

Where Did Our Money Go?

A plain-language guide to the Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December 2025

How public money was raised and spent, what the auditors found in each sector, and what should change.

K218.4bn

received by Government in 2025

K216.3bn

spent by Government in 2025

27

audit issues still unresolved

SECTORS COVERED IN THIS GUIDE



Health



Education



Agriculture



Mining



Revenue



Water



Justice



Provinces



INDEPENDENTLY ANALYSED AND SIMPLIFIED BY

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BEFORE YOU READ

About this guide

Every year the Auditor General checks how Government ministries, provinces and agencies collected and used public money, and reports to the President and the National Assembly. The 2025 report runs to more than 250 pages of technical findings. This guide condenses it into plain language so that citizens, Members of Parliament, councillors, journalists, civil society, cooperating partners and students can see how public funds were raised and spent in 2025, and where the rules were not followed.

The guide follows the Auditor General's own structure. It opens with the national budget, then takes each sector in turn: what the institution was given, what the auditors found and what it means for the public. Amounts are shown in Kwacha (K) unless stated. **bn** means billion and **m** means million.

How to read the findings



Finding. A matter the institution could not resolve or explain during the audit, as at 30th September 2026.



Amount involved. The value the auditors attached to the issue. It is not always money lost; some may still be recovered or explained.



What this means. The analyst's plain reading of why the finding matters to the public. These boxes are opinion, clearly marked.

Disclaimer



Independent analysis for public understanding

This guide was **independently analysed and simplified for public understanding** and for other stakeholders, including Members of Parliament, oversight institutions, civil society, the media, cooperating partners and researchers. It is not an official publication of the Office of the Auditor General and has not been reviewed or endorsed by that Office.

All findings and figures come from the Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December 2025. Where this guide groups or adds figures, the totals are the analyst's own and are indicative only. Amounts flagged by the auditors are not all losses: some may have been recovered, explained or regularised after the report was finalised. Readers should rely on the original report for any formal, legal or official purpose.

The views in this guide are those of the author, prepared in his independent consulting capacity, and do not represent the position of any institution with which he is or has been affiliated.

The detailed report can still be downloaded at www.ago.gov.zm. The independent consultant can be contacted on **0969 535 044** or by email at info@zambianeconomist.com.

How the audit was done

The audits followed International Standards of Supreme Audit Institutions (ISSAIs). Auditors used a risk-based approach, focusing on the riskiest areas of Government operations.

1

Planning

2

Risk assessment

3

Evaluating controls

4

Testing

5

Reporting

Each Controlling Officer received management letters and a chance to respond with evidence. Issues that were explained were dropped. Only matters still unresolved went into a Draft Audit Report Paragraph and then into the final report. **The 27 paragraphs in the report are therefore what remained after institutions had their say.**

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**The short version**

Government collected slightly more than it planned in 2025 and the national accounts received a clean audit opinion. The problems lie in how money was managed inside institutions: fines and fees not collected, salaries paid to the wrong people or from the wrong places, contractors paid before work was done, farm support reaching people who did not qualify, and K4.26 billion in unpaid bills in the institutions audited.

**About the original report**

Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December 2025, submitted by Ms Patricia Malaila, Acting Auditor General, under Articles 212 and 250 of the Constitution, the Public Audit Act No. 29 of 2016 and the Public Finance Management Act No. 1 of 2018.

It covers ministries, provinces and agencies in the 2025 Estimates of Revenue and Expenditure. The Constituency Development Fund is reported separately. Findings are stated as at 30th September 2026.



SUMMARY DASHBOARD

2025 at a glance

**K218.4bn****Money received**

Taxes, fees, grants and loans. K1.3bn more than the K217.1bn budget.

**K216.3bn****Money spent**

Against a final approved budget of K250.7bn after K33.6bn in supplementary approvals.

**K2.1bn****Cash surplus**

Receipts exceeded payments. Borrowing counts as a receipt, so this is not a profit.

**Clean****Opinion on national accounts**

The statements were fairly presented. No key audit matters were raised.

**27****Unresolved audit paragraphs**

Covering 21 budget heads: ministries, provinces and agencies.

**K4.26bn****Unpaid bills found**

Owed to staff and suppliers by audited institutions, some since 2000.

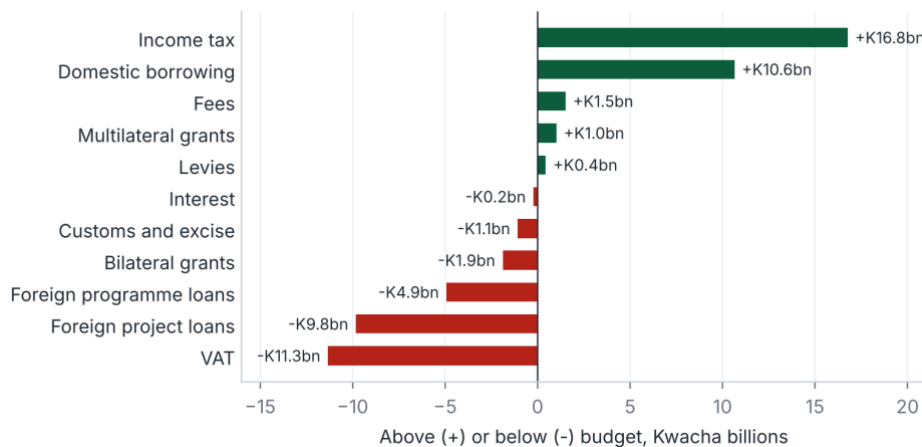
Where the money came from



- Taxes (income tax, VAT, customs) K157.2bn (72%)
- Non-tax revenue (fees, licences, levies, other) K23.3bn (11%)
- Grants from partners K7.3bn (3%)
- Borrowing (domestic and foreign) K30.6bn (14%)

What it was spent on

Salaries and wages	K58.3bn	27%
Debt interest and repayments	K56.7bn	26%
Goods and services	K36.0bn	17%
Grants to institutions and councils	K32.3bn	15%
Projects under construction	K14.8bn	7%
Social benefits	K12.4bn	6%
Vehicles, equipment, other assets	K4.0bn	2%
Loans and investments	K1.9bn	1%
Total spending	K216.3bn	100%



Which receipts were above or below budget in 2025, Kwacha billions. Source: Statement B, Financial Report for 2025.

