a 1x3 classroom block. A contract was awarded to Bemarjo Construction Limited and works were ongoing.

• **Shangombo Primary School**

The school had worked on dilapidated classrooms and would continue renovations using infrastructure allocations under the grants.

Further, the Ministry had introduced the following initiatives to improve infrastructure in primary schools:

- **Community-Origin Schools:** Many primary schools were initially established by local communities using limited resources and lacked adequate infrastructure. After being absorbed by the government, a nationwide initiative was launched to upgrade all pole-and-mud structures to modern acceptable standards.
- **Roofing Rehabilitation:** Many older schools were roofed with structural timber which deteriorated due to termite infestation and elements of the weather. The Government was systematically replacing timber roof elements with steel roofing to improve durability and ensure longer lifespan.

Committee's Observations and Recommendations

The Committee recommends that the Ministry increases infrastructure grant allocations and broaden the scope of maintenance funding to cover major structural repairs, while continuing to collaborate with local authorities and communities to address urgent rehabilitation needs. The Committee will await a progress report on the matter.

b. Secondary Education

i. Management of Home - Grown School Meals

(a) Southern Province – Kazungula District Education Office Unutilised Funds (K3,966,903.00)

The Committee was informed that when the funds were received in 2023, the District Education Office was unable to procure white maize due to the non-availability of the commodity due to the drought, which affected the district. Further, delays occurred because of the tender processes, as the office relied on the local authority (Kazungula Town Council) since the procurement value exceeded the District Education Office's threshold. At that time, the district did not have a procurement officer, and therefore, no procurement committee was in place. The district had spent a total of K2,585,942.25 out of K3,966,903.00 leaving a balance of K1,380,960.75. The distribution of 172.05 metric tons of white maize was ongoing, and the balance of K1,380,960.75 was to be utilised once the distribution was concluded. Furthermore, the district procured 97.6 metric tons of white maize totaling K644,490.00 from the Food Reserve Agency (FRA) in January 2025, which was distributed to all 153 schools in the district.

From April 2025, all 153 schools were feeding. However, only sixty-seven schools continued feeding, while distribution was ongoing to the remaining schools.

Furthermore, the Ministry revised the procurement thresholds for Provincial Education Offices (PEOs) and District Education Offices (DEOs) from K1,000,000.00 to K2,000,000.00, at the Provincial Education Officer level and from K20,000.00 to K1,000,000.00 at the District Education Officer level for Sub-Procurement Committees to be established. These revised procurement thresholds required a Sub-Procurement Committee to be in place, in line with the *Public Procurement Act, No. 8 of 2020*. This was expected to reduce unnecessary delays caused by reliance on the Local Authority Sub-Procurement Committee and to help ensure that funds were utilised in a timely manner.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the District Education Office expedites the completion of maize distribution and fully utilise the remaining balance of K1,380,960.75. It further recommends that the district urgently establishes a Sub-Procurement Committee in accordance with the revised procurement thresholds and the *Public Procurement Act No. 8 of 2020* to avoid delays and ensure timely procurement and utilisation of funds. The Committee will await a progress report on the matter.

• Underperformance

The Committee was informed that due to the drought experienced in the district, the District Education Office was unable to procure white maize owing to the unavailability of the commodity. This was compounded by delays caused by tender processes, as the office relied on the local authority (Kazungula Town Council), which resulted in an underperformance of 65 per cent.

A target of 60,000 learners was a forecast estimation for the year and not the actual total enrolment of the district. Maize was procured from the Food Reserve Agency (FRA) in January 2025 and was distributed in February and March 2025.

The performance of the School Feeding Program in 2025 fluctuated as follows:

In Term I of 2025, maize and cowpeas were distributed to all 153 schools in the district, and all schools were feeding, benefiting 57,810 learners, representing 100 per cent performance.

Committee's Observations and Recommendations

The Committee recommends that the District Education Office strengthens procurement planning and ensure that there is timely maize procurement to prevent underperformance in the School Feeding Program. The matter is recommended for closure, pending verification by the OAG.

(b). Western Province – Lack of Supportive Infrastructure for Home Grown School Meals Programme – Mongu and Kalabo District Education Office

The Committee was informed that the lack of supportive infrastructure for the Home-Grown School Meals (HGSM) Programme was due to challenges in resource mobilisation by the community. The two districts, Mongu and Kalabo, had a total of 251 schools, not 434 schools as stated in the query. Further, the total number of schools under the School Feeding Programme in the two districts was 214. The details were reported as follows:

• Mongu District

The Controlling Officer submitted that out of a total of 133 schools, 107 were under the School Feeding Programme. All 107 schools had WASH and waste disposal facilities in place. However, only one school had a feeding shelter, with learners in the remaining schools feeding from their respective classrooms. Further, only two schools had standard kitchens, while the remaining 104 relied on temporary structures, such as pole-and-mud and thatched facilities.

• Kalabo District

The Controlling Officer submitted that out of a total of 118 schools, 107 were under the School Feeding Programme. All 107 schools had WASH and waste disposal facilities in place. However, only two schools had feeding shelters, with learners in the remaining schools feeding from their respective classrooms. Further, only thirty-five schools had kitchens in place, with most schools operating from open spaces. The Ministry continued to encourage schools to strengthen collaboration and engage with communities through community engagement and Parent Teacher Association (PTA) meetings to facilitate the construction of feeding and cooking shelters.

Committee's Observations and Recommendations

The Committee urges the Ministry and District Education Offices to intensify community mobilisation and provide technical support to ensure the construction of feeding shelters and standard kitchens in all schools under the HGSM programme. The Committee will await a progress report on the matter.

ii. Inadequate Bed Spaces-2,336

The Committee was informed that the inadequate bunk beds in schools was largely attributed to the increased number of pupil enrolments in recent years due to the free education policy and bursaries from the Constituency Development Fund (CDF). However, the Ministry, in collaboration with the local authority, had recorded progress in some provinces as follows:

(a) Northern Province

• Kanyanta STEM Boarding Secondary School – Mungwi District

The school received fifty bunk beds from the Council through CDF, creating 100 bed spaces, which reduced the bed space deficit from 719 to 619. The school had further applied for additional funding from the local authority through the CDF Committee to manufacture more bunk beds.

- **Mambwe Mission Secondary School – Senga Hill District**

The local authority, through CDF, handed over the dormitory, which had sixteen rooms and bunk beds with the capacity to accommodate sixty-four girls in the girls' dormitory. The boys' dormitory had twelve rooms with a capacity of forty-eight bed spaces. Therefore, the challenge of inadequate bed spaces was resolved. The school had fabricated six bunk beds.

(b). Copperbelt Province

- **Masangano Boarding School:** The school had a total of 482 learners, of whom 353 were boarding learners while 130 were day scholars. The school had applied to the local authority through CDF for assistance to procure bunk beds.
- **Mpongwe South Boarding School:** The school had applied to the local authority through CDF for assistance to address the remaining deficit of forty-eight bed spaces.
- **Mpongwe Boarding School:** The school had rehabilitated fifteen bunk beds and had received three others from parents. Further, the school had applied to the local authority through CDF for assistance for the remaining bunk beds.

(c). Muchinga Province

- **Kenneth Kaunda Secondary School:** The school had applied to the Ministry for assistance to mitigate the shortfall.

(d). Eastern Province

- **Chizongwe Technical Secondary School:** The school embarked on fabricating bunk beds from available materials within the school to mitigate the challenge of inadequate bunk beds. So far, thirty-five bunk beds had been fabricated, adding seventy beds out of the required 109 bed spaces. The remaining bunk beds were to be fabricated once funds were available.

The Committee further noted that the Ministry had put a number of measures in place to ensure that schools had enough bed spaces. These measures included, among others; starting the rehabilitation of bunk beds through ZEPIU, sponsoring individual schools, constructing more hostels for students; and constructing more boarding schools.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer and relevant stakeholders to expedite the implementation of measures to address the bed-space deficit, including the rehabilitation and fabrication of bunk beds; construction of additional hostels; and continued support through CDF and ZEPIU to ensure that all boarding schools meet the required bed-space requirements. The Committee will await a progress report on the matter.

iii. Use of Uncertified Food Handlers – Copperbelt Province

The Committee was informed that all the sixteen food handlers in the six cited schools had been certified.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to continue ensuring that all food handlers in schools are certified and that regular monitoring is conducted to maintain compliance. The matter is recommended for closure, pending verification by the OAG.

iv. Lack of Specialised Rooms

The Controlling Officer submitted that the upgrading of basic schools to secondary schools had led to the need for specialised rooms in the upgraded schools. The Ministry had advised all Provincial Education Officers to convert some classrooms into specialised rooms, while the Ministry awaited the construction of these specialised rooms.

Further, individual schools had applied to their respective local authorities for support, and it was reported that the local authorities had approved projects for the construction of classroom blocks in various districts under the Constituency Development Fund (CDF).

Furthermore, the Ministry collaborated with cooperating partners such as the Japan International Cooperation Agency (JICA) and organisations like Let's Build, to support the development and upgrading of educational infrastructure. These collaborations aimed to accelerate the provision of specialised rooms in schools, particularly in underserved provinces, thereby enhancing the delivery of quality education in line with the Ministry of Education Standards and Evaluation Guidelines of 2015.

It was stated that the Ministry remained committed to ensuring that all schools met the required standards and would continue to prioritise infrastructure development in its strategic planning.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the construction and conversion of specialised rooms in upgraded schools through strengthened collaboration with local authorities and development partners, and to ensure compliance with the Ministry of Education Standards and Evaluation Guidelines (2015). The Committee will await a progress report on the matter.

v. Poor State of Specialised Rooms - Northern Province

The Committee was informed that the poor state of specialised rooms at the two schools was largely attributed to a lack of safeguards for the infrastructure within the specialised rooms, which led to vandalism.

The sub-standard and vandalised taps at Mungwi STEM School had since been replaced. Further, the District Education Board Secretaries and Headteachers had been directed to intensify and enhance sensitisation against vandalism of school infrastructure. The Provincial Education Officer for Northern Province was charged for failure to supervise officers under his charge.

In addressing such issues, the Ministry initiated the following measures:

- **Rehabilitation Works:** Immediate refurbishment of the affected specialised rooms was commissioned, with priority given to durable fittings and secure infrastructure.

- **Resource Allocation:** Procurement of essential STEM materials and equipment was underway to restore full functionality of the learning spaces.
- **Asset Management Oversight:** DEB offices in the respective districts were directed to strengthen asset monitoring and maintenance protocols, in line with Section 41(1) of the *Public Finance Management Act No. 1 of 2018*.
- **Community and Pupil Engagements:** Awareness campaigns were launched to involve local communities and pupils in safeguarding educational infrastructure and preventing vandalism.
- **Monitoring Framework:** A quarterly inspection and reporting system was being established to ensure sustained compliance and timely interventions across all STEM schools.

These measures reflected the Ministry's commitment to aligning operational practices with strategic goals and ensuring that learners benefited from safe, well-equipped, and future-ready learning environments.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer and the district offices to strengthen infrastructure protection and maintenance in STEM schools with measures as stipulated and awaits a progress report on the matter.

vi. Failure to Collect Boarding Fees (K1,132,259.00)

The Committee was informed that schools usually allowed vulnerable learners and those sponsored by the local authority to continue attending classes and sitting for examinations despite having outstanding fees.

However, upon completion of their academic programmes, the schools withheld their results until the outstanding balances owed to the institutions were cleared.

The Committee further noted the progress that had been made in the recovery of outstanding school fees in the affected institutions. At Sikongo Boarding School in Western Province, the school had successfully collected all the previously uncollected fees amounting to K7,000.00.

In Muchinga Province, the Committee was informed that the school in question was not Chinsali Boarding School but Kenneth Kaunda Secondary School. The school had collected K284,000.00 out of the total outstanding amount of K1,125,259.00, leaving a balance of K841,259.00. The school had continued to engage sponsors to ensure that they fulfilled their financial obligations. The Committee was further informed that the collection of boarding fees had remained an ongoing exercise.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen oversight mechanisms to ensure the timely disbursement of sponsorship funds, enhanced accountability among sponsors, and establish clear guidelines to safeguard vulnerable learners from having their results withheld due to delays beyond their control, while also ensuring the effective and systematic recovery of outstanding boarding fees. The Committee will await a progress report on the matter.

vii. Irregular Use of Revenue at Source – North-Western Province (K80,252.00)

The Committee was informed that the none adherence to the regulations use of revenue at source was attributed to lack of qualified accounting officers to give guidance on financial matters at the two schools.

The Ministry had since deployed qualified accountants to the two stations. However, the Provincial Education Officer had been charged for failure to supervise the subordinates.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen internal controls and supervisory mechanisms at provincial and school levels; ensure that only qualified personnel handle financial matters; and enforce disciplinary measures consistently to prevent recurrence of irregularities in the management of public funds. The Committee recommends the matter for closure, subject to verification by the OAG.

viii. Unaccounted for Funds – Management of General Certificate of Education (GCE) Funds – Matero Boys Secondary School- Lusaka Province (K763,070.00)

The Committee was informed that the matter arose due to non-adherence to the Financial Regulations, which required that monthly bank reconciliations be prepared, audited, and submitted on or before the 15th day of the following month.

The Committee was further informed that the matter had been reported to the police for further investigations and that the case was active before the Lusaka Magistrate’s Court.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strictly enforce compliance with Financial Regulations, particularly the timely preparation, auditing, and submission of monthly bank reconciliations. The Committee further urges the strengthening of internal controls and supervisory oversight, as well as the consistent application of disciplinary and legal measures to deter non-compliance and safeguard public funds. The Committee will await a progress report.

ix. Unaccounted for Funds for General Certificate of Education (GCE) and External Candidates – Manyama Day Secondary School – Kalumbila - North-Western Province (K56,025.00)

The Committee noted that the unaccounted-for funds, amounting to K56,025 relating to the General Certificate of Education (GCE) and External Candidates at Manyama Day Secondary School, were attributed to the lack of trained personnel at the school. It was reported that the funds collected for the GCE, were utilised at source, contrary to established financial regulations.

The Committee was further informed that the Provincial Education Officer had been charged for failure to adequately supervise officers who did not adhere to the financial regulations.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that trained and qualified personnel are deployed to manage examination-related funds; strengthen oversight and compliance with financial regulations; and enforce appropriate disciplinary measures to promote accountability and prevent the misuse of public funds. The Committee will await a progress report on the matter.

x. Infrastructure Development – Incomplete Projects

(a) Delayed Completion of School Infrastructure – Kalanga Day Secondary School - Mansa District

The Committee was informed that the delay in the completion of school infrastructure at Kalanga Day Secondary School, had been due to unsettled obligations by the Ministry, coupled with the expiration of the original contract.

The Committee further noted that the Final Account had been computed and that the contractor, Meltcast and Geo Tec Ventures, had since been successfully re-engaged to complete the outstanding works. The contractor was reported to be on site, and works were progressing satisfactorily.

The Ministry assured the Committee that it remained committed to delivering quality education infrastructure and would continue to closely monitor progress to ensure that all remaining works were completed to the required standards.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen contract management and ensure timely settlement of contractual obligations to avoid project delays, while maintaining close supervision of the re-engaged contractor to guarantee timely completion of the works, in accordance with agreed standards and specifications. The Committee will await a progress report.

(b) Copperbelt Province - Masangano Boarding School – Masaiti District

• Abandoned Boys Ablution Block - Chitemax Investment

The Controlling Officer submitted that it was regrettable that the boys’ ablution block had been abandoned despite the contractor having been paid in full before the works were completed. The abandonment was attributed to the Provincial Education Officer’s disregard of procurement and financial procedures.

The Committee further noted that disciplinary action had been taken against the officers responsible for the irregularities. Additionally, the matter had been reported to the Police for further investigation. The recovery of funds from the contractor and any further course of action would be determined upon conclusion of the Police investigations.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strictly enforces adherence to procurement and financial procedures; ensure that payments are only made upon satisfactory certification of completed works; and pursue the recovery of public funds through legal means where irregularities occur, while strengthening oversight to prevent similar occurrences in future projects. The Committee will await a progress report on the matter.

• Abandoned Sick Bay - Chitemax Investment

The Committee was informed that it was regrettable that the boys’ Sick Bay had been abandoned despite the contractor having been paid in full before the works were completed. The abandonment was attributed to the Provincial Education Officer’s disregard of procurement and financial procedures.

The Committee further noted that disciplinary action had been taken against the officers responsible. Additionally, the matter had been reported to the Police for further investigation. The recovery of funds from the contractor and any further course of action would be determined upon conclusion of the Police investigations.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that there is strict compliance with procurement and financial regulations; strengthen supervisory oversight at provincial level; and expedite the recovery of public funds upon conclusion of investigations, while instituting preventive controls to avoid recurrence of similar irregularities. The Committee will await a progress report on the matter.

- **Abandoned Staff Houses – Sams Investment**

The Committee was informed that it was regrettable that the staff houses project had been abandoned despite the contractor having been paid in full before the works were completed. The abandonment was attributed to the Provincial Education Officer's disregard of procurement and financial procedures.

The Committee further noted that disciplinary action had been taken against the officers responsible. Additionally, the matter had been reported to the Police for further investigation. The recovery of funds from the contractor and any other course of action would be determined once the Police concluded their investigations.

Committee's Observations and Recommendations

The Committee recommends that the Ministry strictly enforces compliance with procurement and financial procedures; ensure that payments are made only after satisfactory certification of completed works; expedite recovery of public funds following the conclusion of investigations; and strengthen supervision and accountability at provincial level to prevent future project abandonment. The Committee will await a progress report on the matter.

(c) Lusaka Province – Construction of Additional Structure – Likasa Boys Secondary School - Kafue District

- **Abandoned Project – 1x3 Industrial Arts Workshop**

The Committee was informed that the project encountered significant delays and cost overruns due to unforeseen site conditions, most notably the sloping terrain, which necessitated extensive substructure works to ensure the building's stability and safety. Additionally, the compaction of gravel and block work required more materials than initially estimated, resulting in substantial variations in the quantities used. Consequently, the allocated project funds were depleted before the works could be completed.

The Committee further noted that the Ministry had allocated additional funds in the 2026 budget to facilitate the completion of the outstanding works. The Ministry also informed the Committee that, to prevent similar occurrences in future projects, it had instituted enhanced measures, including more rigorous site investigations and improved contingency planning.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure comprehensive site investigations and accurate cost estimation before project approval; strengthen project planning and contingency

provisions; and closely monitor implementation to prevent delays and cost overruns, while ensuring that the allocated funds are sufficient to complete projects to the required standards. The Committee will await a progress report.

- **Delayed Completion of the Construction of 2 x Ablution Block**

The Committee was informed that the project encountered significant delays due to the sloping terrain, which necessitated extensive substructure works to ensure the buildings' stability and safety. The Committee was further informed that all outstanding works had since been fully completed. This included the installation of internal doors for each of the seven toilets in both blocks, as well as the connection of the toilets to the septic tank system. To mitigate the risk of similar delays in future projects, the Ministry had introduced strengthened monitoring protocols and enhanced contractor performance tracking measures.

Committee's Observations and Recommendations

The matter is recommended for closure pending verification by the OAG.

xi. Failure to Maintain Properties

The Committee was informed that the failure to maintain properties was due to inadequate infrastructure funds allocated under grants and the limited scope of maintenance. The infrastructure grant allocation restricted schools to minor repairs and routine upkeep, leaving larger structural issues unaddressed. Furthermore, many of the properties were very old, with some built shortly after independence.

However, the Committee was further informed that the Ministry, in partnership with the local authority, had recorded progress in the maintenance of these properties, as follows:

(a) Eastern Province

- **Chadiza Boarding Secondary School**

- (i) Classroom Blocks: The school had painted classroom blocks; replaced damaged wooden doors with metal doors; fixed all broken windows in the design and technology block; and rehabilitated the laboratory block.
- (ii) Bunk Beds in a Dilapidated State: All bunk beds were rehabilitated and ladders fixed.
- (iii) Broken Windowpanes in Hostels: The school management was facilitating the replacement of all broken windows in the hostels using the fourth quarter grant.
- (iv) Electrical Pots Not Working: The school had refilled the pots with heat transmission oil.

- **Chizongwe Technical School**

- (i) Dilapidated Ceiling Boards in Some Hostels: The school considered rehabilitation of ceiling boards important, but prioritised water reticulation works first, as it was deemed most urgent.
- (ii) Broken Window Panes: The school had started replacing broken window panes and engaged stakeholders to assist. A parent replaced all window panes for Junior Muleya Hostel Wing C for form one learners.
- (iii) Dilapidated Staff Houses: While the school required a complete overhaul of its old infrastructure, rehabilitation had begun slowly. The head teacher's house had been worked on. However, vandalism remained a major challenge as the school lacked a perimeter wall to deter vandalism during holidays.

- **Chama Boarding Secondary School**

The school adopted a phased approach to address cracks, broken window panes, and peeling paint on staff houses and other infrastructure. Maintenance had commenced, but the school prioritised water infrastructure repairs after the main borehole pump was damaged. The school had also prioritised maintaining toilet facilities, including fixing toilet pans, sinks, and tiles in the Girls' and Boys' dormitories, which were in a deplorable state and posed serious health hazards to learners. Regarding the staff house and dormitory, which were damaged by a fallen tree, a building officer's assessment revealed that repairs required capital funding and could not be funded through grants. The school had applied to the local authority for consideration under the CDF.

- **Muchinga Province**

Kenneth Kaunda Secondary School had rehabilitated broken window panes.

- **North-Western Province**

The whole classroom block at Zambezi Boarding Secondary School had been painted; all worn-out pipes replaced; and electrical fittings renewed. The Head teacher was charged for failure to maintain the property.

The Committee was informed that the Ministry had instituted a phased rehabilitation programme aimed at systematically restoring and upgrading school facilities. This approach prioritised the most critical cases and ensured that available resources were utilised efficiently and equitably.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to increase the infrastructure grant allocation and broaden its scope to cover major rehabilitation works; ensure timely and adequate funding for critical maintenance needs; strengthen monitoring and enforcement mechanisms to hold school leadership accountable; and accelerate the phased rehabilitation programme in collaboration with local authorities to address aging infrastructure and prevent health and safety risks to learners. The Committee will await a progress report on the matter.

- **Erratic Water Supply - Lucheche Day Secondary School - Mbala District**

The Committee was informed that the borehole in question was sponsored by the African Development Bank in 2010. The sponsors selected the site and drilled the borehole, but left it open. When they returned after four months, they found that the open borehole had been vandalised and stones had been thrown into it. As a result, the sponsors abandoned the borehole, since they had sixty other boreholes being sunk across Mbala. All efforts to persuade the sponsors to return to site and complete the works proved futile.

Further, the Committee was informed that in 2017, the school applied to Mbala Municipal Council to sink a borehole, and the school was required to pay K1,500.00 as an upfront fee. However, the school has been waiting for the Council to come to site. A follow-up was made in October 2025, but it did not yield any positive response.

The Committee also informed that the school was connected to the Chambeshi Water and Sewerage Supply line and that a 200-litre tank had been erected to supply water to the entire school.

Committee's Observations and Recommendations

The Committee recommends that the Ministry in collaboration with Mbala Municipal Council and other stakeholders, should expedite the sinking and rehabilitation of the borehole to ensure that there is reliable water supply to the school. The Committee further urges the Ministry to put in place protective measures against vandalism, including fencing and community sensitisation, to safeguard the infrastructure. The Committee will await a progress report on the matter.

c. Management and Support Services

i. Failure to Collect Revenue - User Fees (K1,021,485.00)

The Committee was informed that institutions usually allowed vulnerable students and those sponsored by the local authority through the CDF to continue learning and sit for examinations. However, upon completion of their programmes, the institutions withheld certificates until the outstanding fees were cleared. The Committee heard that the colleges had recorded progress in the collection of outstanding fees.

The Committee was informed that Mongu College of Education had collected the outstanding amount totalling K66,185.00, while Kasama College of Education had collected K97,750.00, leaving a balance of K857,550.00. The Committee was further informed that, in an effort to recover uncollected fees, the latter had withheld certificates from students with unsettled bills, and the Principal of Kasama College of Education had been charged for failure to collect revenue.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement strengthened monitoring and accountability mechanisms for fee collection in teacher training colleges, timely follow-up on unpaid fees, and enforce strict compliance with financial regulations. The Committee recommends that the Ministry should explore alternative strategies to support vulnerable learners while ensuring that institutional revenue is protected, including improved coordination with local authorities to ensure timely payment of sponsorship fees. The Committee will await a progress report.

ii Mongu College of Education - Western Province – Unauthorised Payments (K51,128.00)

The Controlling Officer acknowledged that four officers and service providers travelled out of the country without obtaining prior authority from the Secretary to the Cabinet. As a result, subsistence allowances totalling K51,128.00 were paid to them without the required approval. The Committee was further informed that the officers had since reimbursed the subsistence allowances totalling K51,128.00 that had been paid to them for travelling without prior authority. To serve as a deterrent, the Principal of the College was charged and suspended.

Committee's Observations and Recommendations

The Committee recommends that the Ministry should strengthen compliance with travel authorisation procedures; ensure that no travel allowances are paid without proper approval, and reinforce supervisory accountability at institutional level. The Committee further urges that any future breaches should attract strict disciplinary action to prevent recurrence and safeguard public funds. The matter is recommended for closure, pending verification by the OAG.

iii. Unaccounted for Salvaged Materials - Infrastructure Development - Rehabilitation of gutted kitchen at Solwezi College of Education

The Committee was informed that due to theft and vandalism in the area, the salvaged materials from the rehabilitation of the gutted kitchen at Solwezi College of Education could not be left at the project site. Consequently, the Provincial Regional Engineer facilitated the movement of the salvaged materials to the Provincial Administration Office for safekeeping. The Committee further noted that the Provincial Administration, North-Western Province, through a letter dated 6 October 2025, advised that the salvaged materials were available for collection at their offices. The Committee was informed that the materials had since been collected by the designated representatives of Solwezi College of Education and were now secured in the custody of the institution.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen the safeguarding and inventory management of salvaged materials by ensuring timely documentation; proper storage; and clear custodial arrangements. The Committee further recommends that institutions liaise closely with provincial authorities to prevent theft and vandalism, and that regular audits be conducted to verify the accountability and condition of salvaged materials. The matter is recommended for closure, pending verification by the OAG.

d. Operational Matters - Management of Private School Accreditation Account

i. Unregistered Private Educational Institutions-689

The Committee was informed that, prior to 2023, it was difficult to conduct inspections of private schools due to financial constraints and inadequate transportation. However, in April 2023, authority was granted by the Office of the Secretary to the Treasury to utilise private schools' registration fees to facilitate school inspections and the registration process.