**Two numbers to remember**

Government spent **K56.7bn on debt interest and loan repayments**, almost as much as the **K58.3bn wage bill** for the entire public service. Together they took 53 kwacha of every 100 kwacha spent, leaving the rest for medicines, schools, roads, farm support and everything else.

Ten things every citizen should know



1. The national books balance.

The Auditor General gave a clean opinion on the national financial statements. That confirms the accounts are fairly presented. It does not confirm that every kwacha was well spent; that is what the 27 findings address.



2. Income tax carried the year.

Income tax raised K99.9bn, K16.8bn above target. VAT fell K11.3bn short; domestic VAT brought in K4.3bn against K14.0bn planned, about 31% of target.



3. More borrowing at home.

Government borrowed K26.0bn domestically, K10.6bn more than planned, while foreign project loans came in K9.8bn below plan.



4. Approved is not received.

Agriculture received 60% of its budget, Fisheries and Livestock 54% and Health 79%. Health's K4.55bn shortfall left budgets for ARVs, cancer drugs and hospital equipment unfunded.



5. Fines issued, not collected.

The Ministry of Mines fined 5,222 licence holders K626.6m and collected none of it by August 2026. That is more than half of the Ministry's own K1.09bn budget.



6. The payroll is not watched by the budget system.

Payroll (PMEC) is not linked to the accounting system (IFMIS). Education, Health, Police and Agriculture spent K1.86bn above their salary budgets.



7. Farm support reached the wrong people.

FISP inputs worth about K81m went to inactive farmers, civil servants, unregistered farmers and people already on other programmes. Only 9% of K793.5m in SAFF farm loans had been repaid.



8. Paid, but not built.

A contractor received a K220.0m advance for mini hospitals and had not mobilised nine months later. A K67.2m advance for the Livingstone cancer centre produced no construction after seven months.



9. Salaries to the dead, the absent and the unknown.

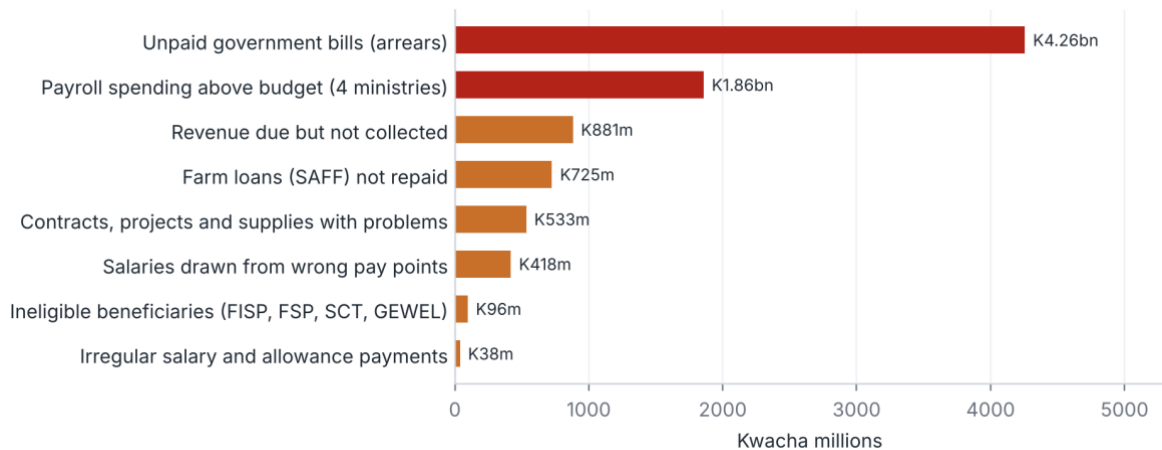
The report found salaries paid to deceased officers, deserters, officers past retirement age and 125 education officers no one could find.



10. Bills keep piling up.

Audited institutions owed K4.26bn. Health alone owed K3.56bn, some since 2014, and the Correctional Service owed K226.3m for prisoners' food.

Money flagged in the report, by type of problem



Analyst's grouping of amounts in the report. Categories are not additive and not all amounts are losses; arrears are bills owed, not money missing.



PART 1

The national budget in plain terms

Parliament approved a budget of **K217.1bn** for 2025. During the year a further **K33.6bn** was approved as supplementary spending, taking the final budget to **K250.7bn**. Government actually spent **K216.3bn**, leaving K34.4bn of approved spending unused. Receipts, including borrowing, reached **K218.4bn**, giving a cash surplus of K2.1bn.

Statement B, 2025 (simplified)	Budget	Actual	Difference
Total receipts (including borrowing)	K217.11bn	K218.42bn	+K1.31bn
Total payments	K250.68bn	K216.30bn	K34.38bn unspent
Cash surplus		K2.11bn	

Revenue: strong income tax, weak VAT

Total receipts beat the plan by K1.3bn, but the mix changed. Company tax (K34.1bn against K23.6bn) and Pay As You Earn (K31.3bn against K27.0bn) drove the income tax surplus. VAT, customs duty and foreign loans fell short, and Government made up the difference by borrowing more inside Zambia.