The Committee was further informed that, in the same year, the Department of Standards, Assessment and Evaluation (Inspectorate) received an increased budget allocation and a new budget line for the enforcement of standards, which included a provision for the procurement of vehicles to facilitate school inspections. This enabled the procurement of twelve vehicles in 2023, five vehicles in 2024, and six vehicles in 2025, which was still in process. Although the procurement of vehicles eased transport challenges for the Inspectorate, other challenges persisted.

The Committee was also informed that in November 2024, K879,972.57 was disbursed to all provinces to facilitate the inspection of private schools, and a total of 1,420 private schools were inspected. In August 2025, K1,026,230.66 was again disbursed to provinces to facilitate the inspection of private schools, and the exercise was still ongoing.

The Committee heard that, as at 31st August 2025, 689 private schools were cited as unregistered. The Committee was further informed that significant progress had been made in registering these schools. The status of the unregistered private schools was reported as follows:

Table 9: Status of Unregistered Private Schools

S/N	Quantity	Current Status
1	146	Schools were approved for registration; 49 schools had already paid registration fees, while payments from other approved schools were being awaited.
2	116	Schools were already registered and had paid the annual subscription fee.
3	135	Schools no longer existed as they had ceased operating as private schools.
4	2	Schools were Early Childhood Centres that did not yet pay fees, but were being taken under primary schools.
5	252	Schools did not meet the minimum requirements for registration and were instructed to stop operating. Unregistered private schools were given ninety days from 9 July to 6 October 2025 to meet minimum standards and apply for registration; failure to do so would result in cessation of operations as private schools. Inspections were yet to be conducted to ascertain compliance.
6	35	Schools were repeated on the lists.
7	4	Schools were not private schools (three community schools and one trust supporting community schools).

The Committee was informed that the Ministry had been working to improve the efficiency of private school registration to ensure that private schools upheld prescribed education standards for quality education provision. In this regard, the following measures had been taken:

- **Decentralisation of Receipting:** Receipting of registration fee payments was decentralised to districts and provinces, instead of being done only at Ministry Headquarters.
- **Development of an Online Registration System:** At the beginning of the year, the Ministry commenced the development of an online private school registration system under the Government Service Bus. SMART Zambia had been engaged, and planning was underway.
- **Online Payment Authority:** Authority for private schools to pay registration fees online was sought from the Ministry of Finance and National Planning and was granted. Modalities for implementation were being worked out.
- **Financial Support for Inspections:** Provinces were supported financially to ensure that private schools were inspected, as evidenced by disbursements made in 2024 and 2025.
- **Revised Registration Guidelines**
Guidelines for private school registration were revised and shared with provinces, districts, and private schools through their association.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to fully operationalise the online registration system and to ensure compliance from the private schools with measures as stipulated. The Committee will await a progress report on the matter.

ii. Failure to Collect Annual Fees (K85,600.00)

The Committee was informed that difficulties in conducting inspections of private schools due to financial constraints and inadequate transport had led to non-compliance by private schools in paying annual fees. However, the introduction of a budget line for standards enforcement within the Directorate and the procurement of vehicles to facilitate school inspections significantly enhanced the collection of annual fees. The Ministry had since recorded substantial progress in ensuring that annual fees were collected.

Table 10: Status on the Payment of Renewal Fees

S/N	Quantity	Current Status
1	79	Schools had paid the annual fees, and a total of K36,950.00 had been collected.
2	59	Schools were previously unregistered but had since registered, and a total of K27,600.00 had been collected.
3	26	Schools had closed and were no longer operating.
4	3	Private schools did not meet the requirements for renewal of registration and had been recommended for closure.
5	4	Schools were repeated on the list.
6	5	Schools were Early Childhood Centres that did not yet pay fees, but were taken under primary schools.

The Committee noted that the Ministry had collected a total of K64,140.00 out of the expected amount of K85,600.00, leaving a balance of K21,050.00.

The Committee was further informed that the Ministry had implemented several measures to ensure compliance by private schools, including:

- **Decentralisation of Receipting:** Receipting of registration fee payments was decentralised to districts and provinces, instead of being done only at Ministry Headquarters.
- **Development of an Online Registration System:** The Ministry commenced the development of an online private school registration system under the Government Service Bus, and SMART Zambia was engaged with planning underway.
- **Online Payment Authority:** Authority for private schools to pay registration fees online was sought from the Ministry of Finance and granted. Modalities for implementation were being worked out.
- **Financial Support for Inspections:** Provinces were supported financially to ensure that private schools were inspected, as evidenced by disbursements made in 2024 and 2025.
- **Revised Registration Guidelines:** Guidelines for private school registration were revised and shared with provinces, districts, and private schools through their associations.

Committee’s Observations and Recommendations

The Committee recommends that the Ministry expedites the collection of the outstanding balance of K21,050.00 and ensure compliance with measures as stipulated and will await a progress report on the matter.

e. Management of Payroll and Personnel Related Matters

i. Schools with Treasury Authority but with no physical existence – Chadiza District – Eastern Province

The Committee was informed that the cited schools initially started as mud and pole community schools managed by the local community. The community requested that the Government fund the creation of payroll structures for the five community schools. In accordance with the Education Act of 2011, the Government assisted the schools by deploying teachers who were retained on the Government payroll, under community school structures created on the payroll. However, it was established that the community could not sustain the schools, which resulted in their closure.

To resolve this anomaly, the Ministry engaged the Public Service Management Division, through the Payroll Management and Establishment Control (PMEC) to transfer these payroll structures to schools within the district that had no Treasury Authority but were physically existing. The payroll structures had since been moved to such schools.

Committee’s Observations and Recommendations

The Committee recommends that the Ministry strengthens its verification and monitoring mechanisms to ensure that Treasury Authority is only allocated to schools that are physically existing and operational. The Committee further recommends that the Ministry regularly review payroll structures to prevent the allocation of resources to non-existent institutions and ensure that displaced payroll structures are promptly reallocated to operational schools in need. The matter is recommended for closure, pending verification by the OAG.

ii. Unauthorised Changes to Bank Accounts/Diversion of Salaries (K479,480.00) Eastern Province

The Committee was informed that there were no changes to the bank account numbers for the two officers initiated by the Ministry. However, the Ministry engaged the Payroll Management and Establishment Control (PMEC) Department at the Public Service Management Division to establish what led to the changes cited by the Auditor General. A review of payroll records revealed that the PMEC consultant made changes to the bank details due to changes in the banking codes for the officers’ banks.

(a) Southern Province

The Committee was informed that two officers in the same salary scale had their bank account numbers erroneously interchanged at the point of pre-hiring. This error prompted changes to the payroll bank details after one of the officers was promoted but received a lower salary. The anomaly was subsequently corrected on the payroll system. The Committee was further informed that the third officer had never requested a change of bank details and had been using the same account up to the time of his retirement from the Public Service. The Provincial Education Officer, Southern Province was charged and had since been exculpated.

Committee’s Observations and Recommendations

The Committee recommends that the Ministry strengthens payroll verification and approval controls, especially during pre-hiring, promotions, and bank code changes, to prevent erroneous updates to officers’ bank details. The Committee further recommends that the Ministry institutes periodic payroll audits and require document authorisation for any

changes to bank details to ensure transparency and accountability. The matter is recommended for closure, pending verification by the OAG.

iii. Irregular Payment of Rural Hardship Allowances (K2,236,528.00)

The Controlling Officer submitted that the irregular payment of rural hardship allowances was caused by; the misplacement of teachers serving in schools not designated as rural, failure to pay officers serving in designated rural schools, and delays in effecting payroll transfers for transferred officers. Additionally, some districts failed to promptly identify newly recruited officers who were not entitled to receive the allowance.

The Committee was informed of the corrective measures taken as follows:

(a) Muchinga Province

Recoveries and contra entries for nine officers who were irregularly paid the rural hardship allowance had been effected. One officer under Nakonde District, was found eligible to receive the allowance, as the officer's station fell within the category provided for in Public Service Management Circular No. B2 of 2010. The officers responsible for the anomaly were charged.

(b) Eastern Province

Recoveries and contra entries for one hundred and five officers had been effected in accordance with Public Service Management Circular No. B2 of 2010. Further, forty-one of the forty-eight officers who had not been paid the allowance despite serving in designated workstations were moved to stations where they began receiving their entitlement. One officer was transferred and attached to a ZEEP school without Treasury Authority, though operational, and another officer was transferred to Lusaka but remained on the Eastern Province payroll, resulting in non-payment of the rural hardship allowance for the two officers. Additionally, five officers were Classified Daily Employees who were not eligible for the allowance in accordance with the Conditions of Service.

(c) Northern Province

Recoveries and contra entries for eight officers had been effected. One officer was found eligible to receive the allowance as the station fell within the category provided for in Public Service Management Circular No. B2 of 2010.

(d) Luapula Province

Recoveries and contra entries for four officers had been effected in accordance with Public Service Management Circular No. B2 of 2010.

(e) Lusaka Province

Recoveries and contra entries for twenty-eight officers had been effected. One officer under Lusaka District was transferred to a station eligible for the allowance under Chilanga District in accordance with Public Service Management Circular No. B2 of 2010.

The Provincial Education Officers for the cited provinces were charged and had since been exonerated.

Committee's Observations and Recommendations

The Committee recommends that the Ministry strengthens payroll controls and strictly enforce Public Service Management Circular No. B2 of 2010 by ensuring accurate staff placement; timely payroll updates following transfers; and prior verification of eligibility

before payment of allowances. The Committee further recommends that regular payroll audits and enhanced accountability at district and provincial levels be conducted to prevent recurrence of similar irregularities. The Committee recommends the matter for closure pending verification by the OAG.

iv. Irregular Payment of Double Salaries -Employee number 00252102 – Lusaka Province

The Committee was informed that the officer was previously employed as a Sanitary Orderly (A) under Lusaka Province before being appointed to the Civil Service as a Class Teacher (I) in April 2024 under North-Western Province. However, due to a system error, the payroll end-user was unable to retrieve the officer's existing record at the time of pre-hiring as a class teacher. This resulted in a duplicate entry on the payroll system and the subsequent payment of double salaries under both Lusaka and North-Western Province payrolls. The recoveries for the double salaries paid to the officer had since been effected.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance system validation checks; ensure proper verification of employee records before appointment; and conduct regular payroll audits to prevent recurrence of double salary payments. The Committee recommends the matter for closure pending verification by the OAG.

v. Officers with Running Deductions on Voided Accounts

The Committee was informed that the voiding of bank accounts was neither encouraged nor supported by the Ministry, as statutory and other third-party obligations continued to be processed through such accounts. However, the action was taken in certain cases to prevent the payment of salaries to officers who were not rendering services.

(a) Central Province

The Committee was informed that two officers were deserters whose whereabouts remained unknown. In an effort to establish their location, the District locked their salaries. The officers were undergoing disciplinary processes and remained unaccounted for. The matter was under review at the provincial level following the submission and recommendation for dismissal by the Chibombo District Education Board Secretary's Office.

Additionally, one officer resigned from the Public Service and was subsequently removed from the payroll. Salaries paid to the officer during the period when no service was rendered would be recovered from the officer's terminal leave benefits upon receipt of the authority minute from the Teaching Service Commission. The Province had been directed to urgently process the disciplinary cases to the Ministry Headquarters Disciplinary Committee.

(b) Eastern Province

The Committee noted that three of the five cited officers had been dismissed and removed from the payroll, while one officer's case had been resubmitted to the Ministry for onward submission to the Teaching Service Commission. One officer had resigned from the Public Service and was terminated from the payroll. All salaries paid to the dismissed officers and the officer who resigned had been calculated and would be recovered from their terminal leave benefits.

(c) Northern Province

The Committee was informed that two officers whose payroll was administered under Northern Province but were working in Lusaka Province, had died. Their accounts were voided instead of being terminated from the payroll because the District did not have their death records at the time. Following submission of death certificates from Lusaka Province, the officers were terminated from the payroll. Further, two officers had been pre-hired using different National Registration Card (NRC) numbers. The positions linked to the incorrect NRCs were voided instead of being delimited. The Province corrected the anomaly, and the records with the incorrect NRCs were delimited following guidance from the Accountant General's Office.

Additionally, one officer had provided two different account numbers from separate banks at the point of pre-hiring. The officer was paid through both accounts before one record was zeroed. The salary incorrectly paid was being recovered from the officer. The Ministry would continue to engage payroll end-users in provinces and districts to promptly recommend salary locking and process disciplinary cases for officers found wanting, in order to avoid third-party, statutory, and non-statutory obligations continuing to run on the payroll system. The Provincial Education Officers for the cited provinces were charged and had since been exonerated.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure strict adherence to established procedures for salary locking; termination; and delimitation. The Controlling Officer is further urged to enhance coordination between provinces, districts, and oversight bodies to ensure prompt processing of disciplinary cases and recovery of irregular payments, while instituting regular payroll audits to prevent recurrence of such anomalies. The matter is recommended for closure pending verification by the OAG.

vi. Misplacement of Payroll Area-4,575

The Committee was informed that the misplacement of payroll areas arose from the Ministry's efforts to address teacher shortages and imbalances across various provinces. The misplaced teachers were redeployed or reassigned to the cited stations in order to:

- (a) Balance teacher–pupil ratios;
- (b) Address specific teaching gaps identified in certain schools;
- (c) Ensure equitable distribution of teachers between urban and rural areas; and
- (d) Facilitate the operationalisation of schools without approved establishments.

The Committee was further informed that the Ministry remained committed to mitigating the misplacement of officers through policy reviews and improvements in teacher deployment processes, particularly by ensuring equitable deployment during recruitment exercises. Additionally, the Ministry would continue engaging the Treasury to grant full establishments to schools operating without Treasury Authority.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen coordination between recruitment, deployment, and payroll management functions to ensure that staff placements align with approved establishments and payroll areas. The Committee further urges the

Controlling Officer to implement systematic planning tools to prevent future payroll misplacements and resolves to await a progress report on the matter.

vii. Non-Deduction of Statutory Contribution (Pension) from Eligible Officers – Southern Province

The Committee was informed that the non-deduction of statutory pension contributions from eligible officers in Southern Province, was due to the non-activation of one of the required infotypes on the payroll system by the payroll end-user at the time of pre-hiring, following the recruitment of the officers as teachers.

The Committee was further informed that Management had since effected the statutory pension contributions for all one hundred and six (106) affected officers in Southern Province. Additionally, the Provincial Education Officer, Southern Province, had been charged for the non-deduction of statutory contributions (pension) from the 106 officers.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen payroll system controls by ensuring that all mandatory infotypes are activated during pre-hiring and recruitment processes. The Committee recommends for regular payroll compliance checks to confirm that statutory deductions are correctly effected. The matter is recommended for closure, pending verification by the OAG.

viii. Failure to Remit Pay As You Earn

(a) North-Western Province

The Committee was informed that the delay in remitting PAYE was due to changes made to the Zambia Revenue Authority (ZRA) online system. The officer responsible for remitting PAYE had not familiarised himself with the updated system, compounded by network challenges in accessing it. However, the Committee was informed that the Province had since remitted a total of K144,033.00 of the outstanding PAYE to ZRA. The officer responsible for the remittance was charged accordingly. Further, the Provincial Education Officer, North-Western Province, was charged for failure to remit PAYE deducted from officers’ emoluments.

(b) Eastern Province

The Committee was informed that Eastern Province had remitted K30,634.00, leaving a balance of K236,772.00, which would be paid once funds became available. The Provincial Education Officers for Eastern and North-Western Provinces were charged for failure to remit PAYE deducted from officers’ emoluments and had since been exonerated.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen compliance with statutory remittance obligations by ensuring timely payment of PAYE deductions to ZRA, enhance capacity building for payroll officers on system updates, and improve monitoring mechanisms to prevent delays. The Committee will await a progress report on the matter.

ix. Salaries Paid to Deserters (K166,484)

(a) Southern Province

The Committee was informed that the officer cited had been engaged by the Ministry as an Assistant Teacher (Untrained Teacher) in 1975 and continued rendering service without

formalising her appointment as a Class Teacher. Upon attaining the mandatory retirement age of sixty years, the officer left her station without authority. In 2021, the District recommended termination of the officer's appointment to the Permanent Secretary, Provincial Administration, Southern Province; however, the recommendation was not acted upon. The Committee was further informed that the Ministry had since blocked the officer's salary, and all salaries paid after the officer's retirement would be recovered from her pension benefits and any refunds due. Additionally, the Provincial Education Officer, Southern Province, had been charged for the payment of salaries to the deserter.

(b) Western Province

The Committee was informed that the officer cited was undergoing a disciplinary process. The Provincial Education Officer had resubmitted the recommendation for dismissal following the officer's continued absence from duty. The officer's salary had been locked to prevent further loss of Government funds.

Furthermore, the Provincial Education Officer, Western Province, had been charged for the delay in processing the recommendation for the officer's dismissal from the Public Service.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen monitoring and enforcement of retirement and attendance records to ensure timely removal of officers who have reached retirement age or absconded from duty. The Committee urges the Controlling Officer to avail supporting documents regarding disciplinary measures meted out to the Provincial Education Officer and will await a progress report on the matter.

x. Unaccounted for Officers

(a) Northern Province

The Committee was informed that the eleven officers cited were actually available and rendering service. The officers were erroneously omitted from the staff returns due to delays in updating payroll stations for officers who had been transferred outside the province, as well as failure to update staff returns in a timely manner. The officers were subsequently identified through updated staff returns and transfer letters provided. Confirmations from Head Teachers verified that the officers were present and actively providing service.

(b) Lusaka Province

The Committee was informed that the fifteen officers cited were also available and rendering service. The omission occurred at the verification stage when the officers were erroneously left out of the staff returns. The officers were identified through updated staff returns, Head Count Forms, and confirmation letters from Head Teachers confirming that they were present and performing their duties.

(c) Southern Province

The Committee was informed that the officer cited under Southern Province was a Class Teacher sitting on payroll under Muoyo Basic School in Nalolo District, Western Province. The officer (Employee No. 00362249) was incorrectly captured as unaccounted for under Nalolo District, Southern Province. The officer was not reflected on the staff returns for Southern Province because the officer was serving in Western Province.

As a corrective measure to prevent cases of unaccounted-for officers, the Committee was informed that the Ministry, with support from cooperating partners such as the World Bank under the Zambia Education Enhancement Project (ZEEP), was developing a Human Resource Information System (HRIS). The system would be integrated with the payroll system and the Teaching Council of Zambia teacher database to facilitate tracking of teachers whenever they were transferred to different stations within the Ministry.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the development and implementation of the integrated Human Resource Information System to enhance real-time tracking of staff movements and alignment between payroll and staff returns. The Committee further urges the Controlling Officer to strengthen verification processes at district and provincial levels to ensure timely updating of staff records and prevent recurrence of such cases and will await a progress report on the matter.

xi. Irregular Payment of Officers on Integrated – Default Positions - Northern Province

The Committee was informed that the irregular payment of officers on integrated default positions in Northern Province arose due to an incomplete termination process on the payroll system by the Payroll End-User. As a result, certain payments and deductions continued to run despite the termination of the two officers. The Committee was further informed that the termination processes had since been fully completed on the payroll system. All monies paid to the two former employees would be recovered from their terminal leave benefits.

Committee's Observations and Recommendations

The Committee recommends that the Ministry strengthens payroll termination procedures by ensuring that all termination processes are fully completed and verified before finalisation. The Committee further recommends for enhanced oversight and routine payroll reconciliations to promptly detect and correct anomalies, as well as continuous capacity building for payroll end-users to prevent recurrence of similar irregularities. The Committee will await a progress report.

xii. Management of Liabilities – Failure to Settle Outstanding Obligations (K677,773,422.00)

The Committee was informed that the outstanding debts, amounting to K677,773,422.00 relating to leave terminal benefits; repatriation; leave travel benefits and other obligations dating back to 2014, had arisen due to broader national treasury cash flow challenges, coupled with the recent massive teacher recruitments. The Ministry, however, proactively and consistently engaged the Ministry of Finance and National Planning to clear the outstanding debts. These engagements were yielding positive results, as evidenced by the reduction in outstanding debts from K1,191,471,229.00 in 2023 to K677,773,422.00 as at 31st July 2025. The Ministry confirmed that it would continue to engage the Ministry of Finance and National Planning to ensure that the outstanding obligations were settled.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to continue its engagements with the Ministry of Finance and National Planning to ensure that there is full settlement of outstanding liabilities, while also strengthening internal planning and budgeting mechanisms to prevent future accumulation of arrears. The Committee will await a progress report.

f. Procurement of Goods and Services/Expenditure

i. Irregular Cash Withdrawals (K770,988.00)

The Committee was informed that the Ministry considered the irregular cash withdrawals at Mongu College of Education and Manyama Day Secondary School as unacceptable because qualified and experienced professionals managed these offices. However, it was reported as follows:

The College Principal at Mongu College of Education in Mongu District had been charged and subsequently suspended for a period of two weeks for failing to adhere to financial regulations. Further, at Manyama Day Secondary School, the irregular cash withdrawals were attributed to the fact that the officer responsible for accounting work was untrained, and the Ministry had since deployed a qualified accounting officer to the school.

The Committee was further informed that the Ministry was confident that such irregular cash withdrawals would not recur, as the new officers were oriented before deployment. Additionally, the Provincial Education Officers were charged for failing to supervise their subordinates.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to maintain strict enforcement of financial regulations through continuous training and deployment of qualified accounting personnel, and to strengthen oversight mechanisms at provincial and school levels to prevent similar irregular cash withdrawals in future. The Committee urges the Controlling Officer to avail supporting documents regarding disciplinary measures meted out to the Provincial Education Officer to the OAG for verification, whereupon the matter should be closed.

ii. Questionable Facilitation of a Service Provider

The Committee was informed that the invitation for the training was issued by the Zambia Public Procurement Authority (ZPPA), which was currently in charge of the E-Government Procurement System (e-GP) and served as the regulator of the Zambia Public Procurement Act. In view of the above, the training was initiated by ZPPA, which partnered with Alliance Procurement and Capacity Building Limited in accordance with its policy. The Ministry was therefore, not involved in engaging a private limited company, as all arrangements were handled by ZPPA in line with its mandate.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put in place internal control measures that will ensure strict adherence to Financial and Procurement regulations by the officers. The Committee further urges the Controlling Officer to institute punitive measures on all officers involved in this anomaly. Further, the Committee recommends that the matter is brought before the relevant investigative wings in order to establish what exactly transpired. The Committee will await a progress report on the matter.

iii. Failure to Obtain Clearance from ZRA before Payment

The Committee was informed that the failure to obtain clearance from the Zambia Revenue Authority (ZRA) before making payments, was largely due to the absence of qualified and trained procurement officers at the respective stations.

The Committee was further informed that, in October 2024, the Ministry was granted Treasury Authority to recruit 126 procurement officers across the country, as well as an additional eleven procurement officers for the colleges. The Zambia Public Procurement Authority, in collaboration with other partners, conducted training on the Public Procurement Regulations, and the Ministry ensured that the newly recruited procurement officers were trained accordingly. With the recruitments and training, the Ministry was confident that incidents such as the failure to obtain clearance would not recur.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen procurement capacity with measures as stipulated and ensure that stations consistently obtain ZRA clearance before making payments. The Committee recommends that the Ministry maintains and monitors the implementation of procurement training programmes and ensure compliance with Public Procurement Regulations to prevent recurrence of similar irregularities. The Committee recommends the matter for closure pending verification by the OAG.

iv. Failure to Withhold Tax (K681,661.00)

The Committee was informed as follows:

(a) Copperbelt Province

- **Kitwe College of Education:** The supplier in question was registered under Turnover Tax (TOT) and not Value Added Tax (VAT). Therefore, the Institution could not withhold VAT from the supplier.
- **Chiwala STEM School:** The school did not withhold VAT because it did not have a qualified procurement officer to advise Management. All procurement matters were handled by an untrained officer. The Ministry recruited procurement officers at district level who closely monitored the school. Therefore, the Ministry was confident that such matters like failure to withhold VAT, would not recur.
- **Mongu College of Education – Western Province:** The amount cited was part payment to the contractor, as the College owed the supplier. It was reported that the final amount had since been paid and VAT remitted to the Zambia Revenue Authority (ZRA).
- **Lusaka Province:** Both Likasa Secondary School and Matero Secondary School did not withhold VAT because they did not have qualified procurement officers to advise management. All procurement matters were handled by untrained officers (class teachers). The Ministry recruited procurement officers at district level who closely monitored the schools. Therefore, the Ministry was confident that such matters would not recur.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen guidance and oversight, particularly in VAT compliance and to continue strengthening procurement capacity to prevent recurrence of similar irregularities. The Committee will await a progress report.

v. Irregular Engagement of Build Zambia 2064 - Supply of Agricultural Inputs and Provision of Training in Precision Farming

The Committee was informed that the Ministry received a letter from Build Zambia 2064, requesting support to attain optimal productivity in schools through the implementation of the Precision Maize Production technique. On 27 June 2024, the Ministry granted authority to commence training in precision crop production in six provinces, namely Western; Luapula; Eastern; Southern; Central; and Copperbelt. On 12 July 2024, Build Zambia 2064 wrote to the Provincial Education Officers, inviting them to attend the training and receive an input pack comprising maize and fertilizers. The training and input cost K 1,500.00.

The Committee was further informed that, during the implementation of the programme, the Ministry realised that procurement procedures were not followed and instructed Build Zambia 2064 to stop the programme until further notice. At the time the Ministry was writing to Build Zambia 2064 to stop the programme, Build Zambia 2064 had already delivered farm inputs and conducted trainings in two provinces, namely Southern and Eastern. The Ministry conducted a physical verification in Southern and Eastern Provinces and confirmed that the schools had received the inputs and the trainings. The verification was carried out in conjunction with the Office of the Auditor General.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure strict adherence to the Public Procurement Act and internal procurement policies and that all engagements with external organisations are properly vetted, approved, and documented before implementation. The Committee further recommends that the Ministry establishes clear guidelines for partnerships and external support programmes. Additionally, the Committee recommends that punitive measures be instituted against all officers involved in this anomaly and supporting documents submitted for audit verification. The Committee resolves to await a progress report on the matter.

vi. Failure to Secure Title Deeds-Fifty-Seven Properties

The Committee was informed that the delay in acquiring title deeds was primarily attributed to the inherently lengthy statutory and administrative procedures involved in land titling, coupled with unforeseen delays in receiving necessary feedback and clearances from relevant external agencies at certain stages. The process of securing title deeds for the cited properties was actively ongoing and was at various stages across the respective institutions. The Ministry acknowledged that the process had been protracted. However, notwithstanding these challenges, the Ministry was employing proactive measures to expedite the process.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to continue pursuing the matter and resolves await a progress report.

g. Infrastructure Development - Delayed Completion of Rehabilitation Works - Lusaka Provincial Education Office

The Committee was informed that the contract had expired before the works could be completed. However, the contractor was re-engaged to complete the outstanding works and that the works were progressing well.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen contract management and monitoring to ensure that rehabilitation works are completed within the contract period, and that extensions or re-engagements are justified, documented, and approved in line with procurement regulations. The Committee further recommends that the Ministry institutes a system for regular progress reporting and timely contract renewal to avoid delays in service delivery. The Committee will await a progress report.

h. Management of Schools

i. Failure to Comply with the Standards - Toilet to Pupil Ratio

The Committee was informed that the shortfall in the toilet-to-pupil ratio was primarily attributed to the increased enrolment, resulting from the Free Education Policy, which significantly expanded access to education for vulnerable groups, girls, and previously out-of-school children. The surge in learner numbers placed considerable pressure on existing sanitation infrastructure, leading to non-compliance with the stipulated standards.

The Ministry, in collaboration with partners, such as the Ministry of Water Development and the Ministry of Local Government, through the Constituency Development Fund (CDF), was constructing waterborne toilets in existing schools in various districts across the country. Additionally, the Ministry ensured that all newly constructed schools were designed with adequate sanitation facilities that met the required standards of one toilet per twenty girls and one toilet and urinal per twenty-five boys, along with appropriate handwashing stations and incinerators.

The Ministry was committed to urgently resolving the sanitation issues in schools and that progress had been recorded. The issue of the toilet-to-pupil ratio had also been raised in the Auditor General’s Report for the financial year ended 31 December 2023. The Office of the Auditor General conducted a physical verification in August 2025 and confirmed that the construction of waterborne toilets was in progress in various districts. The matter was, subsequently, recommended for closure in the 2023 Treasury Minute.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to continue to prioritise the improvement of sanitation infrastructure in schools by accelerating the construction of waterborne toilets and ensuring that all schools comply with the required toilet-to-pupil ratios. The Committee further urges the Controlling Officer to strengthen coordination with development partners and local authorities to expedite implementation, and to establish a monitoring and reporting mechanism to track progress and ensure sustainability of sanitation facilities. The Committee will await a progress report on the matter.

ii. Inadequate Water Points and Sanitation Facilities in Schools

The Committee learnt that the inadequate water points and sanitation facilities in schools, were largely attributed to the substantial increase in pupil enrolment following the implementation of the Free Education Policy. While the policy successfully expanded access to education, it also placed considerable strain on existing water and sanitation infrastructure, which had not originally been designed to support such high numbers.

The Ministry took corrective measures by prioritising the enhancement of Water, Sanitation, and Hygiene (WASH) infrastructure. These measures included the construction of additional water points and ablution blocks in both primary and secondary schools under ongoing infrastructure programmes such as the Zambia Education Enhancement Project (ZEEP); Zambia Enhancing Early Learning (ZEEL); and the Keeping Girls in School (KGS) initiative. The Ministry also drilled and equipped new boreholes and upgraded existing water supply systems to increase water access capacity. Furthermore, WASH facilities were integrated into all new school construction projects to ensure adequate provision aligned with projected enrolment figures. The Ministry worked collaboratively with development partners, including Local Authorities through the CDF, the Keeper Zambia Foundation, and other stakeholders to support infrastructure improvements. These interventions aimed at improving compliance with recommended service ratios and ensuring a safe, healthy, and conducive learning environment for all pupils.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure sustained investment in WASH infrastructure in schools and to ensure continued budgetary allocation and stakeholder collaboration to address infrastructure gaps arising from increased enrolment under the Free Education Policy. The Committee will await a progress report on the matter.

iii. Payment to Suppliers Without Tax Clearance Certificates (K617,781.00)

The Committee was informed that the payment of K617,781.00 to suppliers without tax clearance certificates in schools in Western Province and at Matero Secondary School, was largely due to the absence of qualified and trained procurement officers at the respective stations. The Committee was further informed that in October 2024, the Ministry was granted Treasury Authority to recruit 126 Procurement Officers across the country. Mulobezi and Mwandu District Education Offices, were among the beneficiaries of the newly recruited procurement officers. With the recruitment and subsequent training of these officers, the Ministry expressed confidence that incidences such as the failure to obtain Tax Clearance Certificates before effecting payments would not recur.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that there is continued capacity building and strict enforcement of procurement compliance measures to prevent recurrence of payments made without mandatory Tax Clearance Certificates. The matter is recommended for closure, pending verification by the OAG.

iv. Failure to Settle Outstanding Bills (K2,653,821.00)

The Controlling Officer submitted as follows:

(a) Eastern Province

The Committee was informed that the accumulation of ZESCO bills at Chama Boarding and Chizongwe Secondary Schools, was attributed to the use of electric cooking pots, which made the electricity bills unsustainable. Furthermore, Chizongwe Secondary School had not delinked staff houses from the school electricity grid, which also contributed to the high ZESCO bills. The outstanding ZESCO bills for the two schools were subsequently submitted to the Ministry of Finance and National Planning for settlement, under the dismantling of arrears programme.

(b) Southern Province

The bill of K1,184,604.00 was broken down as follows:

- **Stationery – K21,160.00:** This arose due to limited resources against expenditure incurred for pupils’ assessments and the procurement of teaching and learning materials. However, the outstanding amount of K21,160.00 was later settled.
- **Boarding Suppliers – K121,490.00:** This amount was owed to suppliers who provided food items to supplement the Government grant for the year 2025. The Institution subsequently settled the amount. The remaining balance was largely due to high monthly water bills, which resulted from an old water reticulation system comprising corroded galvanised pipes that were leaking in multiple areas, thereby causing excessive water charges.

The Ministry facilitated the rehabilitation and replacement of the old galvanised pipes. Following these interventions, the water bill reduced from approximately K40,000.00 to less than K20,000.00 per month. Furthermore, the outstanding amount owed to SWASCO was submitted to the Ministry of Finance and National Planning for settlement under the dismantling of arrears programme.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to actively follow up with the Secretary to the Treasury regarding funding for the settlement of outstanding arrears. The Controlling Officer is further urged to strengthen financial management controls in schools, including the timely settlement of utility obligations; regular infrastructure maintenance; and enhanced oversight to prevent the accumulation of arrears in the future.

MINISTRY OF EDUCATION - ZAMBIA ENHANCING EARLY LEARNING (ZEEL) PROJECT (PARAGRAPH 28)

a. Budget, Funding and Expenditure

The Committee was informed that the total committed funds amounted to K 515,397,515.00. This amount represented successive annual budgets that were carried forward and executed sequentially. Specifically, the 2022 budget was carried forward and implemented in 2023, while the 2023 budget was carried forward and implemented in 2024. Consequently, the 2024 figures consolidated activities and expenditures from the preceding fiscal years.

The under-utilisation of funds under the Annual Work Plans and Budgets (AWPBs) was primarily attributed to the following factors:

i. Change in Scope

The project was initially designed to provide VIP latrines for all sites without access to the national grid. However, following the Presidential directive to discontinue the construction of VIP latrines and transition to waterborne sanitation systems, implementation was delayed as the Ministry and the World Bank worked toward agreement on the revised technical designs and associated cost implications.

As a result, some activities under subcomponent 1.2 were dropped to redirect resources in support of the Presidential directive under Component 1.1. Further, the budget allocation under Subcomponent 1.2, was reduced from US\$5.1 million (as reflected in the original PAD)

to US\$1 million. During the period under review, all activities under Subcomponent 1.2, were placed on hold pending project restructuring, resulting in under-utilisation of funds.

ii. Delays in Conducting Pre-Construction Activities

Pre-construction activities, including training for provincial and district teams, experienced significant delays due to scheduling challenges and staff availability. These delays slowed the initiation of field activities despite the availability of funds for construction under the AWPBs.

iii. Non-Availability of Government Funds for Execution of Performance Based Conditions Activities:

Delays in the initial stages of project implementation, combined with limited resources required to finance the achievement of Performance-Based Conditions (PBCs), placed the project off track. Several planned activities linked to PBCs could not commence on time due to delayed disbursement of corresponding funds from the Ministry and delays in starting construction.

It was important to note that the 2022 and 2023 budgets largely focused on pre-construction activities and meeting PBC requirements.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to improve annual budget planning and execution, and reporting by clearly separating expenditures by fiscal year and strengthening accountability. It also stresses that any policy changes affecting project scope should include clear transition plans with updated timelines, costs, and implementation approaches. Additionally, the Committee urges the Ministry to prioritise pre-construction activities, including capacity building for provincial and district teams. The Committee will await a progress report on the matter.

b. Component 1: Delayed Completion and Commencement of Phase 1–Construction of Early Childhood Education Hubs

The Controlling Officer submitted that the delayed completion and commencement of Phase 1 and Phase 2 construction works for the ECE Hub Centres under the ZEEL Project, were largely attributed to procurement challenges at district level. The procurement thresholds for schools and District Education Board Secretary (DEBS) Offices were previously low, resulting in the need for Project Implementation Committees (PICs) to submit requisitions through DEBs, who in turn submitted procurement requests to the respective local councils for approval. This additional layer of bureaucracy significantly prolonged procurement processes.

However, it was noted that the procurement threshold at district level had been revised upwards to K1,000,000.00, enabling decentralised and faster decision-making. Additionally, procurement officers had been deployed to both provincial and district levels to strengthen compliance and reduce dependence on the councils.

Notwithstanding the delays cited, the project had registered substantial progress across all the forty-five intervention districts, with works currently at the following levels: sixty centres at completion stage; twenty centres at roofing stage; fifty centres at gable level; and the remainder had progressing below window level.

With respect to the thirteen schools referenced in the audit report, works had since advanced, and each were at different stages of construction progress, as illustrated in the attached tables below:

Table 10: Phase 1 ECE Hubs Progress Status – as at 31st October 2025

No.	Name of Primary School	District	Amount Disbursed (K)	Date of Receipt	Status before	Current status
1	Kalongo Mwape	Nyimba District	854,011.22	18.06.24	Window Level	Gable Level
2	Karaji Chilanda	Kabompo	916,980.00	11.06.24	Back filling Level	Gable Level
3	Chuzela	Mufumbwe	891,630.72	06.06.24	Back filling Level	Gable Level
4	Chifuwe South	Kabompo	919,680.72	04.06.24	Window level	Gable Level
5	Chiundaponde	Lavushimanda	907,380.72	05.06.24	Window Level	Gable level
6	Luangwa Primary	Luangwa	853,622.21	13.05.24	Foundation level	Roofing in Progress
7	Mwalilia Primary	Luangwa	863,161.22	28.05.24	Gable Level	Roofing in Progress
			6,206,466.81			

Table 11: Phase 2 ECE Hubs Progress Status – as at 31st October 2025

No.	School	District	Date Funds Received	Amount Funded (K)	Status at the time of the audit	Current status
1	Kalamba Primary School ECE Hub	Nabulo	30.12.2024	1,000,096	Not started	Substructure blockwork
2	Muoyo Primary School ECE Hub	Nabulo	30.12.2024	884,597	Not started	Window level
3	Sikongo Primary School ECE Hub	Sikongo	30.12.2024		Not Started	
				938,496		Ring beam
4	Lwitadi Primary	Zambezi	31.12.2024	1,224,795.63	Not Started	Substructure blockwork
5	Tanzuka Primary School ECE Hub	Sengahill	31.12.2024	957,395.63	Not Started	Ring beam
6	Manle Primary School ECE Hub	Sengahill	31.12.2024	957,545.63	Not Started	Window level
		Total		5,962,925	-	

The Ministry was committed to strengthening systems and enhancing efficiency to ensure that project timelines were met, procurement processes were streamlined, and infrastructure delivery was accelerated.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that there is full operationalisation of the revised procurement thresholds at district level to facilitate decentralised, timely and efficient procurement processes, as well as strengthen procurement planning, supervision and capacity at district level to avoid recurrence of delays and ensure compliance with procurement regulations. The Committee further recommends that the Ministry closely monitors construction progress in all intervention districts and puts in place time-bound completion plans to ensure that all ECE Hub Centres are completed within the revised project timelines and resolves to await a progress report on the matter.

c. Failure to Undertake Trainings

i. Wasteful Expenditure-Change of Site

The Committee was informed that the two projects under ZEPCU-ZEEL and ZEEP had only one environmental specialist responsible for handling all Environmental and Social

Safeguards (ESS) matters for 222 ECE centres and 120 secondary school construction sites nationwide. Prior to site validation, the project trained Senior Planning Officers and District Planning Officers on site screen, and a screening tool was shared to them for use during validation. Thereafter, the trained staff were delegated to undertake site screening and validation on site. Based on the information received during the initial validation process, the Environmental Specialist cleared the site with the World Bank and later conducted a follow-up visit to check on progress. It was during this site visit that the anomalies were identified.

The change of site from the initial location to the current one, within the Luangwa Primary School premises, was necessitated by critical factors that only became apparent after the initial site validation. Although the standard validation process was undertaken and met all the project requirements at that time, it was compromised by incomplete and inaccurate information provided by the local community.

Subsequent technical assessments and site visits revealed that the initial site fell within a recognised elephant corridor, posing serious social and environmental risks. For this reason, the project team made the decision to relocate the site to a safer and compliant area and by that time the project had already incurred costs associated to excavation works amounting to K12,463.03. The Ministry had therefore, requested that K 12,463.03 stood as a charge against project funds.

Management had intensified capacity building training to mitigate such risks in future. The Ministry would ensure that future projects would employ appropriate expertise to cover all the project requirements at initial stages.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen environmental and social safeguards oversight by engaging an adequate number of qualified specialists to effectively manage and supervise site screening and validation across all project locations as stipulated. The Committee recommends that the Ministry ensures accountability for costs arising from avoidable site changes and puts in place measures to safeguard public resources in future projects. The matter is recommended for closure pending verification by the OAG.

ii. Obtaining Materials at Excessive Costs

The Committee was informed that the decision to procure blocks from Lusaka was necessitated by the unavailability of quality blocks within Nyimba District and surrounding areas. To avoid disruption of the construction works, the school opted to source materials from Lusaka, where the supplier confirmed immediate availability, and the unit price was more competitive than alternatives. Notably, quotations obtained from both Lusaka and Chipata suppliers showed that the unit cost of blocks from Lusaka was lower than those from Chipata.

Regarding transport costs, the amounts incurred were largely influenced by the difficult terrain and poor road infrastructure leading to the project site. While the transport distance from Chipata to Nyimba was approximately 210 km and from Lusaka to Nyimba approximately 335 km, the delivery route to the school required crossing a stream without a bridge. This condition necessitated the trans-shipment of blocks between trucks, which significantly increased handling and logistical expenses regardless of the point of origin.

Even though transport from Lusaka was slightly higher than Chipata (K140,000.00 against K130,000.00), the material cost from Lusaka was significantly lower due to cheaper unit prices. Therefore, materials accounted for the largest portion of total cost. In that regard, Lusaka remained the more economical option overall. The net savings of K39,914.00 would be reallocated to other project needs or used to offset other logistical costs. Based on the cost comparison, Lusaka was the more cost-effective source for procuring blocks for the project. It offered lower material costs that outweigh the slightly higher transportation cost.

Committee's Observations and Recommendations

The Committee notes the response and recommends the matter for closure pending verification by the OAG.

iii. Failure to Procure Labour for Construction - Chizela Primary School

The Controlling Officer submitted that the budget shortfall arose from an initial planning oversight at Chizela Primary School in Mufumbwe district, where a larger proportion of funds was allocated to construction materials. In response, the Ministry instituted the following measures:

- **Revised Budget and Supplementary Funding:** The Project Implementation Committee (PIC), secured additional funding to cover labour costs, enabling construction works to resume and proceed in line with a revised schedule.
- **Strengthened Oversight:** The Provincial and District Education Offices provided guidance to ensure that all future expenditures strictly adhered to the approved work plan and financial regulations. School Management was further advised that labour payments would be milestone-based and effected according to approved payment stages.

Management reaffirmed its commitment to the timely completion of the project and indicated that internal controls and resource management practices were being strengthened to prevent a recurrence.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen project planning and budgeting to ensure balanced allocation of funds for both materials and labour, enhance oversight by Provincial and District Education Offices to enforce adherence to approved work plans and financial regulations, and reinforce internal controls and milestone-based payment systems to support timely completion of construction projects. The Committee will await a progress report on the matter.

iv. Excess Procurement of Building Materials (K71,150.00)

The Controlling Officer submitted that Mukubwe Primary School engaged its supplier, Mwaromi Construction and Supply Limited, to exchange surplus conforce wires for other construction materials valued at K29,050.00. This exchange had since been concluded, and the replacement materials had been delivered to the site.

Further, Ngabwe Primary School also agreed with its supplier to trade thirty-five unused conforce wires in exchange for quarry dust required to support ongoing works, and the materials had since been delivered.

To prevent the recurrence of similar issues, the Ministry issued a circular to all Project Implementation Committees (PICs) instructing them to ensure that all material requisitions were submitted to the resident engineer for review and approval prior to procurement. In addition, all material requisitions would henceforth be raised and authorised exclusively by technical supervisors to strengthen internal controls and accountability.

Committee's Observations and Recommendations

The Committee recommends that the Ministry enforces stricter procurement controls with measures as stipulated, to improve accountability; prevent procurement inefficiencies; and avoid the accumulation of surplus or unused construction materials in future projects.

The Committee will await a progress report on the matter.

d. Failure to Withhold and Remit VAT

The Controlling Officer submitted that it was regretted that Mukumbo Combined School made payments to various suppliers of goods and services amounting to K234,206.00, without withholding the required Value Added Tax (VAT), totalling K32,304.00.

The Committee was informed that the Ministry had written to ZRA to notify it of the anomaly and to request that ZRA considers recovering the outstanding VAT through its internal mechanisms, in line with the ZRA circular that suspended the withholding VAT mechanism.

Committee's Observations and Recommendations

The Committee recommends that the Ministry strengthens financial oversight and compliance with tax regulations at institutional level; ensure timely engagement with the Zambia Revenue Authority to resolve VAT irregularities; and enhance capacity building for accounting officers to prevent future non-compliance with VAT withholding requirements. The Committee will await a progress report on the matter.

MINISTRY OF EDUCATION – ZAMBIA EDUCATION ENHANCEMENT PROJECT (PARAGRAPH 29)

Budget, Funding and Expenditure

During the period under review, a total budget of K1,181,827,159.11 (US\$ 47,273,086.36), was made to cater for project components one to four, out of which amounts totalling K1,155,632,784.94 (US\$44,403,376.03) were released, representing 97.78 per cent of the budget, resulting in an under-funding of K26,194,374.17 (US\$2,869,710.33). In addition, there was an opening balance of K280,612,317.00 (US\$12,069,923.00), bringing the total available funds to K1,436,306,990.00 (US\$56,476,702.00). As at 31st December 2024, amounts totalling K754,923,579.00 (US\$31,295,745.00) had been spent, representing 52.56 per cent of the total available funds and 63.88 per cent of the total budget. As a result, the project did not implement seventy-eight activities out of the 133 planned activities for the period under review.

The Controlling Officer submitted that it was regrettable that at the time of audit, seventy-eight activities were not implemented. The Controlling Officer further submitted that the current status was as follows:

- (a) thirty-two activities had been fully completed;
- (b) nine activities had been dropped;

- (c) nineteen activities were currently undergoing procurement processes; and
- (d) eighteen activities were scalable and remained ongoing.

The Committee was informed that the World Bank and the Government conducted biannual Project Implementation Support Missions (ISMs) to assess the progress made toward achieving the Project Development Objective (PDO). During each mission, all activities were reviewed, and joint decisions were made to retain, restructure, or drop certain activities. In previous missions, it was determined that some activities were redundant or repetitive. These missions were dropped, and the associated funds were re-allocated to other priority areas of the Project. The decision to drop these activities did not negatively affect the achievement of the PDO.

Committee’s Observations and Recommendations

The Committee notes the response and urges the Secretary to the Treasury to provide the Ministry with full and timely funding. The Committee further urges the Controlling Officer to put in place measures to ensure that funds, once received, are expended within the fiscal year. The Committee recommends the matter for closure, subject to verification by the OAG.

a. Audit of Annual Performance

i. Underutilisation of Committed Funds (US\$25,332,193.00) (K580,656,176.00)

The Controlling Officer submitted that the underutilisation resulted from the project’s restructuring process, which lasted nearly one year from July 2022 to August 2023. During this period, the Government and the World Bank agreed to revise project activities and redesign the school infrastructure to incorporate modern facilities for the secondary schools under the expanded Zambia Education Enhancement Project (ZEEP) initiative. These negotiations required reallocating funds from other components to the access component to ensure adequate resources for constructing 120 secondary schools.

The Committee was informed that to prevent procedural complications during this reallocation, the World Bank advised the Ministry to temporarily freeze expenditures and halt activity implementation. Further, after the freeze, the majority of the activities carried forward from previous years, as well as the subsequent activities, had been implemented by 30th October 2025 and utilised about K687,423,096.57 (USD25,272,907.96)

The Controlling Officer further submitted that budgets for two construction sites, Matero and Chinkokwelo Secondary Schools had not been executed to date because the sites were undergoing social issues. The Land (for Matero) given to the Government was not sufficient to build a secondary school, while at Chinkokwelo sites, two communities were in conflict.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the construction of Matero and Chinkokwelo Secondary Schools.

b. Project Implementation Progress

i. Component 2: Increasing Equitable Access to Secondary Education

During the period under review, a total budget provision of US\$32,642,904.00 (K816,072,600.00), was made for the implementation of twenty-four activities. The following were observed:

(a) Engineering Services Installation in the Parent ZEEP Schools - Drilling and Equipping of Boreholes

During the period under review, a total budget of K101,252,500.00 (US\$4,050,100.00) was made to cater for drilling and equipping of boreholes, construction of power supply lines, procurement of laboratory equipment and reagents and procurement of home economics equipment for the eighty-two schools under the Parent ZEEP, out of which amounts totalling K17,444,450.54 (US\$903,259.40) were spent, resulting in underutilisation of K83,808,049.46 (US\$3,146,840.60). In this regard, the Ministry, on behalf of ZEEP entered into seven contracts for the drilling and equipping of 140 boreholes at 120 ZEEP AF Schools and 20 ZEEP Parent Schools at a total contract sum of K18,356,131.54 with 14 – 16 weeks completion periods. In August and October 2024, the contractors were paid amounts totalling K3,225,725.70 as 25 per cent advance payments, leaving a balance of K15,130,405.84 as at 31st December 2024.

The following were observed:

- **Expired Advance Payment Securities (K2,436,726.00)**

The Controlling Officer submitted that it was regrettable that the advance payment security bonds for Kayombo Tech Ltd., Malsam Construction, SMR Construction, and Sunshine Boreholes expired and were not renewed before the contracts were fully executed. The Committee was informed that the advance payment guarantees for SMR Construction and Sunshine Boreholes were not renewed as of 25th April 2025, because their contracts had already been fully executed, and certificates of completion had since been issued.

With regard to Malsam Construction, the Controlling Officer submitted that a reminder was issued on 5th November 2024. Although the vendor acknowledged receipt of the letter and committed to renew the guarantee, they had not done so at the time of the audit. Consequently, demand notices had been issued, and the contractor had been reported to the Zambia Public Procurement Authority (ZPPA) and the Attorney General's Office.

For Kayombo Tech Ltd., the Committee was informed that a demand notice was issued for the refund of the advance payment, along with claims for liquidated damages and penalties for non-performance. The contractor had been reported to ZPPA and the Attorney General's Office.

The Controlling Officer submitted that the lapse resulted from weaknesses in contract management, which led to disciplinary action being taken against the officers responsible.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report.

- **Physical Verifications**

A physical verification carried out in May 2025, at selected schools on the Copperbelt, Southern; Eastern; Lusaka and Western Provinces, revealed that eleven boreholes had not been drilled; three boreholes had been drilled but were not equipped with hand pumps; and six dry boreholes had been drilled. Consequently, the schools had no water on site.

The Controlling Officer submitted that the contractors had not been paid for the eleven boreholes that had not been drilled, the three boreholes that were drilled but were not equipped with hand pumps and the six dry boreholes. Further, schools had been authorised to engage drillers within their localities to ensure timely service delivery.

The Committee was informed that the Ministry disbursed funds through the provinces for the procurement of pumps and diesel generators to facilitate the pumping of water from nearby alternative sources. Further, the Committee was informed that works were progressing well.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report.

(b) Questionable Award of Contract – Kayombo Tech Limited

On 10th June 2024, Kayombo Tech Limited signed a contract with the Ministry of Education for the drilling and equipping of thirty-two boreholes in thirty-two secondary schools, with a completion period of 14 – 16 weeks. This implied that the unit cost per borehole ranged between K134,145.08 and K153,685.50. On 16th August 2024, the contractor was paid amounts totalling K1,117,900.70 as a 25 per cent advance payment, leaving a balance of K3,353,702.10, as at 31st December 2024. The Advance Payment was secured by an Advance Payment Guarantee No. APB015624 of K1,117,900.70 issued by Veritas General Insurance PLC on 13th June 2024 with an expiry date of 10th February 2025. The scope of work included drilling thirty-two boreholes and equipping them with Mark II Handpumps. The following were observed:

- **Questionable Award of Contract**

I. Contrary to the Public Procurement Regulations number 84 (3) of 2022 and Section III of the Instruction to Bidder (ITB) No. 3.4.1, a review of bidding documents submitted by Kayombo Tech Limited revealed that the contractor did not meet the eligibility and qualification criteria on experience, in that the company was incorporated on 25th January 2023.

The Controlling Officer submitted that although the bidding document included a requirement for bidders to have five years of construction experience, this criterion was not reflected in the Electronic Government Procurement (EGP) System. The EGP system only captured experience in drilling and equipping boreholes. The Committee was informed that Kayombo Tech was selected on this basis, as the company submitted two references demonstrating relevant experience in drilling and equipping boreholes.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all eligibility criteria are reflected on the EGP system prior to procurement commencement. The Committee recommends the matter for closure, subject to verification by the OAG.