The chart on page 4 shows which receipts were above or below budget.

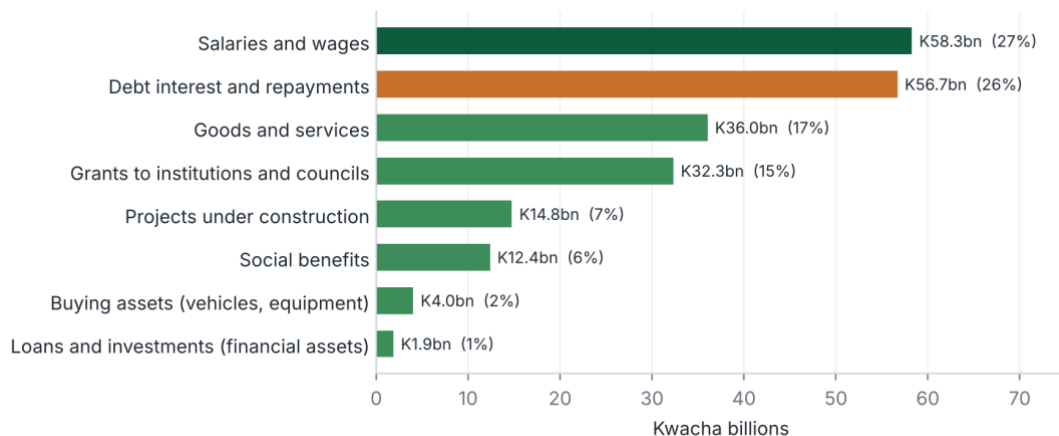
Revenue lines that fell short

- Domestic VAT: K4.27bn against K13.99bn (K9.72bn short)
- Mineral royalty: K16.03bn against K17.35bn
- Excise on clear beer: K1.46bn against K2.71bn
- Dividends from state firms: K5.34bn against K7.34bn
- Interest on Government loans: K14.4m against K253.6m

Revenue lines that did better

- Company tax: K34.11bn against K23.60bn
- PAYE: K31.30bn against K26.98bn
- Road tolls: K4.06bn against K3.31bn
- Immigration fees: K1.60bn against K1.11bn
- FRA grain sales: K2.18bn, which was not in the budget at all

Spending: salaries and debt first



How the K216.3bn was spent, by type of payment. Source: Statement B, Financial Report for 2025.

Of the K216.3bn spent, K58.3bn (27%) paid salaries and K56.7bn (26%) went to interest and loan repayments. Goods and services took K36.0bn and grants to institutions, councils and agencies K32.3bn. Capital projects under construction received K14.8bn, which was K5.5bn below their final budget of K20.3bn.



What this means

When debt service and salaries absorb more than half of spending, the remaining budget is thin and is often released late or in part. Part 3 shows how that shortfall reached hospitals, farms and schools, and Part 4 shows the unpaid bills it left behind.

The clean audit opinion relates to the national financial statements as a whole. The detailed findings below concern compliance and value for money inside individual institutions.



PART 2

Weaknesses seen across Government

The Auditor General listed eleven internal control weaknesses that appeared in many institutions. They explain why the same kinds of finding recur from year to year and across sectors.

**Revenue not collected**

Weak enforcement and tracking left fees, fines and duties uncollected. There is no law yet to collect revenue from online casinos.

**Poor procurement and contract management**

Projects started late, liquidated damages were not claimed, guarantees were not encashed and purchases bypassed the e-GP system.

**Staff records not reconciled**

Establishment registers, staff returns and payroll did not agree, so staff placement could not be confirmed.

**Undefined salary scales**

Officers sat on salary scales not provided for in the approved establishment.

**Statutory payments not remitted**

Pension contributions and taxes were not paid over, attracting penalties.

**Double benefits**

The same people benefited from FISP, the Food Security Pack and SAFF at the same time, against programme rules.

**Rules and circulars ignored**

Terms and Conditions of Service, Financial Regulations and Public Stores Regulations were not followed.

**Poor record keeping**

Payments were made without supporting documents, so the auditors could not confirm what was received.

**Payroll misallocated**

Officers drew salaries from stations where they did not work, against unfunded positions, or without being known to management.

**Assets not insured**

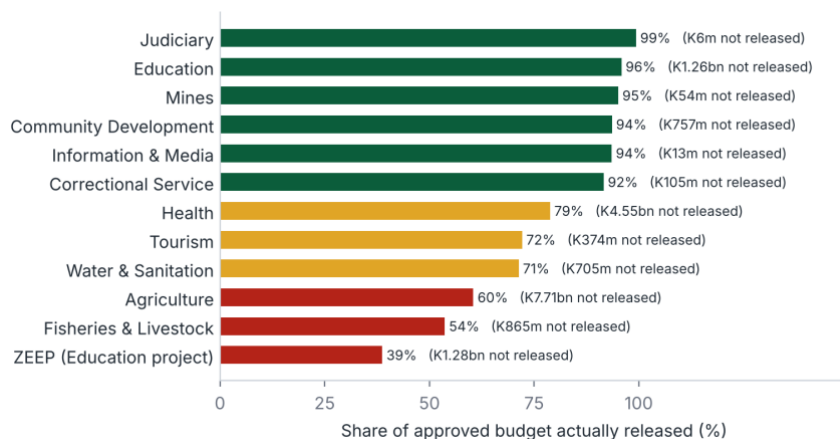
Vehicles and motorbikes were uninsured, so accidents and thefts became direct losses.

**Farm input rules not enforced**

Ineligible farmers received inputs under FISP.

Approved money that never arrived

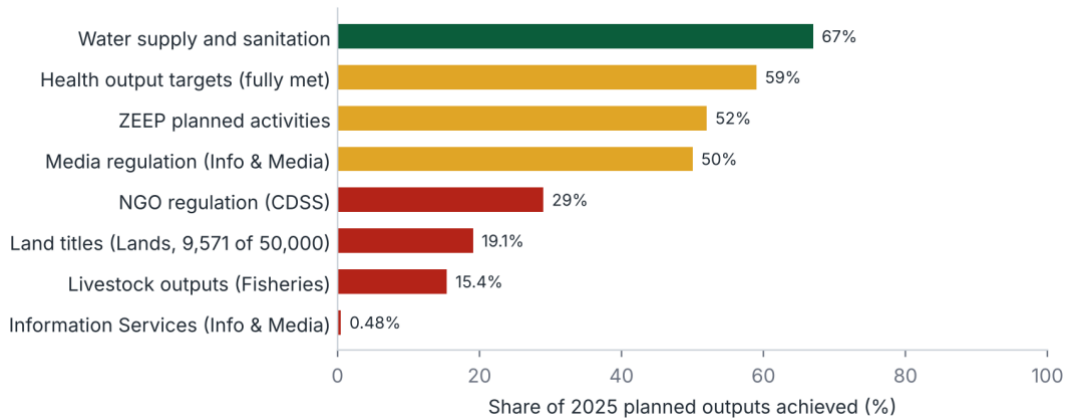
Many findings start with the budget itself. Several institutions received far less than Parliament approved, which stalled activities, delayed contracts and created arrears. The chart compares money released by the Treasury with the approved budget for the institutions audited.



Share of the authorised 2025 budget released, selected institutions. Source: institution budget tables in the AG report.

Planned versus delivered

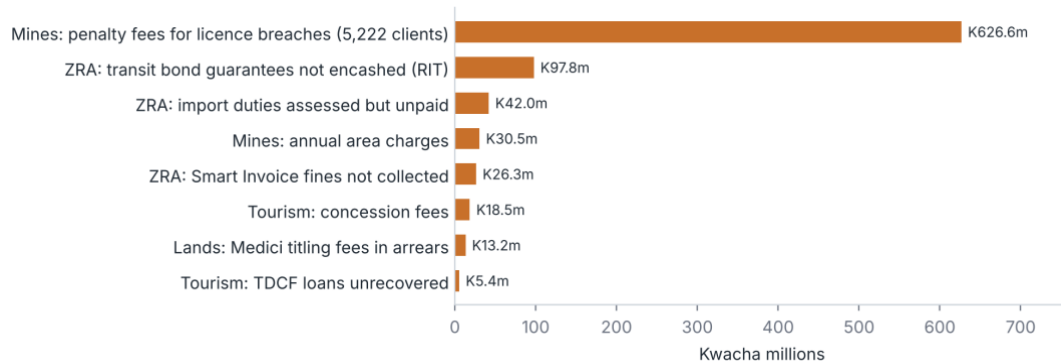
Budgets are approved to buy results: titles issued, boreholes drilled, news produced, farmers trained. The report tested several institutions against the output targets they set themselves. Some shortfalls follow from underfunding; others occurred even where most of the money was released.



Share of 2025 planned outputs achieved, selected programmes. Source: performance tables in the AG report.

Money that was due but not collected

The largest gaps are in fines and fees that institutions imposed but did not enforce. Together the revenue items flagged in the report come to about **K881m**, plus **US\$433,820** in visa fees held by a bank.



Largest revenue items not collected, secured or paid over by August 2026. Source: AG report, revenue and expenditure paragraphs.



What this means

Shortfalls in delivery and uncollected revenue are two sides of the same problem. Money not collected cannot be released, and money released without follow-up does not become services. Both depend on Controlling Officers being held to the targets in their own budgets, which the National Planning and Budgeting Act already requires.



PART 3 | SECTOR BY SECTOR

Revenue and tax collection

ZRA COLLECTIONS

K160.65bn

Target K158.99bn

ABOVE TARGET

+K1.66bn

Driven by company tax and PAYE

FINANCE MINISTRY NON-TAX

K12.16bn

Target K11.82bn

IMMIGRATION FEES

K1.60bn

Target K1.11bn

Revenue institutions met their overall targets. The findings concern money already due to Government that had not been collected, secured or paid over by August 2026.