II. In this regard, a physical verification conducted in North-Western Province in March 2025, at sixteen schools out of twenty-four schools where Kayombo Tech Limited was contracted to drill boreholes, revealed that the sixteen boreholes were neither drilled nor equipped.

The Controlling Officer submitted that Kayombo Tech Limited had been issued with a demand notice for the refund of the advance payment, as well as claims for liquidated damages and penalties for non-performance. Further, the contractor had also been reported to the ZPPA and the Attorney General's Office for non-performance of the contract. Additionally, authority had been granted to schools to procure drillers for the sixteen sites.

Committee's Observations and Recommendations

The Committee notes, with concern, the awarding of the contract to a company which did not meet the prescribed eligibility criteria and, subsequently, failed to execute the works. The Committee, therefore, recommends that disciplinary action be taken against the officers involved in the award of this contract. The Committee further urges the Controlling Officer to ensure that the advance payment and liquidated damages are recovered from the contractor without fail and will await a progress report on the matter.

(c) Supply and Delivery of Home Economics Equipment

During the period under review, the Ministry, on behalf of ZEEP, entered into six contracts for the supply and delivery of home economics equipment in eighty-two schools located in Luapula; Northern; Eastern; Muchinga; Southern; Central; and Lusaka Provinces, at a total contract sum of K29,970,030.85 with delivery periods of 12 – 16 weeks. Between 11th October and 9th December 2024, the suppliers were paid amounts totalling K7,760,778.70 as 25 per cent advance payments, leaving a balance of K22,209,252.15 as at 31st December 2024.

The following was observed:

- **Failure to Deliver Home Economics Equipment**

The Controlling Officer submitted that Luanshya Agro, Black Diamond, and Leisley Howard Investment had completed their deliveries.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

- **Under-delivery of Home Economics Equipment (K606,492.00)**

The Controlling Officer submitted that the Provincial Education Offices had completed a verification exercise to ascertain the under-delivery of 5,518 pieces of materials to the schools. To this effect, the Project Implementation Unit (PIU) had started analysing verification reports and the Committee would be updated on the actual delivery of the pieces of material in due course. Further, none of the suppliers would be paid the final payment of 75 per cent until after the completion of the analysis.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report.

- **Delivered Goods Not Meeting Technical Specifications – Lusaka Province (K11,017.00)**

The Controlling Officer submitted that Kamron Investments Ltd had admitted to delivering a measuring cup that did not meet the specifications and agreed to be paid the final amount less the cost of the item. The Ministry, however, was yet to conclude with Bonvoyage

Enterprises Ltd on the delivery of items which did not meet specifications. The Committee was informed that the analysis of the verification exercise reports for all items was underway, and only suppliers who delivered according to the Ministry specifications would be paid in full.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report.

(d) Supply and Delivery of Laboratory Equipment and Reagents

During the period under review, the Ministry on, behalf of ZEEP, entered into four contracts for the supply and delivery of laboratory equipment and reagents in 82 Schools located in Luapula; Northern; Eastern; Muchinga; Southern; Central and Lusaka provinces at a total contract sum of K8,654,504.49 with delivery periods of 12 – 16 weeks. As of September 2024, the suppliers had been paid amounts totalling K2,169,546.90, as 25 per cent advance payments, leaving a balance of K6,484,957.59 as at 31st December 2024. The following were observed:

- **Failure to Deliver Equipment (K8,654,504.49)**

The Controlling Officer submitted that a verification exercise was conducted across all eighty-two schools. The exercise revealed that three companies supplied according to the contract (Kabvinira Enterprise Ltd; Advance Products; and Quantum Lab). However, at the time of verification, Biogenix had not delivered the required items, and consequently, a warning letter was issued to the supplier.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

- **Failure to Renew Performance Bonds**

The Controlling Officer submitted that the performance bond for Advance Products Zambia had since been renewed and was still valid. The supplier had delivered all the required items. Further, the performance bond for Biogenix Limited had not been renewed, despite the Ministry having written to the supplier on 5th November 2025 to remind them to undertake the renewal.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against the officer who neglected to ensure that performance bonds were renewed, contrary to Regulation No. 184(d) of the Public Procurement Regulation of 2022. The Controlling Officer is further urged to avail supporting documentation to the OAG for audit verification. The Committee will await a progress report on the matter.

c. Procurement Matters

- i. **Payments to Suppliers without Clearance from Zambia Revenue Authority (K24,621,431.61)**

The Controlling Officer submitted that the officers responsible had since been charged for failing to garnish before effecting the payments. Further, capacity-building trainings had been conducted during financial management monitoring by the Provincial Education Office to prevent recurrence of such lapses.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

ii. Undelivered Building Materials (K4,927,141.00)

The Controlling Officer regretted that building materials worth K4,927,141.00 were not delivered to Lwamala Secondary School in Ngabwe District at the time of the audit verification. The Committee was informed of the following:

- (a) materials worth K1,720,677.00 had so far been delivered;
- (b) given the excessive delay in fulfilling the remaining deliveries, the school had issued a final demand notice to the supplier, stipulating a strict deadline for full delivery; and
- (c) the officers involved in making the payments before delivery of the building materials, including the District Education Board Secretary (DEBS), had been charged in accordance with the applicable disciplinary procedures. Charge letter, payment vouchers and GRN for delivered items were attached.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

d. Other Accounting Irregularities

i. Failure to Withhold Value Added Tax (K60,657.00)

The Controlling Officer submitted that the tax for Nyakulenge School was subsequently remitted. Further, the suppliers for the Southern Province were classified as Turnover Tax (TOT) suppliers. Therefore, VAT was not withheld, as outlined below.

I. Buchebuche Secondary School

- (a) Chomimu General Dealers was registered for TOT;
- (b) Batsira General Dealers was registered for TOT;
- (c) Euvin General Dealers was registered for TOT;
- (d) Formark Hardware and Electrical was registered for TOT;
- (e) Chinha Enterprises Limited was registered for TOT; and
- (f) Deniz Company LTD. the VAT was paid by the supplier.

II. Chikani Secondary School

- (a) Chiwonaasimbiwe Hardware Supplies is registered for TOT.

III. Katwezele Day Secondary School

- (a) Hazida E Zone Limited VAT was paid by the supplier.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

MINISTRY OF FISHERIES AND LIVESTOCK (PARAGRAPH 30)

Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters, Provincial and selected district offices for the period under review revealed the following:

a. Failure to Utilise Funds (K30,704,714.00)

The Controlling Officer submitted that Management had processed and submitted an open item amounting to K26,028,554.23 to the Treasury for payment on 21st November, 2024. The payment was made to the Botswana Vaccine Institute for vaccines which were procured during the period under review. Despite the submission of the open item for payment, the Ministry of Finance and National Planning did not honour the payment after submitting the open item report prior to the year end. It was, therefore, Management's understanding that only K4,676,160.00 remained unutilised when the open items were deducted from the cited K30,704,714.00.

The Committee was informed that the failure to utilise the K4,676,160.00 was attributed to the late release of funds by the Treasury. Following the closure of the period under review, the Treasury advised the Ministry that the K26,028,554.23 had been transferred to Head 21, where it would be paid as an outstanding bill. Further, the Controlling Officer submitted that Management continued to engage the Treasury on the need for funds to be released in a timely manner to facilitate the implementation of planned programmes and activities within a given financial year to avoid the recurrence of the matter.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to ensure adequate funding for the Ministry to enable the full implementation of its budgeted activities. The Committee recommends the matter for closure, subject to verification by the OAG.

b. Operational Matters

i. Annual Performance of the Ministry

The Controlling Officer submitted that a review of audit schedules on the failure to achieve planned targets had revealed that the number of targets not achieved under Technical Services was seven and not the cited nineteen in the audit report. The Committee was further informed as follows:

- **2130 Livestock Production and Productivity**

The Committee was informed that the delay in implementing the cited activities under Livestock Production and Productivity was mainly attributed to the realignment of budget estimates to support the drought response plan during the 2024 drought. In addition, funding releases to the Ministry for Recurrent Departmental Charges (RDC) averaged 52 per cent during the period under review. Given the funding challenges and realignment of budget estimates during the period under review, the Ministry provided for funds in the 2025 Budget to undertake the activities which were not implemented in 2024. The Controlling Officer further submitted the progress made on each of the four cited activities under Livestock Production and Productivity as highlighted below:

- **Community Based Livestock Breeding Programmes**

The Controlling Officer submitted that the realignment of the funds to the drought response could not be fully implemented in 2024 as the Department was still undertaking the characterisation of the indigenous breeds to establish their suitability for inclusion in the schemes. The Committee was informed that Management made a budget provision in the year 2025 and had since managed to establish seven community-based livestock breeding schemes across the country.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the characterisation of the indigenous breeds and will await a progress report on the matter.

- **Milk Collection and Processing Centres Constructed**

The Controlling Officer submitted that during the year under review, the Ministry had planned to construct four milk collection centres. However, this was not actualised as funds for the 2024 Budget were redirected to the drought response plan. The Committee was informed that in 2025, the Ministry awarded contracts for the construction of two milk collection and processing centres, with an additional two planned for construction in 2026. The decision to stagger the construction of this infrastructure was made in view of the budgetary constraint and the need to finalise running projects before embarking on new ones.

Committee's Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the construction of the milk collection and processing centres.

- **Grading for Livestock Products and Livestock By-Products**

The Controlling Officer submitted that failure to undertake the three activities under this programme was mainly attributed to the alignment of budgets to support the drought response plan as well as the inadequate release of funds during the period under consideration. The Committee was informed that Management made a budget provision in 2025 and the grading system for livestock products and by-products had since been developed.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

- **2131 Fisheries Production and Productivity**

The Controlling Officer submitted that failure to carry out three activities under the Fisheries Production and Productivity, was mainly attributed to the alignment of budgets to support the drought response plan as well as the inadequate release of funds during the period under consideration. The Committee was informed that a budget provision was made in the 2025 Budget to undertake forty-eight gillnet surveys, while extension services had been devolved to the local authorities. In this regard, twenty-four gillnet surveys had since been completed and the remaining twenty-four were scheduled before the year end, subject to the availability of funds. As regards the research station, which was not rehabilitated, Management had made a budget provision in the 2026 Budget to facilitate rehabilitation works.

Committee's Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the completion of the twenty-four gillnet surveys and the rehabilitation of the research station.

- **2132 Animal Health**

- **Construction of Bio-Security Check Points**

The Controlling Officer submitted that the Ministry faced challenges in accessing land within the 50 metres road reserve, which, by law, was supposed to belong to the Road Development Agency (RDA), but was found either fenced off or already utilised by private developers,

hence the delayed commencement of the project. The Controlling Officer submitted that out of the three sites budgeted for in 2025, alternative land for two had been found and contracts had already been signed with site handover in progress for Rufunsa and Chikankata. Further, the third site was earmarked for incorporation in the concessionaire agreement for the Ndola-Lusaka Dual Carriage Way.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the RDA and local authorities to secure the land within the road reserves in order to prevent encroachment by private developers. The Committee further recommends that the Ministry expedite the development of the identified alternative sites for Rufunsa and Chikankata without delay and will await a progress report on the matter.

- **Construction of the Animal Viral Vaccine Plant**

The Controlling Officer submitted that the project was a design, build and equip model and had been projected to be constructed over a three-year period. Thus, it was a multiple year project and the budgeting was spread accordingly. The Committee was informed that the designs for the facility had been completed and physical construction works had commenced and stood at 30 per cent completion.

Committee's Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the construction of the animal viral vaccine plant.

- **2136 Technical Services**

The Controlling Officer submitted that the 2024 targets for radio and television programming were 1,298 and fifty-two, but were later revised to 350 and twenty, respectively, due to funding constraints. Further, the average funding across budgeted programmes and activities was 52 per cent during the period under review. The Committee was informed that four out of the seven targets were achieved.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to ensure improved and timely funding. The Committee further recommends that the Ministry should ensure that revised targets are fully achieved within the available funding and will await a progress report on the matter.

- **2199 Management and Support Services**

The Controlling Officer submitted that the delay in implementing activities under Management and Support Services was mainly attributed to funding challenges due to the alignment of budget estimates to the National Drought Response Plan to mitigate the effects of the 2024 drought. Additionally, some activities experienced prolonged delays during consultations, data processing, analysis and validation. The Committee was informed that the detailed explanations, as well as the status of implementation of the activities under Management and Support Services, which were not carried out in 2024, were as outlined below:

Table 12: Status of Implementation

Key Output	Output Indicator	2024 Target	2024 Actual
Procurement Plan developed	Number of procurement plans in place	1	1
Quarterly audit reports produced	Number of audit reports produced	4	1
Revenue audit reports produced	Number of revenue audit reports produced	10	10
Expenditure audit reports produced	Number of Expenditure audit reports produced	10	12
Payroll audit reports produced	Number of payroll audit reports produced	2	2
Fisheries and Livestock surveys conducted	Number of livestock surveys conducted	1	-
Fisheries and Livestock surveys conducted	Number of Fisheries/aquaculture surveys conducted	1	1
Management Information System developed	Number of Management Information System trainings conducted	3	-
Management Information System developed	Number of Management Information Systems in place	1	In progress
Policy and Legislation developed	Number of Animal Health Acts amended	1	1
Policy and Legislation developed	Number of Fisheries Acts amended	1	In progress
Monitoring and evaluation visits conducted	Number of monitoring and evaluation reports produced	4	1
Ministerial budget developed	Number of ministerial budgets developed	1	1
Ministerial Annual Report produced	Number of annual reports produced	1	1
Total		14	10

The Controlling Officer further provided detailed explanations as well as the status of implementation of the activities under Management and Support Services, which were not carried out in 2024, as highlighted below:

- **Livestock Survey**

The Controlling Officer submitted that the Ministry of Fisheries and Livestock was unable to conduct the 2024 Livestock Survey due to a reallocation of funds initially earmarked for the survey to support the National Drought Mitigation and Response Plan. However, a valuable opportunity emerged through the World Bank/Food and Agriculture Organisation (FAO) funded Integrated Agriculture Survey (IAS), which enabled collaboration between the Ministry of Agriculture, the Ministry of Fisheries and Livestock, and Zamstats. This joint initiative facilitated the collection of comprehensive agricultural data across all provinces. The results had since been launched and the release of the report was awaiting finalisation by the FOA. Further, the Ministry intended to utilise the results from the IAS as the official livestock statistics for 2024.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

- **Fisheries/Aquaculture Survey**

The Controlling Officer submitted that as part of the efforts to establish a comprehensive baseline and sampling framework for the 2025 Catch Assessment Survey (CAS) and future surveys, the Ministry of Fisheries and Livestock conducted a Frame Survey in four additional fishery areas, thereby, completing the exercise across all fifteen designated fisheries areas in 2024. In 2025, the Ministry undertook data cleaning, analysis and the report had since been produced.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

- **Management Information System (MIS)**

The Controlling Officer submitted that in 2024, the Ministry finalised the procurement of consultancy services to develop an integrated Management Information System. This resulted in the signing of a contract with Royal Ventures Research Milestone in November 2024. Following this engagement, the consultant commenced the work, and the development of the MIS was underway. The Committee was informed that the completion period was extended due to this lengthy consultative process, and the development of the system was finalised and was undergoing User Acceptance Testing. Further, it was expected to be rolled out by 31st March, 2026.

Committee's Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the completion of the Management Information System.

- **Management Information System Trainings**

The Controlling Officer submitted that this activity was not conducted because it was dependent on the completion and rollout of the Management Information System to all provinces and districts. The implementation of this activity was rescheduled to 2026.

Committee's Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the Management Information System Trainings.

- **Animal Health Amendment Act**

The Controlling Officer submitted that after the enactment of the *Animal Identification and Traceability Act No.2 of 2024*, the Ministry embarked on the amendment of the *Animal Health Act of 2010* to hive off the provisions on animal identification and traceability. Consequently, in the third quarter of 2024, the Ministry prepared the consequential amendment of the *Animal Health (Amendment) Bill, No.4 of 2025*. The Committee was informed that in the fourth quarter of 2024, the draft Bill was considered by the Internal Legislative Review and subsequently approved by Cabinet in the first quarter of 2025. It was then presented for the First Reading in the Legislative Meeting of the National Assembly that ended on 28th March 2025 and was unanimously approved.

Further, the Bill was considered for adoption by the Committee of Agriculture, Lands and Natural Resources at Committee Stage on 10th June 2025 and had since been enacted.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

- **Fisheries Amendment Act**

The Controlling Officer submitted that the Ministry commenced the review of the *Fisheries Act No. 22 of 2011* in the third quarter of 2024. The Ministry undertook a literature review and desk analysis, which culminated in the development of the Layman's Draft of the Fisheries and Aquaculture Bill in the fourth quarter of 2024. This Draft Bill was meant to repeal and replace the *Fisheries Act of 2011*. The draft bill was subjected to stakeholder engagements through provincial consultations in all ten provinces in April 2025. The Committee was informed that solicited inputs and comments from the engagements were incorporated and consolidated into the draft bill in May 2025. The draft bill had since been validated and was awaiting redrafting.

Committee's Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to expedite consultations around the draft Fisheries and Aquaculture Bill and will await a progress report on the matter.

ii. Animal Health Services

(a) Failure to Meet Vaccination Targets

The Controlling Officer submitted that the Department of Veterinary Services had targeted to vaccinate 821,750 cattle against Foot and Mouth Disease (FMD) in the cited five provinces and not the 1,124,700 cited in the Auditor General's Report. The Committee was informed that a total of 769,051 cattle were vaccinated against FMD in 2024, against a target of 821,750, representing an overall achievement of 93.58 per cent. Further, all targeted provinces, including Central; Western; Lusaka; and North-Western, successfully completed their vaccination programmes, with performance ranging between 91.45 per cent and 96.74 per cent. The Committee was further informed that the estimated cattle population for Mongu District was 65,000 and not the cited 600,000.00, while the provincial cattle population had been estimated at 572,206.00.

The Controlling Officer further submitted that, although FMD vaccinations were provided free of charge by the Government, some farmers did not present their animals for vaccination, resulting in less than 100 per cent coverage. Further, achieving herd immunity for effective control of FMD required at least 80 per cent coverage of the at-risk population. The Committee was informed that, in 2024, an average vaccination coverage of 93.58 per cent was attained across the five provinces, which exceeded the minimum threshold required for effective herd immunity. In addition, in line with the World Organisation for Animal Health guidelines, the coverage attained during the period under review was adequate to protect the animals in question in the cited provinces.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen sensitisation programmes to ensure full farmer participation and improve coverage towards 100 per cent. The Committee recommends the matter for closure, subject to verification by the OAG.

(b) Contagious Bovine Pleuro-Pneumonia Vaccinations for North-Northern-Western and Muchinga Provinces

The Committee was informed that a total of 57,700 animals were targeted for vaccination against Contagious Bovine Pleuro-Pneumonia (CBPP) in North-Western and Muchinga Provinces and not the cited 38,700 as cited in the Auditor General's Report. The Controlling Officer submitted that the North-Western Province vaccinated a total of 50,899 cattle against CBPP out of a target of 52,700, representing 97 per cent coverage in six districts namely: Zambezi; Mwinilunga; Mufumbwe; Manyinga; Kabompo; and Chavuma. Further, Muchinga Province vaccinated a total of 4,914 cattle against CBPP out of a target of 5,000, representing 99 per cent coverage. Further, a total of 1,887 cattle remained unvaccinated and not the cited 2,406, according to these records.

The Controlling Officer further submitted that although not all farmers presented their animals for vaccination during vaccination exercises, 1,887 unvaccinated animals was acceptable as the overall vaccination coverage for the two provinces was 98 per cent, which was well over the minimum standard of 80 per cent vaccination coverage. Further, Management would proactively continue to sensitise farmers in order to sustain and increase herd immunity coverage.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen sensitisation programmes to ensure full farmer participation and improve coverage towards 100 per cent. The Committee recommends the matter for closure, subject to verification by the OAG.

(c) Newcastle Vaccines for Lusaka Province

The Controlling Officer submitted that Lusaka District did not have a target for Newcastle Vaccinations for 2024, as the Government did not procure any vaccines to vaccinate poultry in Lusaka District during the period under review. The Committee was informed that Newcastle Vaccine was produced and sold by the Central Veterinary Research Institute to the farming community. Farmers purchased the vaccine at their own cost and engaged the district office to vaccinate their poultry. Therefore, the Newcastle Vaccination cited in the annual report for the province for 2024 was from these vaccinations, which farmers would purchase on their own. The Controlling Officer submitted that given the foregoing, the district veterinary office did not set a target for Newcastle vaccinations as they were the responsibility of the farmer. However, Management would continue to proactively sensitise farmers on the importance of vaccinations as a disease control measure.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

(d) Expired Vaccines (K49,690.00)

The Controlling Officer submitted that the sixteen vaccine vials under Livingstone did not expire, but were transferred and used in Namwala District. The expiry of vaccines under the cited DFLCOs and PFLCOs, except for Livingstone DFLCO, which was transferred to Namwala, was mainly attributed to the delay in the release of funds by the Treasury for the vaccination exercise. This ultimately led to the late commencement of the undertaking, leading to the expiry of some of the vaccines with a short shelf life. The Committee was informed that timely releases of funding by the Treasury to procure vaccines and logistics for vaccination exercises needed to be emphasised to avoid a recurrence of the matter.

In this regard, the Ministry had been proactively engaging the Treasury to ensure the early release of funds in order to avoid delays in the commencement of vaccination campaigns.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen engagement with the Treasury to ensure the timely release of funds for vaccine procurement to prevent delays. The Committee further recommends that the Controlling Officer should improve planning and distribution mechanisms to minimise wastage of vaccines, especially those with a short shelf life. The Committee recommends the matter for closure, subject to verification by the OAG.

iii. Livestock Production and Productivity Improvement Outputs

On 17th February 2017, the Ministry of Fisheries and Livestock was granted Treasury Authority to sell livestock to farmers and the breeding centres were allowed to retain 100 per cent of the proceeds in an effort to improve operations at the centres. The following were observed:

(a) Failure to Insure Animals

The Controlling Officer submitted that failure to insure the animals was attributed to inadequate funding and non-disbursement of operational funds to support the breeding centres. The Committee was informed that funds were sourced from the 2025 Budget and all the cited animals as well as livestock at all breeding centres had since been insured. In addition, Management had since submitted a Loss Report to the Ministry of Finance and National Planning for approval to facilitate the normalisation of the twenty-two animals that died as a result of disease outbreak.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

(b) Animals Kept by a Third Party - Sesheke DELCO

The Controlling Officer submitted that the cattle in question were procured as part of the in-situ conservation program for indigenous farm animal genetic resources. Further, a number of factors resulted in the situation, such as non-completion of infrastructure construction at the Sesheke Livestock Service Centre Tier 2, lack of approved staff establishment for the centre and the closure of the Livestock Development and Animal Health Project, which was responsible for funding the intervention. The Committee was informed that all the seventeen cattle in question had since been allocated individual identification marks through ear-tagging. Further, all the cattle in reference had since been transferred to the Natukoma Livestock Breeding Centre. The facility was established for the conservation of the Barotse cattle breed, similar to the centre in Sesheke.

Committee's Observations and Recommendations

The Committee expresses concern that the cattle in question were kept by a third party without identification tags, which made it difficult to distinguish the state-owned animals and increased the risk of loss. The Committee, therefore, urges the Controlling Officer to put in place measures to prevent a recurrence of this situation. The Committee recommends the matter for closure, subject to verification by the OAG.

iv. Fisheries Production and Productivity Improvement — Failure to Maintain Fishponds

(a) Lundazi and Nyanje Fish Farms

The Controlling Officer submitted that the lack of a reliable water supply to the fishponds at the two fish farms led to damage of pond liners due to prolonged exposure to heat from the sun. He further explained that the main water sources for the ponds were dams, which experienced low water levels as a result of the 2024 drought. The Ministry had been making budgetary provisions for the rehabilitation of the fish farms. However, limited budgetary allocations and inadequate funding releases for capital projects had affected the timely implementation of rehabilitation works at the two fish farms. The Committee was informed that the Ministry was strengthening community involvement in the management of Dams through the establishment of Dam Management Committees in order to enhance water retention.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to prioritise the rehabilitation of the affected fish farms and strengthen engagement with the Treasury to secure adequate and timely release of funding for the projects. The Committee further recommends that the Ministry should develop alternative water supply solutions to reduce reliance on rainfall to sustain the dams. The Committee will await a progress report on the rehabilitation of Lundazi and Nyanje Fish Farms.

(b) Chalata Fish Farm

The Controlling Officer submitted that the farm could not be fenced and fishponds covered due to inadequate funding to support the operations of the fish farm. The Committee was informed that local authorities in jurisdictions where GRZ fish farms were located were being encouraged to provide adequate budgetary provisions to support the farms, including pond maintenance and securing the land through fencing, among other measures, given that extension functions, including the operation of fish farms, had been devolved. Additionally, the Local Authorities were being encouraged to consider sourcing funding through CDF to support the operations as well as maintain fish farms.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen coordination with local authorities to ensure adequate budgetary support for the operation and maintenance of GRZ fish farms. The Committee will await a progress report on the fencing of Chatala and the covering of the fishponds.

c. Management and Support Services

i. Misplacement of Payroll Area (K19,847,835.00)

The Controlling Officer submitted that out of the cited 260 officers, 219 were rightfully placed in the duty stations associated with the pay points. Of the remaining forty-one cited as misplaced, two officers were transferred with authority from the Civil Service Commission, seven retired, while the remaining thirty officers were misplaced owing to the need to provide services in the new districts. The Committee was informed that the misplacements were attributed to several factors, including the assignment of incorrect sub-areas, personnel and business areas, as well as cost centres on the payroll. Additionally, the lack of Treasury

Authority to recruit and fill positions contributed to the issue, as the Ministry was operating at only 44 per cent staffing capacity, with 3,475 funded positions against an approved structure of 7,970, while new districts operated without Treasury Authority and relied on administratively transferred staff. Further, the updating of staff returns at the provincial level resulted in officers appearing on payrolls but not on staff returns, as well as the incorrect placement of a Ministry of Agriculture officer on the Ministry of Fisheries and Livestock payroll.

The Controlling Officer further submitted that, in relation to the misplaced officers, the Ministry had identified vacant funded positions and recommended to the PSMD that the affected officers be reassigned to their rightful positions aligned with the corresponding payroll posts. In situations where the officers were misplaced because they were providing services in newly created districts where there were no vacant/funded positions, the Ministry had recommended to the PSMD to transfer the officers administratively. Further, the deceased officers had been removed from the Ministry's payroll.