What the auditors found		Amount involved
	Transit goods not accounted for 472 consignments moving through Zambia without paying duty, and one bonded consignment, never reached their exit or destination offices, with delays of up to 358 days. ZRA did not cash in the bank guarantees securing the duty. Nakonde alone had 390 such cases.	K99.7m
	Import duty assessed but unpaid Duty and taxes of K41.97m out of K52.02m assessed on 2025 imports had not been paid 105 to 467 days after the goods were entered. ZRA had not seized the goods.	K42.0m
	Smart Invoice fines not collected 393 VAT taxpayers were fined for not using the Smart Invoice system they were registered on. None of the fines had been collected.	K26.3m
	Seized goods left in storage Goods seized in 2025 at seven stations had not been forfeited or sold, and some were deteriorating. Chirundu alone held goods worth K31.8m.	K49.2m plus US\$84,310, €8,657 and ZAR927,431
	Gazetted goods not sold, some missing Goods and vehicles advertised for sale sat in yards for up to eight years. At Kasumbalesa 1,145 bags of mealie meal were missing; at Kitwe a Scania truck and copper concentrate (K586,430) were missing; expired milk and drinks were found at border posts.	Various
	Foreign workers outside PAYE 187 expatriates with valid work permits were not declared for PAYE by their employers.	Not quantified
	Temporary imports and vehicles 13 expired temporary import permits (goods valued at K9.03m for duty) had no proof of extension or payment. 90 foreign vehicles were registered locally without overstay penalties (K1.13m).	K1.3m in penalties and duty
	Visa fees held by a bank Access Bank collected US\$433,820 in visa and border pass fees on behalf of Immigration and had not paid it to the Treasury by August 2026.	US\$433,820
	Pool house sales unpaid since 1997 Buyers of Government houses still owed K4.34m. Some have died or retired. No rent was charged and no payment plans were signed.	K4.34m
	Other Finance Ministry gaps Four revenue lines raised K15.5m against K258.8m planned. Six banks owed K61,375 in interest for late transfers. Two auctioned vehicles (K40,000) had no receipts.	K243.3m below target



What this means

Meeting the headline target hides money that was due but not collected. Each uncollected fine weakens the rule it is meant to enforce. The transit and seized goods cases also carry a smuggling risk: goods that never exit may be sold locally without duty.



SECTOR

Mining

BUDGET	RELEASED AND SPENT	FINES NOT COLLECTED	AREA CHARGES UNPAID
K1.09bn	K1.04bn 95% of budget	K626.6m	K30.5m

What the auditors found	Amount involved
Penalties imposed but not collected The Ministry fined 5,222 licence holders for offences such as failing to peg their areas (2,302 cases, K276.2m), failing to file mineral returns (1,242, K149.0m) and unpaid area charges (831, K99.7m). By August 2026 none of the fines had been collected.	K626.6m
Annual area charges unpaid Holders of mining and processing licences owed annual area charges, mostly on large exploration licences (K22.3m) and large mining licences (K7.5m).	K30.5m
Gold equipment still in boxes Four gold processing machines bought for US\$530,300 were delivered in 2024 but had not been installed 26 months later. Installation and training of miners (US\$55,300) was paid for but not done. Eight gold testers and weights (K635,881) were not distributed.	K13.5m
Payments without support 94 payments for travel, fuel and other services had no boarding passes, travel authority or activity reports.	K13.0m
Rufunsa Gold Trading Centre late A K9.38m contract signed in December 2023 was extended three times and was still incomplete in August 2026. Liquidated damages of K938,235 were not claimed.	K5.6m paid
Laboratory and donor equipment stuck Rehabilitation of the Geological Survey laboratory (K3.28m contract) was incomplete 36 months after the contract expired. Japan's US\$1m laboratory equipment cannot be delivered until the works are finished.	K1.1m paid
Other gaps The public cadastral map was last published in 2010. 45 vehicles from outside the Ministry drew fuel (K55,854). 76 receipt books were missing. Unpaid bills reached K4.97m.	K5.0m arrears

Where the K626.6m in mining penalties came from

Offence	Licence holders fined	Amount
Failure to peg licence area	2,302	K276.2m
Failure to submit mineral returns	1,242	K149.0m
Unpaid area charges	831	K99.7m
Failure to submit quarterly reports	328	K39.4m
Failure to submit annual reports	315	K37.8m
Failure to submit future plans	204	K24.5m
Total	5,222	K626.6m



What this means

The uncollected fines are more than half of the Ministry's annual budget. If the penalties are valid they should be collected or enforced through licence action; if they cannot be collected, the penalty system needs review. Idle equipment means artisanal miners have not received the support the money was meant to buy.



SECTOR

Land and tourism

Lands and Natural Resources

REVENUE TARGET	COLLECTED	TITLES PLANNED	TITLES PRODUCED
K327.7m	K237.6m K90.1m short	50,000	9,571 19% of plan

What the auditors found	Amount involved
 National land titling far behind Under a 2020 contract, Medici Land Governance was to create 4 million titles, 1.5 million within three years. By December 2025 only 131,152 titles (3.3%) had been issued. Fees of K13.18m billed since 2020 remained unpaid.	K13.2m
 Ground rent not billed 74,840 properties in the land register had no recorded size, so ground rent could not be calculated. The minimum loss estimate is K3.32m.	K3.3m
 Records lost in system migration 982 property records in the old ZILMIS system were missing from the new ZILAS system, with no reconciliation to prove the migration was complete.	982 records

Tourism and wildlife

REVENUE COLLECTED	SPENDING BUDGET	RELEASED	UNPAID BILLS
K474.5m 80% above the K263.6m target	K1.34bn	K969.6m 72% of budget	K25.8m Some since 2014

What the auditors found	Amount involved
 Concession fees not collected Concessionaires did not pay fees due under their agreements, and the Ministry did not charge K1.04m in late payment interest.	K19.6m
 Tourism loans not recovered Loans under the Tourism Development Credit Facility were secured on property, but the mortgages were never registered, so they cannot be enforced.	K5.4m
 Casinos largely unmonitored 57 of 73 casinos had not submitted accounts and 43 had not filed quarterly returns. There is no law to collect fees from 45 online casinos, most based abroad. 11 casinos owed K347,360.	K0.3m plus unknown
 Penalties on unpaid tax and pension contributions The Hostels Board of Management had built up penalties of K33.5m with ZRA and K14.9m with NAPSA for unpaid statutory contributions.	K48.4m
 Payroll gaps 383 officers drew K3.31m but were not on staff returns; 34 retired, dismissed or deceased officers were still paid K726,583.	K4.0m



What this means

Tourism showed that revenue can be grown quickly, yet much of what is owed under concessions and loans is still not collected. On land, slow titling leaves households without secure tenure and the State without the ground rent that titles produce.