The Committee was informed that the Ministry conducted a payroll clean up exercise with PSMD and P MEC to correct the wrong sub-areas, personnel areas, business areas and cost centres. The Ministry had also requested for Treasury Authority to fund and recruit more staff, especially in the new districts. In addition, the Ministry had since updated all the staff returns.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen payroll management systems to ensure accurate alignment of staff and prevent the recurrence of such misplacements. The Committee further urges the Controlling Officer to enhance engagements with the Treasury and the Public Service Management Division (PSMD) to secure Treasury Authority for recruitment, particularly in newly created districts, to address staffing gaps. The Committee will await a progress report on a matter.

ii. Unknown Officers (K138,272.00)

The Controlling Officer submitted that out of the two cited officers, one officer (Mr Frank Banda) was known and was working as a driver in Lupososhi District, Northern Province, while the other officer (Mr Cyclon Muleya) was working in Southern Province until his retirement in 2021. The Committee was informed that irregularly paid salaries after retirement had been computed and a sum of K48,354.68 had since been recovered from the officer's terminal benefits, while the balance would be recovered from the cited officer. Recognising the critical importance of this matter, the Ministry had made a provision in the 2026 Budget to undertake a comprehensive payroll clean-up and headcount verification exercises as key corrective measures.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement remedial measures as submitted and recommends the matter for closure, subject to verification by the OAG.

iii. Failure to Collect Fees - Zambia Institute of Animal Health (ZIAH) — Southern Province (K62,331.00)

The Controlling Officer submitted that the delay in collecting tuition fees was mainly attributed to the need to accommodate students, many of whom were from underprivileged communities. This was further compounded by the fact that the Accounting Officer who was

stationed at the ZIAH was transferred by the Ministry of Finance of National Planning without being replaced. This led to a lapse in collecting the outstanding fees. Further, a sum of K52,595.68, had since collected against the cited K62,331.00, leaving a balance of K9,735.32 yet to be collected. Additionally, the recovery process was ongoing and the concerned students had been advised that their examination results would be withheld, which would prevent them from graduating.

Committee's Observations and Recommendations

The Committee, in noting the submission, recommends the matter for closure, subject to verification by the OAG.

iv. Failure to Secure Title Deeds

The Controlling Officer submitted that the properties cited in Mufumbwe and Kasempa Districts of North-Western Province fell under the Ministry of Agriculture, not the Ministry of Fisheries and Livestock. He further clarified that all the infrastructure at the Farmers Training Centre was situated on a single parcel of land and would, therefore, be covered by one title deed, rather than individual titles as cited in the audit report. The Committee was informed that most of the properties had no site plans and diagrams, which were prerequisites for obtaining title deeds since the country's independence. In this regard, the delay to obtain title deeds was mainly attributed to the inadequate budget support to meet the cost to undertake sitting, diagramming and titling.

The Controlling Officer submitted that the Ministry of Fisheries and Livestock was allocated funds in its 2025 Budget to facilitate the commencement of the titling programme as per Cabinet Directive. The processes had commenced with the support of Provincial Planning Authorities from all the ten Provinces, starting with the planning and preparation of site plans, which were a prerequisite to the process. These were subsequently forwarded to the Commissioner of Lands under the Ministry of Lands and Natural Resources for the next stages of numbering and preparation of survey diagrams.

The Committee was informed that in Muchinga Province, site plans for properties in Nakonde and Chinsali had been prepared and submitted, with the next steps involving submission to the Ministry of Lands and Natural Resources for numbering, surveying, and issuance of title deeds. In the Western Province, site plans for several properties across Mongu; Mulobezi; Mwandji; Sioma; and Shangombo had also been prepared and submitted to the Ministry of Fisheries and Livestock, with the next course of action being submission to the Ministry of Lands and Natural Resources for numbering and preparation of survey diagrams. The Controlling Officer further submitted that estimates to facilitate the commencement of sitting and diagramming necessary to obtain title deeds had been included in the approved annual work plan for the year 2025 under the Technical Services Branch.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the titling of land and strengthen its engagements with the Treasury to secure adequate funding for sitting, diagramming, and titling processes. The Committee will await a progress report on the matter.

v. Non-Utilisation of Silage Cutter - Wasteful Expenditure - Sinazongwe DFLCO

The Controlling Officer submitted that the equipment in question was procured at a time when the cited breeding centre had adequate grass for cutting and harvesting to feed livestock during the dry season. Further, several parts of the Southern Province, including Kanchindu, had experienced persistent drought spells during the past decade and beyond. This had led to the deterioration of the rangeland to the extent that harvesting grass proved challenging.

The Committee was informed that the Ministry had procured drought resistant pasture seed for rehabilitating the rangeland at the cited breeding centre. Further, planting would be done during the forthcoming rainy season and the grass would be ready for harvesting in 2026 between the months of May and July. Meanwhile, the Silage Cutter had temporarily been transferred to GART Batoka, Choma, where it was being utilised for harvesting grass, some of which was under irrigation. The equipment would be returned to Kanchindu once the rangeland situation improved.

Committee's Observations and Recommendations

The Committee, in noting the submission, recommends the matter for closure, subject to verification by the OAG.

vi. Wasteful Expenditure on Procurement of Motor Vehicle Spare Parts - Sesheke DELCO (K31,960.00)

The Controlling Officer submitted that the amount expended on the purchase of spares to repair the cited motor vehicle was K9,930.00 and not the reported K31,960.00 as reported in the audit report. The cited K31,960.00 was utilised for the procurement of spares for motor bikes and not the aforesaid vehicle. The decision to procure the spares to repair the cited motor vehicle was made after a qualified mechanic from the Local Authority issued an Assessment Report. Following the fitment of the spares, it became evident that the cited DFLCO needed more spare parts for the vehicle to regain its roadworthiness. In addition, inadequate funding delayed the procurement of additional spares to make the vehicle roadworthy, hence the reported anomaly. The Committee was informed that the funds were sourced from self-generated revenue and additional spares were procured. The cited vehicle had since been repaired and was being used as a utility vehicle.

Committee's Observations and Recommendations

The Committee, in noting the submission, recommends the matter for closure, subject to verification by the OAG.

vii. Failure to Maintain Camp Houses and Office Blocks

The Controlling Officer submitted that the failure to maintain the cited infrastructure in various provinces was mainly attributed to persistently limiting budgetary thresholds over a prolonged period of time, with the focus being disease control and fisheries and livestock production and productivity. The Committee was informed that most of the cited infrastructure was now under the custody of Local Authorities following the implementation of devolution. It was, therefore, Management's understanding that rehabilitation, maintenance and operationalisation would be undertaken either through budgeting for maintenance or using the Constituency Development Fund (CDF) in each jurisdiction. The Ministry would, however, continue to provide oversight through technical guidance when necessary.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury to ensure adequate funding for the Ministry to maintain its properties. The Committee further urges the Controlling Officer to strengthen coordination with local authorities to ensure that adequate resources are allocated for the rehabilitation, maintenance, and operationalisation of infrastructure that has been devolved to local authorities. The Committee will await a progress report on the maintenance of camp houses and office blocks that are still under the Ministry.

viii. Failure to Settle Obligations (K28,419,328.00)

The Controlling Officer submitted that the cited debt was inherited by the Ministry following the split from the Ministry of Agriculture in 2016. The delay in settling this indebtedness was attributed to the consecutive and limiting budget thresholds due to the tight fiscal space prevailing at the Treasury. Further, following this realisation by the Treasury, the Government Treasury and Financial Management Circular No. 13 of 2023 dated 21st June, 2023 guided that all outstanding obligations by Ministries, Provinces and Spending Agencies accrued prior to the financial year 2022 would be settled centrally by the Treasury.

The Committee was informed that the Ministry had since submitted all cited outstanding bills to the Treasury as guided in the said circular and continued to engage the Treasury on the final settlement of the debt. The Ministry had since been funded a total of K4,070,224.00 for the dismantling of other personal emoluments for the period prior to 2022, out of which a total of K2,491,676.25 had been paid out and the payment process was on-going.

Committee's Observations and Recommendations

The Committee, in noting the submission, will await a progress report on the settling of outstanding obligations.

OFFICE OF THE PRESIDENT-MUCHINGA PROVINCE (PARAGRAPH 31)

Income and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a provision of K103,971,515.00, was made to cater for the operations of the Provincial Administration, against which amounts totalling K81,708,412.00 were released, resulting in an under funding of K22,263.103.00. As at 31st December 2024, amounts totalling K81,649,415.00 had been spent, leaving a balance of K58,997.00.

The Controlling Officer submitted that the unspent funds remained due to balances left out by different departments. The Controlling Officer further submitted that management had continued to engage the Treasury on the need to ensure that a total budget was funded despite a tight fiscal space to assure service delivery.

Committee's Observations and Recommendations

The Committee notes the response and urges the Secretary to the Treasury to ensure that funds that are allocated to the Province are released in full and in a timely manner. The Committee recommends the matter for closure, subject to verification by the OAG.

Audit Findings

An examination of accounting and other records by the Office of Auditor General maintained at the Provincial Administration for the financial year ended 31st December 2024, revealed the following:

a. Irregular Payment of Rural Hardship Allowance (K91,230.00)

The Controlling Officer submitted that upon thorough review and verification of staff duty stations, it was established that five officers had been erroneously paid the allowance despite being stationed in non-designated rural areas. Further, immediate corrective action was taken to address the anomaly. The Committee was informed that deductions were effected from the five officers' salaries to recover the full amounts irregularly paid, and the Rural Hardship Allowance had since been stopped from running on their payroll. For the remaining officer who had since retired from service, deductions had been made using casualty forms. Further, internal controls had been strengthened to ensure that only officers serving in duly designated rural areas received the Rural Hardship Allowance.

Committee's Observations and Recommendations

The Committee, in noting the submission, urges the Controlling Officer to take appropriate measures to strengthen internal administrative and human resource management systems in the Ministry. The Committee recommends the matter for closure, subject to verification by the OAG.

b. Unauthorised Transfer of Funds (K1,870,318.00)

The Controlling Officer submitted that the amount transferred was K1,754,218.00, as one transaction on the schedule, amounting to K160,100.00, under document number 1600015267, was duplicated. The Committee was informed that the funds in question were internal borrowings which were paid back to ensure that budgeted activities were not affected. The Committee was further informed that the Provincial Administration regretted the transfer of funds without a written authority from the Secretary to the Treasury. Further, activities such as parliamentary business were time-bound and constitutional in nature, which necessitated payments to be processed through the third-party account. Consequently, the funds were later reimbursed upon receipt of the corresponding funds from the Treasury.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure strict adherence to the Public Finance Management (General) Regulations and to avoid diverting funds from their intended purpose without authority from the Secretary to the Treasury. The Committee further recommends that appropriate disciplinary action be taken against officers responsible for the misapplication of funds and that internal financial controls be strengthened to prevent the recurrence of similar irregularities. The Committee will await a progress report on the matter.

c. Failure to Secure Properties with Title Deeds

The Controlling Officer submitted that measures had been instituted to regularise land titling for the District Administration office plots in Chinsali; Nakonde; Isoka; Mpika; and Shiwang'andu. The delays in securing title deeds were mainly attributed to pending land surveys and processing backlogs at district councils. To address this, all affected districts were formally written to, requesting to expedite the process of land titling, and Management had since begun receiving progress updates on the steps being taken.

The Committee was informed that engagements with both the district councils and the district administration had been intensified. Further, Management thanked the Ministry of Lands and Natural Resources for the bold decision to decentralise the approval of survey diagrams through the appointment of the provincial surveyor at provincial level to speed up the process.

The progress was being closely monitored by Management to ensure timely finalisation of surveys and lodging of title deed applications. The Controlling Officer further submitted that Management remained committed to ensuring full compliance with Section 41(4) of the *Public Finance Management Act No. 1 of 2018*.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the processing of backlogs at district councils.

d. Infrastructure Development — Construction of Museum and Information Centre (K3,189,383.00)

The Controlling Officer submitted that the query arose from the delayed remittance of funds from the Treasury. The Committee was informed that at the time of audit, the contract was extended up to 16th September 2025. Further, Management remained committed to ensuring accountability in public procurement and would continue to provide updates on the completion progress.

Committee's Observations and Recommendations

The Committee, in noting the response, urges the Secretary to the Treasury to ensure that funds that are allocated to the province are released in full and in a timely manner. The Committee recommends the matter for closure, subject to verification by the OAG.

e. Other Observations General Deposit Account

i. Misapplication of Funds – Border Post Funds (K151,811.00)

The Controlling Officer submitted that the funds utilised on the launch of the One-Stop-Border Post were not misapplied. The activity was directly linked to the broader infrastructure development programme within the province. The Committee was informed that the event supported stakeholder engagement and coordination, which were essential components in the successful implementation of major capital projects. The expenditure was, therefore, consistent with the intended developmental objectives and was made within the context of the project scope. The Controlling Officer submitted that expenditures related to vehicle servicing and participation in traditional ceremonies were initially charged against the compensation fund. However, these funds were subsequently reimbursed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure strict adherence to the Public Finance Management (General) Regulations and to avoid diverting funds from their intended purpose without authority from the Secretary to the Treasury. The Committee further recommends that appropriate disciplinary action be taken against officers responsible for the misapplication of funds and that internal financial controls be strengthened to prevent the recurrence of similar irregularities. The Committee will await a progress report on the matter.

ii. Misapplication of Funds - Expo Outstanding Obligations (K571,587.00)

On 15th December 2023, the Secretary to the Treasury authorised the Provincial Administration to use an amount of K1,034,982.00 from the Muchinga Expo account to settle bills and contractual obligations that accrued when preparing for the 2023 Expo that was postponed. However, there was no documentation availed for audit to show any outstanding

obligations that were settled. The Provincial Administration instead utilised amounts totalling K571,587.00 on activities such as servicing of motor vehicles, payments of subsistence allowance to travel to China and attend meetings and commemoration of public service day, activities not related to purpose of the funds and for which authority of the Secretary to the Treasury was not obtained.

The Controlling Officer submitted that the Provincial Investment Expo was not cancelled but postponed to a later date as announced by the relevant authorities. The postponement was necessitated by factors beyond the control of the Provincial Administration, including the need for further stakeholder engagement and national coordination. The Committee was informed that despite the postponement of the main event, preparatory and supporting activities continued as scheduled, including:

- (a) stakeholder mobilisation and meetings;
- (b) development of promotional materials;
- (c) provincial planning and site readiness assessments;
- (d) engagements with potential investors and partners; and
- (e) servicing of motor vehicles involved in the running of EXPO program.

The Controlling Officer further submitted that these activities formed an integral part of the broader investment promotion strategy and were necessary to maintain momentum and ensure readiness when the new date was announced. The funds expended were, therefore, used strictly for Expo-related preparatory activities, all of which were supported by appropriate documentation and accounted for in accordance with the *Public Finance Management Act*. The expenditure incurred was in accordance with the guidance from the Secretary to Cabinet dated 10th November 2023, and the one from the Secretary to the Treasury dated 12th December 2023.

The Committee was informed that the Provincial Investment Expo Forum was successfully held from 14th September 2025, to 19th September 2025. The event was graced by His Excellency the Republican President, Mr Hakainde Hichilema, along with other distinguished guests and key investors. The successful conduct of the Expo underscored that the preparatory activities funded by the Provincial Administration were necessary, properly planned, and effectively implemented.

iii. Failure to Maintain Assets

Regulation No. 41 (1) of the Public Finance Management (Public Stores) of 2022 states that, “A public body is responsible for servicing, maintenance and repairs of a plant or vehicle under its charge. However, a drilling rig, registration number GRZ 840CK belonging to the water and sanitation department which developed a major fault on the control sensors in 2019 had not been repaired.

The Controlling Officer confirmed that the rig developed a major fault on the control sensors, rendering it non-operational. The delay in effecting repairs was due to budgetary constraints and the unavailability of specialised spare parts.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

MINISTRY OF AGRICULTURE (PARAGRAPH 32)

Budget, Funding and Expenditure

The Committee was informed that the unspent funds were attributed to the late release of FISP funds on 31st December by the Ministry of Finance and National Planning (MoFNP), as well as unpaid transactions submitted to Treasury, amounting to K681,452.68. The Ministry had sought and was granted authority by MoFNP to retain the cited funds. The Committee noted that the Treasury had indicated that the unpaid transactions would be reversed and transferred to Head 21 – Investment and Debt Management (IDM).

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure timely disbursement of funds and strengthen coordination with the Treasury to prevent delays and accumulation of unpaid transactions in future and will await a progress report on the matter.

a. Management of Payroll and Staff Related Matters

i. Irregular Introduction of Employees on Payroll (Starters) - Headquarters

The Committee was informed that regarding the irregular introduction of employees on the payroll at Headquarters, one of the two cited officers had been transferred to the Ministry of Agriculture, while the other officer had been identified as a police officer under the Ministry of Home Affairs.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen payroll controls and verification procedures to ensure that only duly authorised personnel are included on the payroll in order to deter the reoccurrence of similar anomalies in future. The Committee recommends the matter for closure, pending verification by the OAG.

ii. Misplacement of Payroll Area

The Controlling Officer submitted as follows:

(a) Southern Province

The Committee noted that five misplaced officers had been reassigned to provinces with staffing needs due to structural limitations in their original locations. Four officers’ pay points had been regularised, while one remained pending, awaiting Treasury Authority under the new structure.

(b) Lusaka Province

The Committee was informed that five misplaced officers had been transferred to Lusaka Province from other provinces. One officer had gone on unpaid leave and was removed from the payroll, while the Ministry had committed to normalising pay points for the remaining four officers once Treasury Authority was granted under the new structure.

(c) North-Western

The Committee was informed that seven officers had been transferred from North-Western Province to other provinces where their services were needed, while one remained in the province. One officer had retired and been moved to the separated payroll, four had their pay points normalised and the remaining two were pending normalisation, subject to Treasury Authority approval.

(d) Lusaka Headquarters

The Committee was informed that payroll misplacement had resulted from discrepancies in the allocation of subareas and personnel areas during the separation of the Ministry of Fisheries and Livestock from the Ministry of Agriculture. Of the twenty-two officers affected, fifteen had been correctly placed, while seven had retired from the civil service.

(e) Northern Province

The Committee noted that the issue had arisen due to inadequate positions in the newly created Muchinga Province and an incorrect subarea for one officer. Of the three officers cited, one had been correctly placed after normalisation, while the remaining two were pending pay point normalisation, subject to Treasury Authority. Documentation had been provided for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the obtaining of Treasury Authority for the revised structure and strengthen payroll management systems to ensure accurate placement of officers and prevent recurrence of such discrepancies and will await a progress report on the matter.

iii. Irregular Payment of Housing Allowance-K83,445.00

The Controlling Officer submitted that housing allowances had been irregularly paid to officers housed in institutional accommodation. The responsible officers were verbally cautioned and recoveries for the eight affected officers had been initiated and were ongoing through payroll deductions.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enforce strict adherence to housing allowance regulations and strengthen internal controls to prevent irregular payments, as well as ensure that all recoveries are completed in a timely manner. The Committee recommends the matter for closure, pending verification by the OAG.

iv. Failure to Fill in Key Vacant Positions-593

The Committee was informed that failure to fill in the vacant positions was as a result of lack of Treasury Authority.

(a) Muchinga Province

The Ministry requested for Treasury Authority to unfreeze the frozen positions.

(b) Northern Province

The Committee was informed that of the 106 positions, eighty-three had been frozen, while twenty-three active positions had not been filled on time. The Ministry had requested Treasury Authority to unfreeze the positions. Fourteen of the active positions had been filled, and nine were still being processed, with efforts made to expedite the recruitment process.

(c) Western Province

The Committee was informed that out of sixty-four positions, thirty-four, had been frozen, while thirty active positions had not been filled on time. The Ministry had requested Treasury Authority to unfreeze the frozen positions. Of the active positions, twenty-seven had been filled and three were still being processed, with efforts underway to expedite recruitment.

(d) Lusaka Headquarters

The Committee was informed that the failure to fill sixty-one positions had been due to an ongoing recruitment process. At the time of audit, only sixty-one positions were vacant, not the 422 initially cited. Of these, twenty-one had been filled, while forty were still being processed, with efforts underway to expedite recruitment.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite obtaining of Treasury Authority to unfreeze positions and strengthen recruitment planning and coordination with relevant oversight bodies to ensure timely filling of vacancies and avoid service delivery gaps. The Committee will await a progress report on the matter.

v. Unclaimed Rejected Salaries – Choma PACO K37,427.00

The Committee was informed that the unclaimed rejected salaries, amounting to K37,427.00 for six officers at Choma PACO, had been due to incorrect bank account details submitted by the officers. Although the salaries had been claimed after the officers notified the office, there had been delays by P MEC in remitting the payments. The Committee noted that the salaries had since been paid to all affected officers and that the Ministry had taken steps to sensitise newly recruited officers on the submission of correct bank details.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen payroll validation processes and ensure timely processing of salary payments to avoid delays and prevent recurrence of such issues. The Committee recommends the matter for closure, pending verification by the OAG.

vi. Irregular Payment of Salaries to Positions on Integration Default Position K171,196.00

(e) North Western-K36,575.00

The Committee was informed that officers had been erroneously placed on default positions during payroll data maintenance. The issue had since been corrected, and the affected officers were placed on their proper Post IDs.

(b) Copperbelt Province

The Committee was informed that the officer had been erroneously placed on a default position but had since been moved to the separate payroll.

(c) Southern Province

The Committee was informed that the officer had been erroneously placed on a default position, but the anomaly had since been corrected.

(d) Lusaka Headquarters

The cited officer was under Ministry of Fisheries and Livestock. However, at the point of separation between Ministry of Fisheries and Livestock and Ministry of Agriculture, the officer's sub area was maintained under Ministry of Agriculture. The officer's subarea had since been normalised and he was correctly placed under Ministry of Fisheries and Livestock.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen payroll data management controls and verification procedures to prevent erroneous placement of officers and ensure accuracy in salary payments. The Committee recommends the matter for closure, pending verification by the OAG.

vii. Failure to Recover Funds from Charged Employee - Luanshya DACO K45,000.00

The Committee was informed that failure to recover funds was as a result of negligence on the part of the officer. Recoveries had since been effected.

Committee's Observations and Recommendations

The Committee recommends that disciplinary measures should be instituted against the erring officer and supporting documents submitted for audit verification. The Controlling Officer is also urged to strengthen oversight mechanisms in order to deter negligence in future. The Committee will await a progress report on the matter.

b. Procurement of Goods and Services

i. Misapplication of Funds - Choma PACO (K66,055.00)

The Committee was informed that the misapplication of funds, amounting to K66,055.00 at Choma PACO had been due to failure by the responsible officers to adhere to established financial regulations. The Committee noted that the officer had been cautioned for not following procedure and that the cited amount had since been reimbursed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen compliance with financial regulations and enhance internal controls to prevent misapplication of funds in future. The matter is recommended for closure, pending verification by the OAG.

ii. Irregularities in the Procurement of Motorcycles – Mansa DACO (K846,000.00)

(a) Irregular Payment to the Supplier

The Committee was informed that the irregularities in the procurement of motorcycles, amounting to K846,000.00 at Mansa DACO, specifically the irregular payment to the supplier, had been caused by failure by the responsible officers to adhere to financial regulations and procurement guidelines. The Committee noted that the matter had been reported to the Anti-Fraud Unit of the Zambia Police Service at Mansa Police Station on 13th March 2025, and that the officers involved had been arrested and were awaiting court proceedings. The Committee further noted that the erring officers had been charged and suspended.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen adherence to procurement procedures, enhance oversight mechanisms, and ensure that disciplinary and legal processes are concluded promptly to deter similar irregularities in future. The Committee will await a progress report on the matter.

(b) Failure to Recover Payment from the Supplier

The Committee was informed that failure to recover payment from the supplier had been reported to the Anti-Fraud Unit of the Zambia Police Service at Mansa Police Station on 13th

March 2025, and that the officers involved had been arrested and were awaiting court proceedings. The Committee further noted that the performance security submitted to the Ministry through the Provincial Administration had been fraudulent, making it impossible to encash the security bond. Additionally, the erring officers had been charged and suspended, while the supplier had been recommended for blacklisting and reported to the Zambia Police Service.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen due diligence in procurement processes, particularly in the verification of performance securities, and ensure timely recovery of public funds. The Committee will await a progress report on the matter.

c. Management of Assets

i. Missing Motorcycle - Luanshya DACO

The Committee was informed that it was regrettable that the motorcycle was not availed at the time of audit. However, the Committee was informed that the motorcycle had since been made available and was ready for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen asset management and ensure that all Government property is readily available for audit verification at all times to enhance accountability. The matter is recommended for closure, pending verification by the OAG.

ii. Uninsured Motorcycles

The Committee was informed that at the Ndola District Agriculture Coordinating Office, all fifteen motorcycles had been insured, while at the Kalulushi District Agriculture Coordinating Office, all five motorcycles cited were non-runners.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all operational motorcycles are adequately insured and that non-functional assets are promptly repaired or disposed of, in accordance with stipulated Government procedures to enhance asset management and accountability. The Committee will await a progress report on the five non-runner motorcycles.

iii. Uninsured Motor Vehicle Involved in an Accident – Lavushimanda District Agriculture Coordinating Office

The Committee was informed that it was regrettable that the motor vehicle involved in an accident at Lavushimanda DACO had not been insured due to inadequate funding. The Committee noted that the matter had been referred to the Provincial Administration Accident Committee, which had initially directed that the driver pays for the repairs. However, the vehicle had been assessed as beyond repair and declared a write-off. The Committee further noted that the Ministry had since written to the Accident Committee to seek further guidance on the appropriate course of action.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise insurance of all Government vehicles and establish clear guidelines for handling accident cases, including write-offs, to ensure accountability and safeguard public assets. The Committee further urges the

Controlling Officer to institute disciplinary action against all officers involved including the one who authorised the driving of an insured vehicle and supporting documents availed for audit verification. The Committee will await a progress report on the matter.

iv. Failure to Provide White Books for Movable Assets – Eastern Province

The Committee was informed that the failure to provide white books for movable assets in Eastern Province had prompted the Ministry to write to the Controller of Government Transport, requesting duplicate white books for fifteen motor vehicles and fifty-seven motorcycles.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to expedite the acquisition of all missing asset documentation and strengthen record-keeping systems to ensure that all movable assets are properly documented and readily available for audit verification. The Committee will await a progress report on the matter.

v. Lack of Title Deeds-Thirty Stations

The Controlling Officer submitted as follows:

(a) Lusaka Province

The Committee heard that the Lusaka Provincial Agricultural Coordinating Office premises were on title. However, the two office blocks and forty-one camp houses remained untitled due to inadequate funds. Coordinates had been collected, and site plan development was underway.