SECTOR

Health

BUDGET

K21.50bn

RELEASED

K16.94bn

79% of budget

NOT RELEASED

K4.55bn

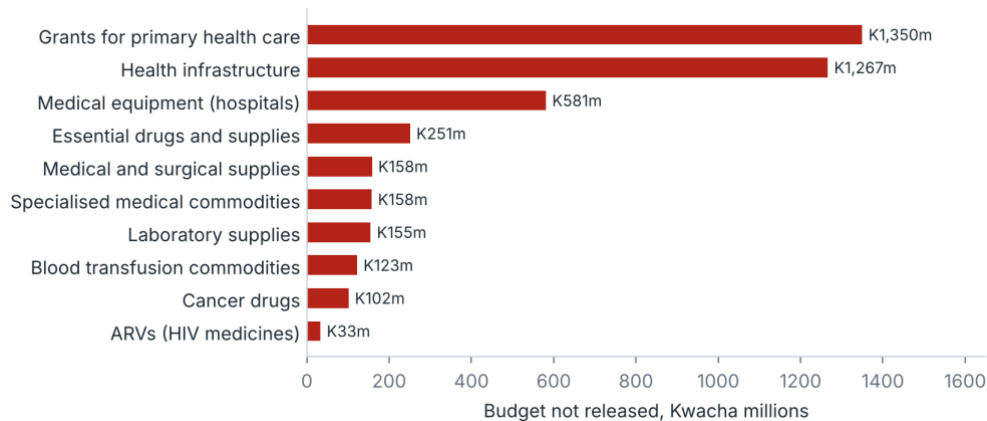
UNPAID BILLS

K3.56bn

Some since 2014

Health received an additional K4.84bn from cooperating partners, NHIMA and other sources, of which K4.39bn was spent. Ten of seventeen annual output targets were fully met, three were partly met and four were missed.

What the funding gap stopped



Budget lines in Health not funded in 2025 (largest items). Source: AG report, Tables 2 and 6, Head 46.

Projects paid for but not built

What the auditors found	Amount involved
Mini hospitals: advance paid, no contractor on site NMS Infrastructure holds a US\$427.2m (K11.22bn) turnkey contract for 5 district hospitals and 120 health centres. K220.0m was paid as an advance for Phase II, but at 21 sites inspected in April 2026 the contractor had not mobilised nine months later. Budget provisions covered only 19.5% of the advance due.	K220.0m
Same hospital paid for twice? Kafubu Mini Hospital in Lufwanyama was fully paid for under Phase I (K40.2m) and was listed again for construction under Phase II.	K40.2m
Livingstone cancer centre not started A K422.3m contract was signed in August 2025 and an advance of K67.2m paid in November 2025. By April 2026 equipment was on site but construction had not begun.	K67.2m
King Salman Hospital variation unsupported A US\$3.99m equipment upgrade was added to the hospital contract in October 2024 without the approvals or price evidence being shown to auditors. The equipment had not been delivered 21 months later. VAT of US\$13.3m had accrued and not been paid to ZRA.	US\$3.99m
Rural maternity annexes and theatres late Four maternity annexes in Northern Province were 12 months behind. The Senanga General Hospital theatre was 28 months late after an earlier contract was abandoned.	K3.6m paid

Inside the hospitals

What the auditors found	Amount involved
Expired dialysis fluid given to patients 364 packs of renal dialysis fluid (K176,176) were issued to patients after expiry at UTH and Livingstone. Livingstone received its stock 14 days after the expiry date. 96 expired packs were still on shelves 15 months later.	K176,176

What the auditors found	Amount involved
 Mbala General Hospital without basics No oxygen plant, so K853,291 was spent carrying oxygen from Kitwe and Kasama. No ENT clinic, no histopathology (samples go 400 km to Chinsali) and no prosthetics service.	K0.9m
 Severe staff shortages Kafue General Hospital had filled 7% of its establishment. Chipata Central's neonatal unit had one nurse to ten babies against a standard of one to one.	
 New equipment not installed A digital radiology system at Chongwe and a mammogram and CT scanner at Choma had not been installed months after delivery.	
 NHIMA claims rejected Seven hospitals lost K4.08m in insurance claims rejected for errors such as wrong ages, duplicates and unauthorised diagnoses.	K4.1m

Payroll and staff

What the auditors found	Amount involved
 Officers paid from the wrong stations 2,247 officers at 22 stations drew salaries from pay points different from where they actually worked.	K365.5m
 Paid after death, past retirement or while suspended 77 deceased officers stayed on the payroll for up to 12 months (K5.79m). 63 officers over 60 had no approval to continue (K3.67m). A senior accountant suspended in 2015 was still being paid (K1.53m).	K11.0m
 Staff beyond approved posts Nursing colleges at Lukupa and Mporokoso had 53 officers on 25 approved positions (K3.91m). 31 officers were transferred onto unfunded posts (K4.87m).	K8.8m

Other health findings

What the auditors found	Amount involved
 Drugs stolen, report delayed Drugs worth K102,185 were stolen from Lunzua Health Post in October 2025. The police report shown to auditors was dated March 2026 and nothing had been recovered.	K102,185
 Hospital houses occupied without rent At Chipata Central Hospital 52 staff houses were occupied by non-civil servants and families of deceased staff, some for over ten years, paying no rent.	52 houses
 Contract varied without approval The Lusaka District Health Office rehabilitation contract rose from K1.67m to K2.06m without Treasury or Attorney General approval. Purchases worth K2.33m bypassed e-GP.	K0.4m variation
 Nursing colleges in disrepair Kitwe, Nchanga, Lukupa and Solwezi colleges had leaking roofs, broken stoves and no running water in hostels. A Solwezi hostel and staff house burnt in 2024.	