(b) Western Province

The Committee heard that delays in property numbering were due to inadequate funding. However, coordinates had since been collected and site plans and layout diagrams had been developed.

(c) Copperbelt Province

The Committee was informed that the building belonged to the Ministry of Infrastructure, Housing and Urban Development. The Ministry had committed to engaging the relevant ministry to ascertain the status of the title deed.

(d) Luapula Province

The Committee was informed that delays in survey diagrams for Mansa Farm Institute and Chienge Office Block was caused by the Survey Department. The issue for Mansa Farm Institute was resolved, with diagrams submitted for titling, while for Chienge Office Block, survey fees had been paid and a recommendation for titling were made to the Ministry of Lands.

(e) Muchinga Province

The Committee was informed that delays in obtaining title deeds was due to late approval of site plans by the two Councils. However, the process had reached an advanced stage, with all required documents submitted to the Ministry of Lands for title processing.

(f) Eastern Province

The Committee heard that failure to get the titles was attributed to the delays by the concerned local authorities to carry out the necessary verifications and subsequent approvals of the site plans. The Committee was informed as follows:

(g) Petauke

The recommendation letter from Petauke Town Council was lodged to commissioner of lands for numbering and subsequent issuance of certificate of title.

(h) Katete

The site plans were done and recommendation letter written to the Council secretary for onward submission to the commissioner of lands.

(i) Lundazi

The site plans were done and recommendation letter written to the Council secretary for onward submission to the commissioner of lands.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise funding and strengthen coordination with relevant authorities to expedite the issuance of title deeds and ensure that all Government properties are properly secured and documented. The Committee will await a progress report on the matter.

d. Maintenance of Infrastructure

i. Rehabilitation of Camp Houses (K53,892,651.00)

(a) Lusaka Province

• Chinkuli Camp House-Chongwe District Agriculture Coordinating Office

The Committee was informed that there was delayed payment to the contractor due to receivership of Investrust Bank by Bank of Zambia. Delayed payment resulted in the contractor not finishing the works within the contract period. The outstanding works were completed and the camp houses were in use.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen financial management by ensuring strict adherence to the provisions of Section 41(3) of the *Public Finance Management Act No. 1 of 2018* and ensure timely payments to contractors to avoid project delays and associated costs in future. The matter is recommended for closure, pending verification by the OAG.

• Delayed Completion of Chiyota and Rufunsa Camp Houses – Rufunsa District Agriculture Coordinating Office

The Committee was informed that delays in payment to the contractor, caused by the receivership of Investrust Bank by the Bank of Zambia, had led to late completion of works. The works had since been completed, and the camp houses were now in use.

Committee's Observations and Recommendations

The matter is recommended for closure, pending verification by the OAG.

- **Delayed Completion of Chiendeyende, Mphuka and Lunya Camp Houses –Luangwa District Agriculture Coordinating Office**

The Committee was informed that delayed payments, due to the receivership of Investrust Bank by the Bank of Zambia, had caused the contractor to miss the contract timeline. However, the outstanding works were later completed, and the camp houses were put into use.

Committee’s Observations and Recommendations

The matter is recommended for closure, pending verification by the OAG.

- **Western Province – Delayed Completion of Projects- Mongu Provincial Agriculture Coordinating Office**

The Committee was informed that delays in completing the two camp houses in Luampa and Mongu had been due to the contractor undertaking remedial works on earlier defects in Limulunga. The outstanding works had since been completed, and the camp houses were in use.

Committee’s Observations and Recommendations

The matter is recommended for closure, pending verification by the OAG.

- **Muchinga Province - Delayed Completion of Rehabilitation of Camp House Mpika District Agriculture Coordinating Office**

The Committee was informed that the delayed completion of the rehabilitation of the camp house at Mpika District Agriculture Coordinating Office in Muchinga Province, was due to the contractor having initially abandoned the works, but had since returned to site.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that due diligence is done prior to awarding contracts, strengthen contract management and supervision to ensure timely completion of works and enforce contractual obligations on contractors to prevent recurrence of such delays. The Committee will await a progress report on the matter.

- **North-Western Province – Poor Workmanship of Camp Houses – Solwezi Provincial Agriculture Coordinating Office**

The Committee was informed that the poor workmanship was attributed to the contractor’s failure to adhere to contractual terms. The Committee noted that the observed defects had since been rectified and that the two houses were handed over to the Ministry.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen supervision and quality assurance mechanisms to ensure strict compliance with contractual standards and prevent recurrence of substandard works going forward. The matter is recommended for closure, pending verification by the OAG.

- **Eastern Province - Rehabilitation of four Agricultural Camp Houses - Vubwi District Agriculture Coordinating Office**

Failure to Execute Contract

The Committee was informed that the contractor abandoned all the sites. Consequently, the contract was terminated and the recovery of the advance payment was instituted.

The Committee learnt that follow-up letters were written to the insurance company regarding the matter.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen contractor due diligence and enforce contract performance guarantees to ensure timely completion of works and safeguard public funds. The Committee will await a progress report on the matter.

- **Failure to Recover Advance Payment (K270,715.00)**

The Committee was informed that failure to recover the advance payment of K270,715.00 was due to delays by the insurance company. The amount had been successfully recovered in one district, while progress had been made in the remaining two districts, with follow-up actions undertaken through written communication to the insurer.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite engagements with the insurance company to ensure full recovery of the outstanding amounts; strengthen monitoring mechanisms on advance payments; and enforce timely follow-ups to prevent similar delays in the future. The Committee will await a progress report on the remaining two districts.

- **Southern Province**

- **Rehabilitation of Camp Houses - Failure to Implement Projects – Choma -PACO (K936,045.00)**

The Committee was informed that at the Sinazongwe DACO camp house, failure to implement the project was due to poor workmanship attributed to a lack of skills, and the contractor had since been re-engaged and remobilised to redo the works. In contrast, for projects under the Siavonga, Chikankata, Kazungula, Itezhi-Tezhi DACOs and Choma PACO, failure to implement the projects was attributed to contractors abandoning the works, leading to termination of the contracts due to lapse of time. A letter of recommendation was subsequently submitted to the Provincial Procurement Committee seeking approval for the reallocation of funds to seven ongoing contracts that had reached at least 50 per cent completion.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen contractor vetting and supervision mechanisms; enforce performance guarantees; and ensure timely contract management to prevent project abandonment and substandard works, while expediting the completion of re-allocation to ongoing projects. The Committee will await a progress report on the matter.

- ii. **Stalled Project - Milenge Agricultural Offices (Phase III) - Milenge District Agriculture Coordinating Office**

The Committee was informed that the delay in completing the Milenge Agricultural Offices (Phase II), was attributed primarily, to budgetary constraints and prioritisation of capital projects that were at or above 80 per cent completion, as per austerity measures issued by Cabinet at the time, while the Milenge office block was at 75 per cent completion and thus did not qualify for immediate funding. The Ministry wrote to Ministry of Finance and National Planning requesting for infrastructure development funds which were provided for

in the 2025 budget. Out of K294,445,441.00 only K5,444,688.00 was released, leaving a balance of K289,000,753.00. In addition, the Ministry had provided K16,500,000.00 in the 2026 budget.

Committee's Observations and Recommendations

The Committee urges the Treasury to prioritise the release of adequate funds to complete the project and ensure consistent funding for ongoing infrastructure. The Controlling Officer is also urged to strengthen budget execution to avoid delays and cost escalations. The Committee will await a progress report on the matter.

ii. Dilapidated Infrastructure

- **Lusaka Province – Lusaka PACO**

The Committee was informed that failure to rehabilitate the office premises was due to the absence of a budgetary provision for maintenance and rehabilitation in the 2024 budget. The Ministry wrote to Ministry of Finance requesting for infrastructure Development funds which were provided for in the 2025 budget. Out of K294,445,441.00, only K5,444,688.00 was released, leaving a balance of K289,000,753.00. In addition, the Ministry had provided K16,500,000.00. in the 2026 budget.

- **Northern Province – Kasama, Senga Hill, Mungwi and Mbala DACOs**

The Committee was informed that the state of disrepair was attributed to inadequate budgetary allocations for maintenance and rehabilitation works which hindered timely renovations and preservation of the structures. The Ministry had since completed rehabilitation of the forty-five camp houses under phase 1 and was now awaiting phase II funding to rehabilitate the remaining dilapidated units.

- **Western Province – Nangweshi Farmer Training Centre (FTC) - Sioma DACO**

The Committee was informed that the poor condition of FTC was due to the absence of the budget for maintenance and rehabilitation of the FTC in the 2024 budget. The Ministry wrote to Ministry of Finance requesting for Infrastructure Development Funds which were provided for in the 2025 budget. Further, out of K294,445,441.00 only K5,444,688.00 was released, leaving a balance of K289,000,753.00. In addition, the Ministry had provided K16,500,000.00 in the 2026 budget.

- **Muchinga Province – Chinsali PACO**

The Committee was informed that the poor condition of FTC was due to the absence of the budget for maintenance and rehabilitation of the FTC in the 2024 budget. The Committee noted that the Ministry wrote to Ministry of Finance requesting for infrastructure development funds which were provided for in the 2025 budget. Out of K294,445,441.00, only K5,444,688.00 was released, leaving a balance of K289,000,753.00. The Ministry had further provided for K16,500,000.00 in the 2026 budget to improve the infrastructure.

- **Eastern Province – Katete College of Agriculture and Petauke FTC**

The Committee was informed that Katete College of Agriculture and Petauke FTC were not included among the structures embarked for rehabilitation in the 2024 budget. The Ministry had commenced the rehabilitation works to address the condition at the college. For Petauke FTC, the works would commence once funds were available.

- **Southern Province – Livingstone, Kazungula, Zimba, Sinazongwe and Kalomo DACOs**

The Committee was informed that the poor condition of FTC was due to the absence of the budget for maintenance and rehabilitation of the FTC in the 2024 budget. The Ministry had identified camp houses for rehabilitation, as part of its ongoing infrastructure improvement exercise. The houses had been included on the list of structures requiring urgent works and rehabilitation would commence once funding was secured. The Ministry had engaged the treasury to release the resources and would ensure that the works were implemented in phases as funds become available.

- **Central Province – Kabwe Research Station, Shibuyunji DACO and Mukulaikwa FTC**

The Committee was informed that the camp houses, offices and FTC infrastructure, were not in the plan for rehabilitation in the 2024 budget. The Ministry had completed the drawings and Bills of Quantities for the construction of Mukulaikwa FTC in Shibuyunji District.

The Ministry engaged the Treasury for the release of infrastructure development funds which were provided for in the 2025 budget. The Committee noted that out of K294,445,441.00, only K5,444,688.00 was released, leaving a balance of K289,000,753.00. The Ministry had further provided for K16,500,000.00 funds in the 2026 budget to improve the infrastructure. The Ministry had engaged the Treasury to secure the resources and would commence the implementation once the resources were released.

Committee’s Observations and Recommendations

The Committee urges the Treasury to prioritise adequate and timely funding for infrastructure maintenance and rehabilitation. The Controlling Officer is further urged to develop a property maintenance policy, strengthen budget planning and ensure efficient utilisation of allocated resources to prevent further deterioration of Government facilities. The Committee will await a progress report on the matter.

- e. **Management of Irrigation Schemes - Non-Functional Irrigation Schemes - Choma Provincial Agriculture Coordinating Officer**

The Committee was informed that the non-functional irrigation schemes under Choma Provincial Agriculture Coordinating Office, had been affected by funding constraints and environmental challenges. At Lusitu, rehabilitation had not been budgeted under Recurrent Departmental Charges but had been provided for under the Irrigation Development Support Project (IDSP), through which Government had funded the installation of a floating pump, rendering the scheme functional. At Buleya Malima, the Committee noted that receding water levels in the lake had made it difficult to supply water to the reservoirs, leading to continued use by farmers, eventual dilapidation, and abandonment of the scheme. However, Bills of Quantities had been prepared and the Ministry was sourcing funds for rehabilitation.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to prioritise sustainable funding for irrigation schemes, incorporate climate-resilient measures in project design, and expedite rehabilitation efforts to restore functionality and support agricultural productivity. The Committee will await a progress report on the matter.

f. Mechanisation Centres of Excellence and Service Centres K183,905,472.00

i. Non-Supply of Drawbar and Supply of Incompatible Drawbar – MoA HQ (K168,000.00)

The Committee was informed that the non-supply and supply of incompatible drawbars under the Mechanisation Centres of Excellence and Service Centres programme, amounting to K168,000.00, had been due to incomplete delivery of complementary parts by the supplier. The Committee noted that the correct drawbars had since been supplied and fitted at Kalomo and Lusitu Farmer Training Centres. In Muchinga Province, the delay in installation of equipment had been due to lack of funds at the time of audit. However, the mechanisation centres had since generated resources and facilitated the installation of the equipment.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to strengthen procurement planning and contract management to ensure complete and compatible delivery of equipment, as well as ensure timely allocation of funds for installation to avoid delays in operationalisation. The matter is recommended for closure, pending verification by the OAG.

ii. Failure to Register Mechanisation of Six Farm Tractors and Trailers

The Committee was informed that the failure to register six farm tractors and trailers under the mechanisation programme had been attributed to delays by the supplier in completing the registration process. The Committee noted that the registration had since been finalised and all white books had been distributed to the respective mechanisation centres.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure due diligence, strengthen contract enforcement and ensure timely registration of all equipment to facilitate accountability and compliance with statutory requirements. The matter is recommended for closure, pending verification by the OAG.

iii. Failure to Install Mechanisation Equipment

The Committee was informed that failure to install mechanisation equipment at Chafukuma, Namushakende, and Mpika Farmer Training Centres, was due to lack of funds at the time of audit. The Committee learnt that the affected provincial mechanisation centres had since generated resources and allocated funds towards the installation, and that the equipment had been successfully installed.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure timely provision of funds for the installation of equipment and strengthen planning to avoid delays in operationalising mechanisation facilities. The matter is recommended for closure, pending verification by the OAG.

g. Management of Sustainable Agriculture Financing Facility - Failure to Recover Loans 2023/2024 Farming Season (K12,959,179.00)

The Committee was informed that failure to recover loans under the Sustainable Agriculture Financing Facility (SAFF) for the 2023/2024 farming season, amounting to K12,959,179.00, was because the responsibility for loan recovery rested with the participating banks, which administered the loans. The Ministry’s role was limited to confirming the existence of the farmers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen oversight and coordination with participating financial institutions to ensure effective loan recovery mechanisms are in place in order to safeguard public resources and will await a progress report on the matter.

h. Overpayment on the Construction of Overhead Power Line - Construction of Overhead Power Line at Shikabeta Irrigation Scheme (K1,119,416.00)

The Committee was informed that the overpayment of K1,119,416.00 on the construction of the overhead power line at Shikabeta Irrigation Scheme, was due to additional materials required following the re-routing of the power lines, which had not been included in the initial Bill of Quantities. The Committee learnt that although the contractor had delivered the materials after engagement with the Ministry and included them in the final invoice, the procurement process had not been normalised, resulting in the overpayment. The Committee further learnt that the Ministry had since engaged the contractor to recover the overpaid amount.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen procurement planning and contract variation procedures to ensure all changes are properly approved and documented. The Committee further urges the Controlling Officer to institute disciplinary measures against the officers who made the payment; to expedite the recovery of the overpaid funds and avail supporting documents for audit verification. The Committee will await a progress report on the matter.

i. Management of Liabilities - Outstanding Obligations (K73,383,096.00)

The Committee was informed that failure to manage liabilities amounting to K73,383,096.00 was attributed to inadequate funding for other personal emoluments. The Committee noted that outstanding obligations, as at September 2024 had stood at K89,677,813.50, with some arrears dating as far back as 1990. The Committee further learnt that the Ministry had been making efforts to request funding to dismantle the arrears.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise the clearance of outstanding obligations through increased budgetary allocations and implement effective liability management strategies to prevent further accumulation of arrears and will await a progress report on the matter.

MINISTRY OF AGRICULTURE – FARMER INPUT SUPPORT PROGRAMME (PARAGRAPH 33)

Audit Findings

A review of accounting and other records maintained at the Ministry Headquarters, Provincial Agricultural Coordinating Offices and fifty-seven selected District Agricultural Coordinating Offices carried out in June 2025 revealed the following:

a. Audit of Performance Information

During the 2024/2025 farming season, the Ministry received a total K409,773,600.00 from 1,024,434 farmers' contributions against the expected K409,756,800.00 from 1,024,392

farmer beneficiaries, resulting in a positive variance of K16,800.00. The variance was attributed to forty-two farmers who had deposited funds despite being ineligible, in that some of them were in formal employment.

The Controlling Officer submitted that the positive variance was attributed to deposits from ineligible farmers. The Committee was informed that the Ministry had been sensitising farmers and officers to ensure that beneficiaries in formal employment were not admitted to the programme. Further, the Ministry was working closely with the National Pensions Scheme Authority (NAPSA) and Payroll Management Establishment Control System (PMEC) to enhance data sharing to ensure that ineligible beneficiaries were detected and removed from the beneficiary list.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

b. Compliance with Legislation/Regulation

i. Failure to Implement FISP Graduation Plan

The Controlling Officer submitted that the Ministry had not yet received policy guidance from Cabinet to develop the Graduation Plan for beneficiaries on FISP. Further, the Ministry would continue consulting Cabinet Office and other relevant stakeholders on the graduation of farmer beneficiaries. The Committee was further informed that the Sustainable Agricultural Financing Facility (SAFF) offered an alternative for emerging farmers to access loans to invest in agriculture, especially crop production, irrigation and mechanisation.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to continue consultations with Cabinet Office on the way forward regarding the graduation plan for beneficiaries on FISP and will await a progress report on the matter.

ii. Delayed Delivery of Seed - Manyinga District

The Controlling Officer submitted that the late delivery of maize seed to Manyinga District was, regrettably, attributed to the omission of the seed allocation on the initial contract. However, the Ministry had since issued an addendum to the contract to include Manyinga District. Further, while the supplier performed according to the addendum contract, the farmers delayed to redeem the inputs. The Committee was informed that the migration from Direct Input Supply (DIS) to E-Voucher modality to all the 116 Districts would ensure that there was timely delivery and access to inputs by farmers during programme implementation. Further, the supplier performed as per contract for the omitted seeds and the farmers redeemed.

Committee's Observations and Recommendations

The Committee expresses concern over the omission of Manyinga District from the initial contract and urges the Controlling Officer to institute disciplinary action against officers responsible for this oversight in accordance with public service regulations. The Committee further directs Management to strengthen contract verification and approval processes to prevent such occurrences and will await a progress report on the matter.

iii. Engagement of Seed Suppliers

On 19th December 2024, the Ministry engaged four suppliers at a total contract sum of K14,291,652.00 to supply seeds to six districts with the contract period of two weeks ending 2nd January 2025. As at 30th June 2025, amounts totalling K7,482,111.00 had been paid to the suppliers, leaving a balance of K6,809,541.00. The following were observed:

(a) Late Procurement of Seed

The Controlling Officer submitted that the late procurement of various seeds to the districts cited above was attributed to the omission of the quantities in the initial contracts. The Committee was informed that variations were made to the initial contracts to cater for the omitted quantities and the suppliers were contacted after approval by the Ministry Procurement Committee (MPC) to supply and deliver omitted quantities to affected districts.

Committee's Observations and Recommendations

The Committee expresses concern over the omission of Manyinga District from the initial contract and urges the Controlling Officer to institute disciplinary action against officers responsible for this oversight in accordance with public service regulations. The Committee further directs Management to strengthen contract verification and approval processes to prevent such occurrences and will await a progress report on the matter.

(b) Questionable Supply of Seed without Contract (K3,414,503.00)

On 19th December 2024, the Ministry engaged Share Africa Limited at a total contract sum of K3,414,503.00 to supply and deliver 68.29 metric tons of soya bean seeds to Chama and Chadiza Districts. However, a scrutiny of confirmation letters, delivery notes and goods received notes revealed that the soya bean seeds were delivered on 15th November and 16th November 2024 at the districts, thirty days before the supplier signed the contract with the Ministry. In this regard, the engagement of a supplier was questionable in that the supplier was engaged before the contracts were signed with the Ministry.

The Controlling Officer submitted that it was regrettable that procurement procedures were not followed. The Committee was informed that the migration from Direct Input Supply (DIS) to the E-Voucher modality eliminated poor management of contracts. Further, the Ministry had rolled out E-Voucher to the 116 Districts in the 2025/2026 farming season.

Committee's Observations and Recommendations

The Committee expresses concern over the breach of procurement procedures and urges the Controlling Officer to take disciplinary action against the officers responsible. The Committee further directs Management to strengthen controls to ensure strict compliance with procurement regulations and will await a progress report on the matter.

(c) Failure to Compensate Farmers for Poor Germination and Yield (K113,098,317.00)

The Controlling Officer submitted that the failure to compensate farmers was attributed to inactive mobile money wallets, incorrect phone numbers, incorrect national registration card numbers and names provided not matching with the farmer details captured in the database from the mobile network operators (MNOs). The Committee was informed that arising from the above identified challenges, a farmer verification exercise was conducted in collaboration with MNOs to ensure that correct farmer details were captured using the Electronic Know

Your Customer (e-KYC) during the 2024/25 farming season and beyond. Further, funds that were not paid to farmers were remitted back to the Ministry.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen data verification and validation processes by working more closely with mobile network operators to ensure the accuracy of farmer details. The Committee further recommends that the Controlling Officer should enhance sensitisation of farmers on maintaining active and correctly registered mobile money accounts to prevent recurrence of payment failures. The Committee recommends the matter for closure, subject to verification by the OAG.

(d) Failure to Compensate Farmers for 2022/2023 Farming Season (K578,700.00)

The Controlling Officer submitted that the failure to compensate farmers was attributed to the inactive mobile money wallets, incorrect phone numbers, incorrect NRCs and names provided not matching with the farmer details captured in the database from the MNOs.

The Committee was informed that, arising from the above identified challenges, the farmer verification exercise was conducted in collaboration with MNOs to ensure that correct farmers' details were captured using the e-KYC during the 2024/25 farming season and beyond. Further, funds that were not paid to farmers were remitted back to the Ministry.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen data verification and validation processes by working more closely with mobile network operators to ensure the accuracy of farmer details. The Committee further recommends that the Controlling Officer should enhance sensitisation of farmers on maintaining active and correctly registered mobile money accounts to prevent recurrence of payment failures. The Committee recommends the matter for closure, subject to verification by the OAG.

c. Management of FISP Beneficiaries - Direct Input Supply (DIS) System

i. Failure to Redeem Inputs in Full (K3,068,458.00)

The Controlling Officer submitted that the failure to redeem inputs in full by some farmers was attributed to the non-availability of inputs in smaller units with lower prices and incomplete transactions by the agro dealers in the ZIAMIS during redeeming. The Committee was informed that the Ministry had been sensitising agro dealers on the need to stock inputs of smaller units and lower prices and ensure that transactions were completed during redeeming in the ZIAMIS.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that agro-dealers strictly adhere to guidelines requiring the availability of smaller input units at affordable prices within the ZIAMIS platform. The Committee further urges the Controlling Officer to strengthen monitoring and supervision of agro-dealers and to enforce appropriate sanctions against those who fail to provide the required input quantities to FISP beneficiaries. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the measures taken to ensure full compliance by agro-dealers.

ii. FISP Beneficiaries on other Government Empowerment Programmes (K28,710,100.00)

The Controlling Officer submitted that the cause of the query was inadequate integration of the Government systems (FSP, SAFF and ZIAMIS), which should have flagged beneficiaries intending to benefit from more than one Government programme. The Committee was informed that the integration of ZIAMIS with the electronic platform of the Ministry of Community Development and Social Services was completed. However, further enhancements were required to ensure the system was robust and to deter farmers from benefiting from more than one Government programme. The Controlling Officer further submitted that some of the ineligible farmers who were identified had fully paid back the value of the FISP pack, while a few who had not, were being pursued by the Ministry to do so.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the recovery of the value of the FISP pack from ineligible farmers.

iii. Irregular Issuance of Farming Inputs to Civil Servants (K724,400.00)

The Controlling Officer submitted that the Civil Servants who illegally benefited had since been removed from the FISP beneficiary list. Further, most of the affected civil servants had since paid back the full value of the pack, while others had recoveries effected on their payslips. Additionally, the Ministry regularly shared data with NAPSA and PMEC to facilitate the identification of ineligible beneficiaries.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute appropriate disciplinary action against the officers involved, in line with public service regulations, and that data verification mechanisms with institutions such as NAPSA and PMEC be strengthened to prevent recurrence. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

iv. FISP Beneficiaries with Unknown NRC District Codes – Kaoma DACO (K4,006,800.00)

The Controlling Officer submitted that the farmers in question were former Angolan refugees who had since been formally integrated into Zambian communities as citizens and resided in the agricultural camp. The Committee was informed that they held valid NRCs bearing a different code (99/3), which allowed them to participate under FISP. Further, the FISP Handbook provided that a beneficiary was eligible if they were a holder of a valid Zambian NRC.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

v. Beneficiaries with Mismatching Phone Numbers – Southern Province (K72,777,600.00)

The Controlling Officer explained that the mismatch of beneficiary phone numbers resulted from inadequate capture and verification of farmers' details. Further, farmers were being sensitised on the importance of submitting consistent information like NRCs, as well as what they submitted to MNOs.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen data verification and validation processes by working more closely with mobile network operators to ensure the accuracy of farmer details. The Committee further recommends that the Controlling Officer should enhance sensitisation of farmers on maintaining active and correctly registered mobile money accounts to prevent recurrence of payment failures and will await a progress report on the matter.

d. Implementation of FISP E-Voucher

i. Unapproved Farmers on E-voucher (K403,200.00)

The Controlling Officer submitted that it was regrettable that the procedure was not followed as stipulated in the FISP handbook. The Committee was informed that despite this anomaly, the rightfully approved farmers received the inputs. Further, the PACO Lusaka had been cautioned for the error committed by the officers under his charge.

Committee's Observations and Recommendations

The Committee expresses concern over the breach of procedure and urges the Controlling Officer to take disciplinary action against the officers responsible. The Committee further urges the Controlling Officer to ensure that the values of the inputs are covered either from the forty-eighty farmers in question, or the officers responsible for the anomaly. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the matter.

ii. Failure to Redeem Inputs (K6,581,784.00)

The Controlling Officer submitted that the failure to redeem inputs in full by some farmers was attributed to the non-availability of inputs in smaller units with lower prices and failure to complete transactions by agro dealers in the ZIAMIS during redeeming. Further, the Ministry had been sensitising agro dealers on the need to stock inputs in smaller units with lower prices to enable farmers to redeem vouchers in full.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that agro-dealers strictly adhere to guidelines requiring the availability of smaller input units at affordable prices within the ZIAMIS platform. The Committee further urges the Controlling Officer to strengthen monitoring and supervision of agro-dealers and to enforce appropriate sanctions against those who fail to provide the required input quantities to FISP beneficiaries. The Committee urges the Controlling Officer to avail supporting documents to the OAG and will await a progress report on the measures taken to ensure full compliance by agro-dealers.

iii. Failure to Avail Authority to Deposit (ATDs) - E-Voucher (K75,600.00)

The Controlling Officer submitted that it was regrettable that procedure was not followed as stipulated in the FISP handbook. Further, the PACO Lusaka had been cautioned for the error committed by the officers under his charge.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

iv. Suppliers without Physical Presence in the District

The Controlling Officer submitted that the failure to establish physical presence by sixty-seven agro input suppliers registered in the ZIAMIS, was attributed to the low number of beneficiary farmers and inadequate infrastructure. Further, the agro-dealers were active on the ground, as evidenced by a sample of council business permits attached.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure compliance with the FISP Implementation Handbook by ensuring that only agro-dealers with verifiable physical presence or authorised agencies within the respective districts are registered on the ZIAMIS. The Committee will await a progress report on the matter.

e. Information and Communication Technology System – Failure to Complete ZIAMIS Maintenance (US\$10,000.00)

The Controlling Officer submitted that the delay in upgrading the database and introducing a one-time redeeming record was caused by the lengthy process of developing modules, building capacity, and commencing redemption. The Committee was informed that the delay in initiating the verification of beneficiary NRCs with the Civil Registry Database was due to the Application Programming Interface (API) for the Integrated National Registration Information System (INRIS) under the Ministry of Home Affairs and Internal Security not being ready. The Committee was further informed that virtual servers for the database had been provisioned and were ready for migration of the upgraded system. In addition, the one-time redeeming record had been introduced. Further, the Ministry had finalised the API to be used to verify beneficiary NRCs against the Civil Registry Database once the INRIS API under the Ministry of Home Affairs and Internal Security becomes operational.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the full migration and operationalisation of the upgraded database and ensure seamless integration with the Civil Registry Database once the INRIS API becomes available. The Committee will await a progress report on the matter.

MINISTRY OF AGRICULTURE-IRRIGATION DEVELOPMENT SUPPORT PROJECT (IDSP)-(PARAGRAPH 34)

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\$115,000,000.00 for the financing of the Irrigation Development Support Project (IDSP) with an initial implementation period of seven years, with effect from November 2011 to 15th December 2018.

In December 2018, the PDO was revised to improve project management; reorganise project components; and reallocate funds to address cost overrun, thereby extending the project closing date to 30th November 2020.

Further, in November 2020, the Government and the World Bank signed a second restructuring to the project which involved additional financing of USD \$30,000,000.00 and time extension to close the project in November 2022. This was aimed at providing time for completion of planned works under IDSP, finance the Resettlement Action Plans and

complete activities under Phase 2 of the remedial action plan agreed with the Government to address the safety of the ten dams. On 30th November 2022, the World Bank further approved an extension of the closing date of the financing agreement by twenty-four months to 30th November 2024.

The project was currently being implemented in three project sites, namely : Lusitu in Chirundu - Lusaka Province; Mwomboshi in Chisamba - Central Province; and Musakashi in Mufulira - Copperbelt Province.

Budget, Income and Expenditure and Project Financial Performance

The Committee was informed that the unspent funds, totalling K29,593,424.00 (US\$1,208,351.00), were attributed to:

- (a) balances carried forward for outstanding works on the running contracts; and
- (b) lack of authority to spend the revenue from water user fees in the irrigation schemes.

The project had since used the brought forward balance of K78,057,618.00 (US\$3,354,096.00) on the GRZ funds to pay contractors. The Committee was further informed that authority was requested to spend water user fees and the ministry awaited the response from the treasury.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance budget execution and financial performance by ensuring timely utilisation of funds within the planned time lines. The Controlling Officer is further urged to urgently engage the Ministry of Finance and National Planning to expedite the granting of authority to utilise revenue from water user fees in irrigation schemes. The Committee will await a progress report on the matter.

a. Failure to Recover Funds - Contract for the Supply and Installation of Centre Pivots at Shimabala and Buchetekelo Zambia Police Farms (K9,315,552.73)

The Committee was informed that the non-supply and installation of 4 x 50 hectares centre pivots at Shimabala Police Farms; and 1 x 60 hectares centre pivot and four hectares (4Ha) drip irrigation at Buchetekelo Police Farm, was due to encroachment on part of the land which had been earmarked to accommodate the irrigation systems at the two farms.

The Ministry engaged with Green 2000 in June 2020 and offered alternative land at Kasisi Agriculture Training Centre (KATC) to install the centre pivots. It is therefore, regrettable to note that even when alternative land was provided green 200 had still not installed the center pivot. The Committee further noted that efforts had been made to compel Green 2000 to install the centre pivots or to recover the above cited amounts.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite efforts to either compel the contractor to fulfill their contractual obligations following the provision of alternative land at Kasisi Agriculture Training Centre or initiate legal proceedings to recover the outstanding funds without further delay. Additionally, the Ministry should strengthen contract management and monitoring systems to ensure early detection and resolution of implementation challenges, such as land encroachment, and to prevent recurrence of similar issues in future projects. The Committee will await a progress report on the matter.

b. Irrigation Management Capacity

i. Unaccounted for Water User Fees (K2,561,897.00) (US\$91,496.32)

The Committee was informed that the cited ‘unaccounted for water user fees’ was actually ‘unaccounted for water’, which was attributed to the environmental outflow, as guided by Zambia Environmental Management Agency (ZEMA). By design, 20 per cent was provided for losses through seepage; evaporation; and environmental outflow. According to the dam Operator, the dam had 48,000,000 cubic meter of water in 2024. Of which 9,149,632.48 cubic metres recorded as non-revenue water, and 12,850,367.52 cubic metres as revenue water to the respective users. The non- revenue (9,149,632.48m³) translates to 19 per cent of the total volume of the water that was in the dam in 2024 and not 42 per cent as reported by the auditor.

The 19 per cent lost was within the allowable limit of 20 per cent.

The Project would continue to measure the environmental flow and ensure that the losses were within the allowable limits.

Committee’s Observations and Recommendations

While noting that the non-revenue water was within the allowable threshold, as guided by the Zambia Environmental Management Agency, the Committee urges the Controlling Officer to enhance documentation and reconciliation processes to avoid misinterpretation between ‘unaccounted for water’ and ‘unaccounted for revenue.’ Additionally, the Ministry should implement robust monitoring mechanisms to continuously track water losses; ensure compliance with environmental standards; and improve transparency in reporting to stakeholders. The Committee recommends the matter for closure, pending verification by the OAG.

ii. Failure to Collect Water User Fees (K13,661,454.22)

The Committee was informed as follows:

- (a) The Tier III farmers - Zambia National Service (ZNS); Zambia Correctional Service (ZCS) and Chumene Investments Limited, were not fulfilling their contractual obligations. They were not paying the Water User Fees.
- (b) The Non-payment of Land Lease Fees by the tier III farmers had affected the production capacity of the Tier I farmers who were dependent on these fees for their production.

The Committed noted that the project had continued to engage defaulting farmers to honour their contractual obligations in accordance with the signed MoUs. Through these interventions, the project had collected USD\$150,305.73 from Tier II & IV farmers and K 1,500,000.00 from Tier III farmer - ZCS. The project would continue engaging with the three tier III farmers (ZCS; ZNS and Chumene Investments Limited) to ensure that they settled the outstanding balances. The tier I farmers had also been engaged and they had committed to settle their outstanding bills once they were paid their Land Lease Fees from ZCS; ZNS; and Chumene Investments.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to urgently put in place measures to enforce compliance with contractual obligations by defaulting tier III farmers. The Committee further urges the Controlling Officer to strengthen debt recovery mechanisms; review existing

agreements to include stricter enforcement provisions; and implement measures to safeguard timely payments to tier I farmers, whose production capacity has been adversely affected. The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT - COPPERBELT PROVINCE (PARAGRAPH 35)

Budget, Funding and Expenditure

The Committee was informed that the underfunding of K17, 678,642.00 was due to non-release of funds by the Treasury at Ministry of Finance and National Planning according to the approved budget. The reported unspent balance of K16,102,247.00 was overstated in that it had an omission of expenditure of K13,056,163.00 from Other Departments (third party accounts) as indicated in the table below:

Table 13: Expenditure from Other Departments (Third Parties)

No	Programme/ Activity	Account Name	Third Party Expenditure K	Unspent Balances K
1	DHID activities	DHID	333,571.73	21,925.27
2	DWSS/ DWRD	DWSS/ DWRD activities	4,286,441.15	2,375,894.85
3	Tourism activities	Tourism	1,211,660.49	16,061.51
4	Masala Culture	Masala Culture	185,829.98	70,147.02
5	DMMU activities	DMMU	5,387,608.86	142,576.14
6	Provincial and Districts activities	Small and Medium Enterprises	1,252,864.61	203,512.39
7	Scrutiny Fees	CPPA – PPH	7,399.97	59,625.03
8	Beekeeping	Beekeeping	-	17,020.00
9	Survey of Government Properties	Land Appropriation	311,056.00	5,775.00
10	National Tree Planting Programme	National Tree-Planting Programme	-	15,302.00
11	DWRD –Revolving	DWRD –Revolving	74,898.87	0.13
12	Provincial and District AIDS Task Force (PATF)	PATF	4,831.11	1,222.89

The Committee was further informed that out of the unspent balance of K2,375,894.85 under Department of Water Resources Development included K2,093,583.28 received on 2nd September, 2024 for draught response program meant for Dam maintenance. Dam maintenance works could not be done during the rainy season. Further, the Department of Water also received K116,666.70 on 9th December, 2024 and K116,666.50 on 10th December, 2024 meant for operations. K203, 512.39 was balance from the funding of K238, 257.58 which was received on 11th December, 2024 under Small and Medium Enterprise Department (SMED), while K142,576.14 balance under Disaster Management and Mitigation Unit composed of the funding of K33, 290.00, which was received on 23rd December, 2024 and a K100,000.00, which was received on 31st December, 2024.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure timely and full release of approved budgetary funds to avoid underfunding and implementation delays. The Controlling Officer is urged to strengthen coordination and reporting of third-party expenditures to prevent misstatements of unspent balances, and improve cash-flow planning by aligning fund disbursements with programme implementation timelines; particularly for seasonal activities, so as to enhance budget credibility and expenditure efficiency. The matter is recommended for closure pending verification by the OAG.

a. Failure to Achieve Set Output Targets

The Committee was informed that the failure to achieve the set targets under Economic Development (Agriculture Resettlement and Survey Services) and Community Development, was due to inadequate funds. The Ministry of Finance and National Planning was engaged to release funds according to the approved budget. The Committee was further informed that under Human Resource Administration, the target was not met due to lack of knowledge by staff on how to undertake the performance against targets (PAT) and Annual Performance Appraisal System (APAS). More than 90 per cent of the PAT and APAS forms were rejected because they were wrongly filled in. Officers were being oriented on how to prepare the performance against targets (PAT) and Annual Performance Appraisal System (APAS).

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure the timely and adequate release of funds in line with the approved budget to enable the achievement of set output targets, particularly under Economic and Community Development programmes. The Controlling Officer is urged to strengthen capacity building for staff by institutionalising regular training and supervision on the Performance Against Targets (PAT) and Annual Performance Appraisal System (APAS) to improve compliance, accuracy, and overall performance management. The Committee recommends the matter for closure pending verification by the OAG.

b. Weaknesses in Management of Payroll and Staff Related Matters

i. Positions on Payroll Not on Establishment Register (K148,663.00)

The Committee was informed that Treasury Authority was used to introduce the officers on the payroll. The province had written to PSMD to update the Establishment Register to include the cited position.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all positions placed on the payroll are formally authorised and reflected in the Establishment Register, and that the Public Service Management Division expedites the updating of the Establishment Register to regularise any positions introduced through Treasury Authority, in order to strengthen payroll control and prevent future irregularities. The Committee will await a progress report on the matter.

ii. Irregular Payment of Salaries to Officers on Secondment (K246,858.00)

The Committee was informed that one officer by the name of Kangwa Mubanga, was currently operating from OYDC under the Ministry of Youth, Sports and Arts and was only

conveyed on 22nd April, 2024 hence she continued to draw salaries from Provincial Administration Payroll. The other officer by the name of Darius Angolwishe was terminated from the payroll in May 2025 by P MEC in Lusaka. Mr Kangwa Mubanga was terminated from the payroll in August 2024 and a letter was written to the officer to refund K66, 059.46. While Mr Darius Angolwishe's secondment expired in February 2025 and reported back immediately. A letter was written to PSMD to reinstate him as he was terminated from payroll and recoveries would only be effected once he had been placed back.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen controls over the management of officers on secondment by ensuring timely communication of secondment decisions, prompt adjustment of payroll records, and regular reconciliation between controlling ministries and the Public Service Management Division, as well as expediting recoveries of any irregular salary payments made, in order to prevent recurrence of such payroll irregularities. The Committee will await a progress report on the matter.

iii. Irregular Introduction of Four Officers on Payroll (K349,049.00)

The Committee was informed that out of the four officers, three officers were sitting and drawing salaries under the Ministry of Agriculture. However, their 'sub area and business area' fields on the payroll software were not changed by PSMD at the time of migrating the Agriculture payrolls from the A4 payroll to the A6 payroll. Furthermore, the remaining officer (Leonard Siakuba) was serving and drawing his salary at Provincial Administration North-Western Province but erroneously placed on business area G091 (Copperbelt Province), instead of G097 (North-Western Province). A letter was written to P MEC to correct the business and sub areas to indicate the stations where the four officers were operating from.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the Public Service Management Division promptly corrects payroll records to accurately reflect officers' rightful business and sub-area postings, particularly during payroll system migrations, and strengthens verification and reconciliation procedures to prevent the irregular introduction or misplacement of officers on the payroll in future. The Committee will await a progress report on the matter.

iv. Officer with an Expired Contract (K331,027.00)

The Committee was informed that the query arose due to delayed communication from PSMD for the renewal of the contract. A follow up letter had since been written to PSMD.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure timely renewal or formal cessation of contracts through improved coordination and communication with the Public Service Management Division, and strengthen monitoring mechanisms to prevent officers with expired contracts from remaining on the payroll and receiving irregular payments. The Committee will await a progress report on the matter.

v. Payment of Salaries to Officers who Resigned (K150,807.00)

The Committee was informed that delayed communication on the officers' resignations resulted in the payment of salaries. Ms Racheal Imanga Munalula resigned on 1st August

2023, but the resignation letter reached Provincial Administration on 27th June, 2024 and was terminated from payroll in July 2024. Mr Leonard Munganzi resigned on 30th May 2024 and the resignation was received by provincial administration on the 27th of June 2024 when payroll was closed. Hence, he was terminated from payroll in July 2024. The Committee was further informed that Ms Racheal Imanga Munalula's immediate supervisor Mr Chilungu Francis, Head of Department for Meteorological Department was charged for delayed communication. Computations for the recovery of overpayment for the two officers was done and recoveries would be effected through their terminal benefits once the office was funded for other Personnel Emoluments.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen and enforce timely communication of staff resignations between departments and payroll administrators, institute clear accountability measures for officers who delay such communication, and ensure prompt recovery of any salary overpayments, including through terminal benefits, in order to prevent recurrence of payments to officers who have exited the service. The Committee will await a progress report on the matter.

vi. Payment of Salaries to Eight Retired Officers (K58,023.00)

The Committee was informed that the Human Resource Department delayed to convey to the end users the termination from payroll. The responsible officers in the human resource department were cautioned over the delays in conveying the inputs to the end users for termination. Computations for the recovery had been done and recoveries would be effected through their terminal benefits once the province was funded for other Personnel Emoluments. The Committee was further informed that none of the eight officers qualified to be transferred to separatees payroll since they were contributing to NAPSA.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen the HR-to-Payroll communication process to ensure timely termination of retired officers from the payroll; enforce accountability for delays by responsible HR staff; and expedite recovery of any overpaid salaries through terminal benefits, while also ensuring that only eligible officers are transferred to the separatees payroll. The Committee will await a progress report on the matter.

vii. Forty-two Officers on Payroll but not on Staff Returns (K4,061,060.00)

The Committee was informed that seven officers out of the forty-two officers cited, were not on the provincial staff returns because they belonged to the Ministry of Agriculture and one officer belonged to the Judiciary. The balance of thirty-four officers were as a result of failure by Human Resource Department to update staff returns. The Committee was further informed that the erring officer was charged and staff returns had since been updated. A letter was written to the concerned ministries (Agriculture, Livestock and Fisheries and that of Home Affairs) to have the cited officers moved from Provincial Administration payroll.

Committee's Observations and Recommendations

The Committee recommends that the Executive ensures all officers on the payroll are accurately reflected on staff returns by strengthening HR update processes and enforcing accountability for lapses, expedite the transfer of officers who belong to other ministries off the Provincial Administration payroll, and continue to implement corrective measures to reconcile payroll records and staff returns promptly. The Committee will await a progress.

viii. Misplacement of Payroll Area

The Committee was informed that the anomaly was due to inadequate staffing on the establishment in some departments. For instance, Preventive Maintenance Services Department under Ministry of Infrastructure Housing and Urban Development. A follow-up letter had since been written to PSMD requesting for realignment of position IDs with the officers' physical duty station. This would help arrest the issue of misplacement at minimal cost.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to address payroll misplacement by ensuring adequate staffing and proper alignment of position IDs with officers' actual duty stations, and that the Public Service Management Division realign and update the payroll areas to reflect the correct physical postings, thereby preventing future misplacements at minimal cost. The Committee will await a progress report on the matter.

c. Failure to Collect Revenue (K198,725.00)

The Committee was informed that the Tenancy Agreements were administered by the line Ministry of Infrastructure, Housing and Urban Development through its valuation department of which documents Provincial Administration was not privy to. Out of the twenty shops a total of K19, 900.00 had so far been paid, leaving a balance of K178, 825.00. The office of the Attorney General was written to through the Permanent Secretary's office to assist with debt recovery from the defaulting tenants.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer, in collaboration with the Ministry of Infrastructure, Housing and Urban Development, to conduct a robust evaluation campaign on all properties under lease, in order to ascertain the correct value and avert further loss of funds by the Government. The Committee further urges the Controlling Officer to strengthen revenue collection by ensuring better coordination and information sharing with the Ministry of Infrastructure, Housing and Urban Development on tenancy agreements and arrears, and expedite legal action through the Office of the Attorney General to recover the outstanding balance from defaulting tenants. The Committee will await a progress report on the matter.

d. Weaknesses in Transport Management

i. Failure to Insure Motor Vehicles

The Committee was informed that the insurance companies could not insure non-runners based on the Road Traffic Act. Out of the sixteen cited vehicles, twelve vehicles were insured during the financial year 2025. Three vehicles, namely; GRZ 659CL; GRZ 810CB; and GRZ 206CH, were non-runners and hence could not be insured.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all eligible motor vehicles are insured promptly, while addressing the status of non-running vehicles by either repairing and reinstating them for insurance or formally disposing of them, in order to comply with the Road Traffic Act and avoid gaps in fleet insurance coverage. The Committee will await a progress report on the matter.

ii. Failure to Repair Motor Vehicles

The Committee was informed that the motor vehicles were not repaired due to inadequate funding. Out of the twenty-two motor vehicles cited as not repaired; two vehicles were newly procured in 2024, that is GRZ 523DB and GRZ 643DB and were runners. Two vehicles were repaired, GRZ 725CE belonging to MET Department and GRZ 179CS belonging to Forestry Department. GRZ 885 CA Man Drilling Rig, belonging to Department of Water and Resource Development was under a court case, while fifteen motor vehicles had not yet been repaired, but were scheduled to be repaired when resources permitted in the year 2026. The other two vehicles, GRZ 659CL and GRZ 810 CB were unserviceable and were ear marked for disposal.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise and allocate adequate funding for the timely repair and maintenance of government vehicles; expedite the disposal of unserviceable vehicles; and ensure that vehicles under court cases are managed appropriately to prevent prolonged downtime and further deterioration of the fleet. The Committee will await a progress report on the matter.

e. Weaknesses in Management of ICT

i. Insufficient Safeguards for Server Rooms

The Committee was informed that the query was as a result of the inadequate funding in the financial year 2024. However, the Data Rack in PMEC Office had since been secured and was functional. The Combustible materials had been removed and secured and a new air conditioner was procured and installed.

Committee's Observations and Recommendations

The Committee resolves to close the matter, pending verification by the OAG.

ii. Lack of Backup Power Source for Server Room

The Committee was informed that the Provincial Administration did not have sufficient funds to support the procurement of the Un Interrupted Power Supply System (UPSs). The UPSs for the server room had been budgeted for in the 2026 budget. However, in 2025 a contract had already been awarded for the installation of a solar system at Provincial Administration, as a remedial measure. As a back up to the solar system and as a secondary measure to mitigate any power outages, the office had a diesel-powered generator which had since been planned for repair in 2026.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise and provide funding for a reliable backup power solution for the server room, including procurement and installation of UPS systems as planned in the 2026 budget, while expediting the repair of the diesel generator and ensuring the newly contracted solar power system is fully operational to prevent ICT downtime and data loss during power outages. The Committee will await a progress report on the matter.

f. Management of Liabilities – Failure to Settle Outstanding Liabilities (K9,916,511.00)

The Committee was informed that letters were written to Ministry of Finance and National Planning to fund the province for liquidation of the outstanding bills and other personal

emoluments. On a quarterly basis, reports were submitted to Ministry of Finance and National planning giving the status of outstanding arrears.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to continue engaging the Ministry of Finance and National Planning regarding the clearance of outstanding debt. The Controlling Officer is further urged to put in place debt management strategies to ensure timely clearance of accumulated debts. The Committee will await a progress report on the matter.

g. Failure to Maintain Properties

i. Provincial Buildings Office - Stores Warehouse

The Committee was informed that the Provincial Buildings – Stores Warehouse was not rehabilitated due to limited approved budget ceiling. The stores warehouse was assessed to ascertain the feasibility of it being rehabilitated especially the cracks for the warehouse. It was established by the Department of Preventive Maintenance that the structural cracks on the walls could be worked on to allow the warehouse walls to be restored to its serviceability to allow for continued storage for obsolete office furniture from different departments. The Department (Preventive and Maintenance Services) had since written to their line ministry (Ministry of Infrastructure Housing and Urban Development) to include the works in the 2026 budget for maintenance of infrastructure. On the issue of untidiness, at the time of audit the Department (Preventive Maintenance) was receiving obsolete furniture for storage, hence they were still in the process of being arranged tidily. Currently the obsolete (mostly broken chair parts) chairs and furniture were tidily parked at the stores warehouse and were due for disposal.

Committee's Observations and Recommendations

The Committee urges the Controlling Office to ensure that the Ministry of Infrastructure, Housing and Urban Development, includes the necessary maintenance works in the 2026 budget. Additionally, the Committee recommends that the Executive should expedite the orderly arrangement and disposal of obsolete furniture to maintain proper store management and tidiness. The Committee also urges the Controlling Officer to ensure that a building maintenance policy is developed by the Provincial Officer in order to deter the further deterioration of properties. The Committee will await a progress report on the matter.

ii. Forestry, Tourism and Chiefs Affairs Department

The Committee was informed that the Forestry, Tourism and Chiefs Affairs Departments, were not rehabilitated due to limited approved budget ceiling. The offices at Forestry Department (Chiefs and Tourism) were assessed to ascertain the requirements for rehabilitation by Preventive and Maintenance Services, who were mandated to do so. The Committee was also informed that the timber internal cladding that was infested by termites was included as part of the works that needed to be done. The requirements for rehabilitation (including removal termite infested cladding, ceiling replacement) were generated and awaited funding from the line Ministries. In addition, the User department (Forestry) had been engaged to include these costs for submission to the Line Ministry considering the budget under Maintenance of Government buildings under Provincial Administration could not accommodate all the cited rehabilitations in a fiscal year.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that a property maintenance policy is urgently put in place in order to avert the reoccurrence of such queries. The Controlling Officer is further urged to ensure that the properties are rehabilitated and avail supporting documents to the OAG. The Committee will await a progress report on the matter.

iii. Department of Water Resource Development

The Committee was informed that the building under the Department of Water Resource Development, was not rehabilitated due to limited approved budget ceiling and had been recommended for demolition. Arising from the assessment by Ministry of Infrastructure Housing and Urban Development, the recommendation was to have the building demolished.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification, subject to which, the matter should be closed.

iv. Department of Labour and Factories

The Committee was informed that the building under the Department of Labour and Factories, was not rehabilitated due to limited approved budget ceiling. The Department of Labour and Factories offices were assessed by the Department of Preventive and Maintenance Services for purposes of rehabilitating the offices. Submission was done to the Department for onward submission for funding to the Ministry considering Provincial Administration did not have enough funds to cater for the rehabilitations. Consideration was also being made to include the works for funding under 2026 Budget.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the rehabilitation needs of the Department of Labour and Factories offices are prioritised and funded by the relevant line ministry, and that the necessary works be included in the 2026 budget, given that the Provincial Administration's maintenance ceiling is insufficient to cover the required rehabilitation. The Committee will await a progress report on the matter.

v. District Commissioner's House - Chingola

The Committee was informed that the District Commissioner's House in Chingola was not rehabilitated due to limited approved budget ceiling. The province planned in a phased manner to rehabilitate district administration offices/houses. Rehabilitation works in Masaiti District had since been completed and currently Mufulira was being worked on.

With regards to Chingola District, the structure had been assessed for rehabilitation and consideration was being made to repair it in 2026 budget for provincial administration.

Committee's Observations and Recommendations

The Committee will await a progress report on the matter.

vi. District Commissioner's House- Kitwe

The Committee was informed that the District Commissioner's House in Kitwe was not rehabilitated due to limited approved budget ceiling. The assessment for rehabilitation of District Commissioners house in Kitwe was done and just awaited funding to carry out the rehabilitation works. This was proposed to be done in the 2026 budget.