What this means

Underfunding and unpaid bills are directly linked: when K4.55bn is not released, suppliers go unpaid and drugs, equipment and buildings are delayed. At the same time, large advances were paid to contractors who had not started work. Patients feel both problems, through missing services and through slow new facilities.



SECTOR

Education

BUDGET

K30.41bn

The largest ministry budget

RELEASED

K29.15bn

96% of budget

SPENT

K29.06bn

ZEEP PROJECT FUNDED

39%

K812.3m of K2.10bn

Ministry of Education

What the auditors found	Amount involved
 New curriculum without materials The new secondary curriculum began on 10th January 2025, but a year later Form 1 syllabi and teaching modules were still being printed. Learning materials had not been bought by August 2026. None of the 2,000 teachers targeted were trained on the revised curriculum.	
 Missed school targets Grade 9 completion reached 40% against 80%. No progress was recorded on the Grade 9 to 10 transition target of 60%. 100 of 200 planned new schools were gazetted. No early childhood hubs of the 40 planned were built.	
 Abandoned early childhood hub Kanona ECE hub in Serenje: 58.7% of the K3.86m contract paid, contractor left site in 2024, doors and play equipment vandalised, contract extended four times.	K2.3m paid
 Officers no one could find 125 officers at 24 stations drew salaries but were neither on staff returns nor known to managers. Four deserters in Luapula were paid for over a year of absence.	K1.5m
 Houses and transport 33 school houses in Mwinilunga were occupied by people not entitled to them, 19 of them not public servants. A transporter was paid for moving 48 tonnes of maize but moved 44.6 tonnes.	

Zambia Education Enhancement Project (World Bank funded)

ZEEP is financed by a US\$233m World Bank loan to improve learning and build secondary schools. In 2025 it received 39% of its budget and implemented 52% of planned activities (68 of 131).

What the auditors found	Amount involved
 School construction money unspent 32 schools in seven provinces held K330.3m for construction and had spent K197.2m, leaving K133.1m unused at year end. Two sites had not started because of land disputes.	K133.1m
 Advance paid, guarantee allowed to expire October First Enterprises received a K636,649 advance to build school power lines, never took the site and the guarantee expired before the Ministry acted. Nothing had been recovered.	K0.6m
 Lab equipment paid, not delivered The supplier of laboratory gas cylinders was paid in full, yet 1,032 items (K268,131) were missing at 37 schools inspected. Goods received notes for 44 schools were not produced.	K0.3m
 Building stores and payments unsupported Stores worth K2.36m had no receipt or issue records, payments of K1.89m lacked documents, materials worth K1.16m were never delivered to Mukunashi, and K401,008 of materials vanished at the cancelled Chikonkwelo school.	K5.8m



What this means

Education receives most of its budget, so its problems are mainly about delivery and control. A curriculum without books leaves teachers improvising, and unspent construction money means classrooms that pupils were promised are not yet there.



SECTOR

Agriculture

BUDGET

K19.52bn

RELEASED

K11.81bn

60% of budget

FISP FARMERS

1,024,730

2025/2026 season

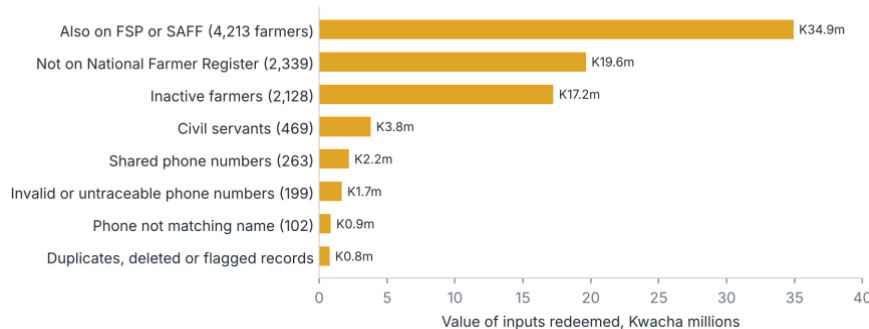
SAFF LOANS REPAYED

9%

K68.3m of K793.5m

Farmer Input Support Programme (FISP)

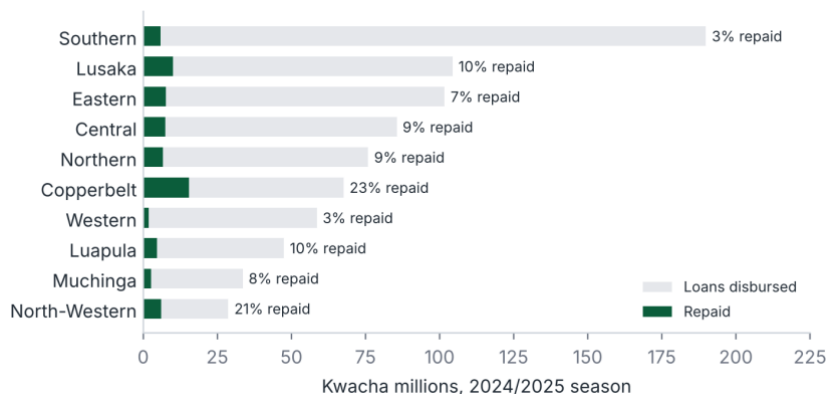
FISP gives fertiliser and seed to small-scale farmers through electronic vouchers on the ZIAMIS system. The auditors compared the beneficiary lists with other Government records and found inputs redeemed by people who did not qualify.