Committee's Observations and Recommendations

The Committee will await a progress report on the matter.

vii. District Commissioner's House - Luanshya

The Committee was informed that the District Commissioner's House in Luanshya was not rehabilitated due to limited approved budget ceiling. The assessment for rehabilitation of District Commissioners house in Luanshya was done and was currently scheduled to undergo rehabilitation works.

Committee's Observations and Recommendations

The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT - WESTERN PROVINCE (PARAGRAPH 36)

Budget Provision, Funding and Expenditure

The Committee was informed that the balance of K147,110.00 comprised unspent funds due to payments not processed by the Treasury, and these funds were transferred to the Investment Debt Management Division to be cleared as arrears.

Committee's Observations and Recommendations

The Committee recommends that the Treasury strengthens payment processing mechanisms and coordination with spending agencies to ensure timely settlement of obligations within the financial year. This will minimise the accumulation of arrears and improve the credibility and effectiveness of budget execution. The matter is recommended for closure, pending verification by the OAG.

a. Annual Performance

i. Lack of a Strategic Plan

The Controlling Officer submitted that a final Strategic Plan for 2023 to 2026 was approved by Cabinet and was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put in place measures to ensure that there is strict adherence to the prescribed guidelines and regulations. The Committee recommends the matter for closure pending verification by the OAG.

ii. Management of Revenue - Failure to Meet Revenue Targets – Mulobezi DFO (K374,462.00)

The Committee was informed that the targets for Mulobezi in the period under review were based on four forest concessions that were operational. However, only two concessionaires renewed their concessions, which contributed to the underachievement. Furthermore, revenue estimates were based on high-value species (Guibourtia; coleosperma; Pterocarpus angolensis; and Baikiaea plurijuga), valued at K 435/m³. However, concessionaires harvested Colophospermum mopane and/or Combretum imberbe and Afzelia quanzensis, which were lower-valued species, valued at K 262.5/m³ and K 405/m³, respectively. This resulted in under-collection of revenue.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen its revenue forecasting and planning processes by basing revenue targets on realistic concession uptake and verified harvesting plans. Further, the Committee urges the Controlling Officer to regularly review timber valuation benchmarks and improve monitoring of harvested species to ensure revenue targets accurately reflect market and operational realities. The Committee recommends the matter for closure, pending verification by the OAG.

b. Misplacement of Payroll Area-Two Officers

The Committee was informed that the two remaining officer's letters were written to their respective institutions to have them removed from Western Province payroll.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strengthen payroll control mechanisms and regularly reconcile staff establishment records with the payroll to ensure accuracy. Additionally, timely follow-up should be undertaken to promptly remove misplaced officers and prevent recurrence of such payroll irregularities. The Committee will await a progress report on the matter.

c. Unauthorised Payments-Mwandi District Administration (K78,238.00)

The Committee was informed that there was a delay to submit the vouchers amounting to K78,238.00, because they could not be traced at the time of audit. This was due to the absence of the officer responsible.

Committee's Observations and Recommendations

The Committee recommends that Mwandi District Administration should strengthen internal control systems by ensuring that financial records and payment vouchers are centrally filed and accessible at all times. In addition, Management should put in place clear handover procedures to ensure continuity in record management during staff absences and to prevent the occurrence of unauthorised payments. The matter is recommended for closure, pending verification by the OAG.

d. Unaccounted for Stores (K80,272.00)

The Committee was informed that it was regrettable that the disposal details in amounts totalling K80,272, could not be submitted during the time of audit.

Committee's Observations and Recommendations

The Committee recommends that Management should strengthen stores control systems by ensuring that all disposals are properly documented, approved, and recorded in a timely manner. Further, management should investigate the unaccounted-for stores and take appropriate corrective action, including recovery or disciplinary measures where necessary, to prevent recurrence. The Committee will await a progress report on the matter.

e. Irregular Use of Private Number Plates on Fifteen Government Vehicles

The Committee was informed that an ongoing exercise had already inspected all vehicles for conversion to GRZ number plates. The Office of the Controller of Government Transport indicated that the process was still ongoing, and once the motor vehicle database in the RTSA EZAMTIS system was updated, all vehicles with private number plates would be issued GRZ number plates. The province was still awaiting the completion of the registration process.

Committee's Observations and Recommendations

The Committee recommends that the Office of the Controller of Government Transport expedites the registration and issuance of GRZ number plates for all affected vehicles in collaboration with RTSA. In the interim, the Committee urges Management to ensure that there is strict compliance with Government transport regulations and to regularly follow up the registration process to prevent continued irregular use of private number plates on Government vehicles. The Committee will await a progress report on the matter.

f. Management of Liabilities - Failure to Settle Outstanding Bills (K8,602,136.00)

The Committee was informed that funds were inadequate to clear all arrears at once, and payments were made only as they fell due. The outstanding arrears for the fourth quarter amounted to K7,966,665.42 for the year under review. Notably, Parliament appropriated a budget provision of K2,003,836 to cater for Other Personal Emoluments, but this was not funded at all, which would have helped reduce the debt.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise and implement a structured arrears clearance plan, ensuring that outstanding liabilities are reduced in a systematic and timely manner. The Committee further urges the Secretary to the Treasury to ensure that appropriated funds, especially those for personal emoluments, are released promptly to prevent further accumulation of arrears. The Committee will await a progress report on the matter.

g. Delayed Completion of Drilling Twelve Boreholes–Department of Water Affair

The Committee was informed that the delayed completion of boreholes was as a result of the breakdown of the drilling rig. The boreholes were currently being drilled.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to conduct regular maintenance and service of drilling equipment to prevent breakdowns and ensure continuity of operations and to develop and implement contingency plans, such as hiring alternative drilling rigs or engaging contractors, to avoid project delays when equipment fails. The Committee will await a progress report on the matter.

h. Agricultural Inputs Component of Youth Empowerment Fund – Youth Department

i. Failure to Keep Proper Records and Books of Accounts (K230,000.00)

The Committee was informed that according to guideline no. 3.5 (iv), which stated that “*The Ministry of Youth, Sport and Child Development will have access at all reasonable times to examine the operations of the project and books of accounts used*” and not to manage the day to day record keeping for the beneficiaries as it was not their responsibility.

Further, guideline no. 4.2(h) *inter alia*, the role of the provincial office was for capacity building and which was done prior to the disbursements of the loans. The Committee conducted a training of beneficiaries prior to the distribution of empowerment to the respective beneficiaries. The training focused on enterprise management, disease control prevention as well as entrepreneurship.

Committee's Observations and Recommendations

The Committee recommends that the Ministry of Youth, Sport and Child Development strengthens monitoring and compliance mechanisms to ensure that beneficiaries maintain proper records and books of accounts, going forward. The Committee recommends the matter for closure, pending verification by the OAG.

ii. Youth Groups Benefiting from more than one Initiative (FISP and FSP) (K145,000.00)

The Committee was informed that the occurrence was as a result of the Provincial Appraisal Committee not having a software tool or lacking access to a system that integrated data from all other support programmes (such as SCT, FSP, FISP.) to identify dual beneficiaries during the appraisal process.

Committee's Observations and Recommendations

The Committee recommends that the Ministry of Youth, Sport and Child Development, in collaboration with relevant stakeholders, develop and implement an integrated beneficiary management system to cross-check data across all support programmes. This system should enable real-time verification and prevent duplication of beneficiaries. The Committee further urges the Controlling Officer to ensure that double beneficiaries pay back and avail supporting documents to the OAG. The Committee will await a progress report.

OFFICE OF THE PRESIDENT - EASTERN PROVINCE (PARAGRAPH 37)

Budget, Funding and Expenditure

The Committee was informed that the K1,110.00 unspent amount was due to small balances from various departments, which could not be spent individually. Management would ensure that all funds released in each financial year were fully spent.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement stricter internal controls to ensure funds are fully spent within the financial year, including approvals for roll-over or reallocation where appropriate. The Committee recommends the matter for closure, pending verification by the OAG.

a. Audit of Annual Performance Information

i. Natural Resource Management

• Forestry Protected and Sustainable Management

The Committee was informed that the main Damat Chimutengo Forest dried up due to the 2024 drought. As of 14 November 2025, the department had achieved over 100 per cent of its 2025 annual target due to adequate water in the dam.

• Water Resource Development Programme

The Committee was informed that the contract for the construction of Kacholola Dam was terminated due to non-performance by the contractor. Follow-up was made with the Ministry of Water Resources Development and Sanitation on the current status of the project.

- **Enhanced Early Warning Systems**

The Committee was informed that failure to meet the target was due to inadequate funding from the Treasury. As of 14 November 2025, the department had achieved over 107 per cent of its 2025 annual target.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to develop and implement a drought mitigation plan for forest areas, including water conservation measures, reforestation, and the introduction of drought-resistant species. The Controlling Officer is further urged to ensure that the department conducts regular monitoring of dam water levels and establish early intervention measures to prevent forest drying, and to strengthen community engagement in forest protection, through awareness campaigns and involvement in monitoring and conservation activities. The matter is recommended for closure pending verification by the OAG.

ii. Economic Development-Land Administration

- **Lease Preparation**

The Controlling Officer attributed the failure to meet the target to inadequate funding from the Treasury. As of 14 November 2025, the department had achieved over 109 per cent of its 2025 annual target.

- **Land Inspections**

The failure to meet the target was due to inadequate funding from the Treasury. As of 14 November 2025, the department had achieved over 95 per cent of its 2025 annual target.

- **Sensitisation on Land-related Issues**

The sensitisation activities were incorporated within other activities, such as land inspections. As of 14 November 2025, the department had achieved over 142 per cent of its 2025 annual target.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to secure adequate funding from the Treasury for lease preparation and land inspections, and to streamline processes through improved planning; structured schedules; and strengthened collaboration with local authorities to enhance service delivery. The Committee recommends the matter for closure pending verification by the OAG.

iii. Local Government Services

- **Coordination of Local Authorities**

Failure to meet the target was due to inadequate funding from the Treasury. As of 14 November 2025, the department had achieved over 70 per cent of its 2025 annual target.

- **Spatial Development Plans Implemented**

There was under-reporting due to an error during data input. The department actually achieved over 107 per cent of its annual target.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that projects are funded in accordance with approved budgets. The Committee also urges the Controlling Officer to strengthen internal controls over data management and reporting, including regular verification and validation of data before submission. The Committee recommends the matter for closure pending verification by the OAG.

b. Failure to Fill Three Vacant Positions

The Committee was informed that the vacant positions were created towards the end of the financial year. As of 30 June 2025, management had already made recommendations to the Public Service Management Division (PSMD) for consideration. The positions of Senior Technologist and Assistant Cartographer had been filled, and follow-ups were made with PSMD to fill the remaining position of Forestry Officer (Enterprise).

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the recruitment process for the remaining Forestry Officer (Enterprise) position and to regularly follow up with PSMD to ensure timely filling of vacant positions. The Controlling Officer is further urged to ensure staffing levels are maintained to support effective service delivery. The Committee will await a progress report on the matter.

c. Compliance with Laws and Other Regulations-Unaccounted for Fuel

The Committee was informed that, at the time of the audit, the Ministry of Finance and National Planning had not yet provided proof of remittance of the WVAT from ZRA to the Provincial Administration. As a result, fuel totaling K26,223.09 had not been refunded to the Provincial Administration by the suppliers. The Committee was further informed that the Ministry of Finance subsequently provided proof of remittance of the WVAT to the Provincial Administration, and the fuel amount, totaling K26,223.09 had since been refunded by the suppliers.

Committee's Observation and Recommendations

The Committee urges the Controlling Officer to ensure timely provision of WVAT remittance proof by the Ministry of Finance and National Planning to the Provincial Administration and strengthen follow-up mechanisms to ensure refunds are processed promptly once remittance proof is received. The Controlling Officer is further urged to maintain proper documentation and tracking of WVAT refunds to prevent delays and ensure accountability. The matter is recommended for closure, pending verification by the OAG.

d. Failure to Change from Private to GRZ Number Plates

The Committee was informed that the process of changing ownership from private to GRZ number plates for eighteen vehicles and eight motorbikes was still in progress at the time of the audit. Ownership for two motor vehicles had been changed from private to GRZ numbers, while the process of changing the remaining sixteen motor vehicles and eight motorbikes was still ongoing.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to caution the officers that delayed to ensure that the motor vehicles and motor bikes were changed to GRZ on time. The Controlling Officer is further urged to put in place measures to expedite the registration processes for

vehicles and motorbikes and ensure that there is regular follow-up with RTSA/Controller of Government Transport in order to avert the reoccurrence of such queries. The Committee will await a progress report on the matter.

e. Delayed Completion of Works-Rehabilitation of Provincial Administration Office Block

The Committee was informed that there was a delay in finding alternative office space for officers at the Provincial Administration. The contractor requested an extension of the contract, which was approved by the Attorney General. As of 14 November 2025, the following outstanding works had been completed: carpentry; installation of sound-proof doors; plumbing installations; electrical installations; floor; wall and ceiling finishes; installation of a 5,000-litre water tank; a 1hp booster and submersible pump with accessories; and construction of guard houses. The remaining works were the parking areas (car sheds) and the store office, which were expected to be completed by 15 December 2025.

Committee's Observations and Recommendations

The Committee recommends that the Provincial Administration expedite the completion of the remaining works (parking areas and store office). The Committee also urges the Provincial Administration to ensure that future office accommodation arrangements are planned and secured early to avoid delays and disruptions to service delivery and will await a progress report on the matter.

f. Management of Properties

The Committee was informed that the Provincial Administration began rehabilitation works at the Nyimba District Commissioner's Office. However, due to financial constraints, the works stalled. Rehabilitation of the Nyimba District Commissioner's Office and the Chama District Commissioner's House was planned to be funded using proceeds from the Committee of Survey auction sale, which were deposited into Control 99. The total amount realised from the auction sale was K5,881,858.00, intended for the rehabilitation of the Nyimba District Commissioner's Office; the Chama District Commissioner's House; replacement of obsolete assets; and completion of Kapata Theatre Hall Phase III. The Provincial Administration had not yet received the proceeds from the auction sale from the Treasury, despite being granted authority to retain and utilise the funds.

The Provincial Administration managed to rehabilitate the exterior part of the building using the 2025 RDC budget. Follow-ups had been made with the Treasury to ensure that the proceeds from the Committee of Survey auction sale was released to reimburse borrowed funds from the General Deposit and to complete the remaining works, such as ceiling and other interior works.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to release the proceeds from the Committee of Survey auction sale without further delay to reimburse the funds borrowed from the General Deposit Account and to complete the remaining rehabilitation works at Nyimba District Commissioner's Office and Chama District Commissioner's House. The Committee will await a progress report on the matter.

g. Failure to Settle Outstanding Bills (K8,525,299.00)

The Committee was informed that the outstanding bills had accumulated over a number of years and, due to inadequate funding, management had been unable to clear them as they fell due. The Provincial Administration had cleared arrears totalling K1,569,025.49 as of 14 November 2025, leaving a balance of K6,956,931.51. The Administration cleared all arrears under its control, such as water bills, postal rentals, and insurance bills. Furthermore, Management partially cleared other personal emoluments and accrued allowances, which were not solely under its control

Table 14: Outstanding Bills

No.	Type of Bill	Balance b/f as at 31 st December 2024	Current Year	Cumulative Total	Payments During the Year	Outstanding Bills at 14 th November 2025
1	Other Personal Emoluments	7,567,913	-	7,567,913	1,056,000.00	6,511,913
2	Other Accrued Allowances	633,099	-	633,099	188,808.49	445,018.51
+3	Water Bills	77,539	-	77,539	77,539.00	-
4	Postal Rental	96,655	-	96,655	96,655.00	-
5	Insurance	150,023	-	150,023	150,023.00	-
	Totals	8,525,229	-	8,525,229	1,569,025.49	6,956,931.51

Committee’s Observations and Recommendations

The Committee urges the Secretary to the Treasury to allocate adequate funds to enable the Provincial Administration to clear the outstanding arrears, particularly those not under its direct control, and that Management continues to prioritise the settlement of all outstanding bills as they fall due. The Committee will await a progress report on the matter.

h. Construction of Multipurpose Theatre Hall-Phase III at Kapata Cultural Village

The Committee was informed that the Provincial Administration had made significant progress on the construction of Kapata Multipurpose Theatre Hall – Phase III.

However, there were challenges in paying Interim Payment Certificates (IPCs) as they became due. This was because part of the funds had been borrowed in 2023 to finance the Committee of Survey exercise, after authority was sought and granted by the Secretary to the Treasury. The authority was granted with a view to reimbursing the borrowed funds from auction sale proceeds, which were deposited into Control 99.

The total amount realised from the auction sale was K5,881,858.00, to be applied as follows:

Table 15: Amounts from Auction Sale

S/No	DETAILS	AMOUNT (K)
	Reimbursement of the borrowed funds – Kapata Multipurpose Theater Hall	1,300,008.00
	Rehabilitation DC’s Office and House	2,881,850.00
	Replacement of obsolete Motor vehicle	1,000,000.00
	Replacement of obsolete Equipment	700,000.00
	TOTAL	5,881,858.00

Despite the authority to retain the funds being granted by the Secretary to the Treasury on 5 September 2023, and several requests written to the Treasury, the Provincial Administration had not received the auction sale proceeds, as of November 2025. The Committee was further informed that the contractor requested an extension of the contract, which was approved by the Attorney General. Follow-ups had been made with the Treasury to release the proceeds from the Committee of Survey auction sale to reimburse the borrowed funds and pay the contractor for the outstanding IPCs, as well as to complete the remaining works. As of 14 November 2025, installation of ten trusses, purlins, and iron sheets was still in progress.

Committee’s Observations and Recommendations

The Committee recommends that the Treasury releases the auction sale proceeds without further delay to reimburse the borrowed funds; settle outstanding IPCs; and enable completion of the remaining works on Kapata Multipurpose Theatre Hall Phase III. The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT - SOUTHERN PROVINCE (PARAGRAPH 38)

Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2024, a total provision of K137,321,294.00 was made to cater for the operations of the Provincial Administration and the whole amount was funded. As at 31st December 2024, the Provincial Administration had spent amounts totalling K125,053,681.00, leaving a balance of K531,268.00.

Audit Findings

An examination of accounting and other records maintained at the Provincial Administration and four selected District Offices revealed the following:

a. Failure to Maintain Government Properties – District Commissioners’ Houses

The Controlling Officer submitted that the failure to maintain Government properties during the period under review was due to the fact that no funding was received specifically for the maintenance of Government properties. The Committee was informed that the Provincial Administration had no budget line for the maintenance of Government properties during the period under review. The situation went as far back as 2023, which meant that the Treasury could not release funding for this purpose and, as a result, it was impossible to maintain the District Commissioners’ Houses as required. Further, the lack of an approved budget provision meant that it was also impossible to vary funds towards the maintenance of properties.

For a variation of funds to be carried out, there was need to have a budget line related to the intention or purpose. This requirement ensured that no misapplication of funds was committed by a public body.

The Controlling Officer further submitted that moving forward, a budget line for the maintenance of Government properties had been introduced in the 2026 Budget for the department and the estimated provision was K10 million. This action would ensure that Government buildings were regularly maintained and kept in a good and habitable condition. Further, the line Ministry had assigned engineers to assess the extent of the repairs that needed to be undertaken in readiness for the 2026 Budget implementation.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Treasury for adequate and timely funding to ensure that Government properties in the province are maintained. The Committee will await a progress report on the matter.

b. Infrastructure Development – Construction, Rehabilitation, Maintenance of Dams and Borehole Drilling

i. Delayed Completion of Maintenance of Dams - Mauka Dam Maintenance

The Controlling Officer submitted that out of 373 dams, 364 had been completed, leaving a balance of nine with works ongoing. The Committee was informed that the delay in the rehabilitation and maintenance of Mauka Dam could be attributed to the fact that during the period when the dam's maintenance works were started, heavy rains were received and the wet ground conditions were not conducive for the transportation of heavy earth moving machinery to the site. As a consequence, there was no option but to halt the works until the end of the rainy season.

The Committee was informed that after the rainy season, works resumed and were completed. Their scope included the raising of the embankment by 3m to 5m, closing of the old spillway, rip rap and opening of the new spillway channel. However, it was noticed that the completed spillway channel required erosion protection, hence, additional concrete structures were introduced. Further, the dam was operational, as it had already harvested enough water for livestock and other community needs. The overall status of the works was at 95 per cent complete and the remaining works were planned to be completed promptly.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification by the OAG.

ii. Failure to Rehabilitate and Maintain Boreholes

The Controlling Officer submitted that failure to rehabilitate and maintain the 1,727 boreholes was due to a lack of adequate financial resources. This was attributed to the fact that the Department of Water Supply and Sanitation (DWSS) had no specific allocation for the rehabilitation and maintenance of boreholes in the province. The Committee was informed that in an effort to mitigate this financial deficit, the DWSS normally lobbied cooperating partners and local authorities, through the CDF, to drive forward the rehabilitation and maintenance of boreholes. Further, out of the 1727 boreholes, 295 had been rehabilitated, leaving a balance of 1432. The Controlling Officer further submitted that the rehabilitation and maintenance of boreholes was a continuous process and that there was no direct funding from the line Ministry for this activity.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to create a dedicated budget line, in consultation with the Treasury, for the rehabilitation and maintenance of boreholes. The Committee further recommends that the Controlling Officer should prioritise addressing the backlog of unrepaired boreholes and implement routine maintenance to prevent further deterioration of functional water infrastructure.

c. Management of Liabilities – Failure to Settle Outstanding Bills (K6,945,892.00)

The Controlling Officer submitted that the Provincial Administration had been facing a challenge of poor or erratic funding for outstanding bills for some time now. This scenario meant that debts had been accruing over the years without commensurate funding to dismantle them. For example, in 2024, no funding was received for outstanding bills. Further, in an effort to secure funding, the Provincial Administration had, on several occasions, written to the Treasury about the matter.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to continue engaging the Treasury to ensure that all outstanding obligations are settled and will await a progress report.

COMMITTEE’S GENERAL OBSERVATIONS AND RECOMMENDATIONS

a. Failure to adhere to Procurement Procedures

The Committee expresses serious concern over the persistent non-compliance with the provisions of the *Public Procurement Act No. 8 of 2020* across several Ministries, Provinces, and Agencies. During its engagements with Controlling Officers, the Committee noted numerous instances of procedural irregularities in procurement processes. These irregularities included, but were not limited to, the payment of suppliers prior to the signing of contracts, failure to enforce contractual obligations such as claiming liquidated damages, and the failure to encash advance payment guarantees and performance bonds in cases involving non-performing contractors. The Committee is of the view that such practices not only undermine transparency and accountability but also expose public resources to misuse and financial loss.

In light of these findings, the Committee strongly urges the Government to ensure that thorough due diligence is conducted prior to the award of contracts. Furthermore, the Committee emphasises the need to strengthen contract management systems and enforce strict compliance with the provisions of the Public Procurement Act by all MPAs.

b. Failure to Collect Government Revenue

The Committee expresses serious concern over the failure by some Ministries, Provinces, and Agencies (MPAs) to collect adequate government revenue, largely due to weak enforcement of financial regulations and inadequate revenue tracking mechanisms.

This situation continues to deprive the Government of much-needed resources for national development. The Committee notes, with particular concern, the significant outstanding amounts in uncollected revenue. For instance, accrued liabilities arising from tax returns amounting to K4,398,537,661 remain uncollected by the Zambia Revenue Authority (ZRA). Additionally, ground rent receivables relating to 497,011 properties, totalling K1,322,343,850.00 under the Ministry of Lands and Natural Resources, have remained outstanding for periods ranging from one year to over ten years. Such prolonged failure to

collect revenue reflects systemic weaknesses in enforcement, monitoring, and accountability frameworks within the affected institutions.

In this regard, the Committee urges the Government to ensure that a robust revenue collection system is established to timely track and record all revenue streams; strengthen oversight mechanisms; provide training to staff on revenue collection procedures; and ensure strict adherence to the provisions of financial regulations in order to improve domestic resource mobilisation.

c. Poor Record -Keeping Practices

The Committee notes, with concern, the poor record-keeping practices exhibited by some Ministries, Provinces, and Agencies (MPAs). During its deliberations on the Audit Report, the Committee observed that certain MPAs only availed previously missing documentation during their appearance before the Committee, such as payment vouchers, after the audit process had been concluded. This practice not only undermines the integrity and effectiveness of the audit process but also raises serious concerns regarding the authenticity, reliability, and credibility of documentation submitted after the fact. Such weaknesses in record management systems create opportunities for financial mismanagement, reduce transparency, and hinder accountability in the use of public resources.

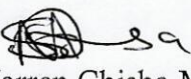
In light of these observations, the Committee urges the Controlling Officers to strengthen record keeping management by developing a digitalised record keeping system that is standardised and regularly updated, conduct capacity building on proper record management, conduct routine internal audits of records and institute disciplinary measures on officers who fail to follow the stipulated guidelines and procedures.

d. Failure to Insure Government Assets

The Committee expresses concern over delays by some Ministries, Provinces, and Agencies (MPAs) in insuring critical Government assets, including buildings and livestock. The Committee notes that such delays expose public assets to significant risks arising from unforeseen events such as fire, natural disasters, theft, and, in the case of livestock, disease or death. The failure to insure these assets not only places public resources at risk but may also result in substantial financial losses and disruptions to Government operations in the event of damage or destruction. In this regard, the Committee urges Controlling Officers to treat the insurance of all Government assets under their jurisdiction as a matter of urgency and to ensure that appropriate insurance cover is secured without further delay.

CONCLUSION

The Committee wishes to express its gratitude to you, Madam Speaker, and the Office of the Clerk for the support rendered to it during its consideration of the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2024. The Committee further wishes to thank the Controlling Officers who appeared before it and the Secretary to the Treasury for their co-operation.

PP 

Mr Warren Chisha Mwambazi, MP
CHAIRPERSON

April, 2026
LUSAKA

APPENDIX I – LIST OF NATIONAL ASSEMBLY OFFICIALS

Mr Stephen Chiwota, Director (Financial Committees)

Mr Geoffrey Zulu, Deputy Director (Financial Committees)

Mr Charles Chishimba, Senior Committee Clerk (FC1)

Mrs Prisca M Shimalungwe, Committee Clerk

Mr Leon J N Haangala, Committee Clerk

Mrs Ruth N Mwiinga, Administrative Assistant

Mr Daniel Lupiya, Senior Committee Assistant

Mr Muyembi Kantumoya, Committee Assistant

Ms Taona Chabinga, Committee Assistant