FISP inputs redeemed by ineligible or questionable beneficiaries, 2025/2026. Source: AG report, Head 89.

What the auditors found	Amount involved
Farmers who broke the FRA bond still supplied Farmers were meant to qualify again only if they sold maize to FRA. 466,400 who did not still received inputs worth K186.6m.	K186.6m
No graduation from FISP 62,052 farmers in 21 districts had been on FISP for eight seasons, against a five-year maximum.	K521.0m
Insurance payouts not made Four insurers had not paid 125,746 farmers for poor germination and yield in 2024/2025.	K24.5m

Sustainable Agriculture Financing Facility (SAFF)



SAFF loans disbursed and repaid by province, 2024/2025 season. Source: AG report, Table 18, Head 89.

What the auditors found	Amount involved
Loans not repaid 8,523 of 8,886 borrowers had outstanding balances. Southern Province repaid 3% of K189.9m lent.	K725.1m
Loans loaded on people who never applied NATSAVE Bank loaded 960 people with K83.2m in 2025/2026 loans they had not applied for, by repeating last season's list. Seven redeemed inputs worth K559,940.	K83.2m loaded

What the auditors found	Amount involved
 No record of how borrowers were chosen In Solwezi, 84 beneficiaries received K5.58m with no documents showing how they were selected.	K5.6m

Other findings

What the auditors found	Amount involved
 Missed delivery targets None of 300 km of roads, 200 km of power lines, 200 extension tablets or 6 training centres planned were delivered. 120 of 750 motorbikes were bought.	
 Systems and services paid, not delivered A Kenyan firm was paid US\$292,000 in full for ZIAMIS maintenance; six of ten deliverables were not provided. 665,910 prepaid SMS messages (K205,266) were unused.	US\$73,000
 Idle equipment and lost project assets Farm equipment worth K1.03m in North-Western and hammer mills at Katopola sat idle for 22 months. After the World Bank irrigation project closed, assets worth K7.0m could not be found, and the Musakashi scheme was vandalised once its security contract lapsed.	K8.2m
 Seed royalties uncollected AfriSeed owed ZARI K3.5m in royalties on a maize variety. Ten other licensees kept no sales records, so no royalties were billed. Laboratory equipment at Mutanda delivered in 2018 was unused because staff were never trained.	K3.5m
 Unpaid bills and payroll Ten stations owed K245.8m in staff benefits, some since 2001. 405 officers were paid K46.2m from wrong pay points; 35 officers over 60 were paid K3.64m without approval.	K245.8m arrears



What this means

Agriculture received only 60% of its budget, yet FISP and SAFF leaked through weak registers and weak loan recovery. Every bag that reaches an ineligible person is a bag a genuine farmer does not get. A single, verified farmer register matched against NRCs, payroll and other programmes would close most of these gaps.



SECTOR

Social protection

Community Development and Social Services

BUDGET	RELEASED	SPENT	SOCIAL ASSISTANCE SPEND
K11.77bn	K11.01bn 94% of budget	K11.00bn	K9.15bn Cash transfers and welfare

What the auditors found	Amount involved
 Double benefits: FSP and FISP 345 households collected Food Security Pack inputs (K1.59m) and then FISP inputs (K3.05m) in the same season.	K4.6m
 Paybacks not recovered FSP beneficiaries are meant to return part of their harvest. Ten districts had not recovered K2.03m of K5.52m expected.	K2.0m
 Disability transfers without proof 162 people received the disability component of Social Cash Transfer without a ZAPD card or medical certificate, 160 of them in Lumezi.	K1.2m
 Motorbikes and power banks 29 motorbikes (K1.62m) bought for monitoring sat undistributed for a year. 81 power banks for cash transfer staff never worked.	K1.7m
 Purchases outside e-GP Three Lusaka Province offices bought K3.65m of goods and services from 30 suppliers outside the electronic procurement system.	K3.7m
 NGO regulation underperformed The programme achieved 29% of its outputs. The NGO Board held none of its four planned meetings and none of 2,500 guideline copies were printed.	

GEWEL 2: girls' education and women's livelihoods

GEWEL 2 is financed by a US\$157m World Bank grant. By December 2025 it had spent 66% of available funds; the women's livelihoods component had spent only 38%. Keeping Girls in School pays school fees and grants for girls from poor households.

What the auditors found	Amount involved
 Payments to girls no longer in school School fees and grants of K1.60m went to 2,977 girls who had dropped out in 2023/2024, and K567,242 to 420 who had already finished Grade 12.	K2.2m
 Records showing ineligible ages 579 beneficiaries were recorded as younger than seven, too young for Grade 4 or above, and received K335,990.	K0.3m



What this means

These programmes reach the poorest households, so each misdirected payment is a direct cost to someone who qualifies. Routine checks against school enrolment, NRCs and other programme lists would prevent most of these payments.



SECTOR

Livestock, fisheries and water

Fisheries and Livestock

BUDGET K1.87bn	RELEASED K1.00bn 54% of budget	OUTPUTS ACHIEVED 2 of 13 Where data was provided	CALVES VACCINATED FOR ECF 66,054 Target 100,000
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What the auditors found	Amount involved
 Pasture seed that will expire unused 43,000 kg of pasture seed was bought under K20.2m contracts. It expires in July 2026, before the planting season, and 39,575 kg had not been distributed to farmers.	K20.2m contracts
 Consultant paid, nothing delivered A consultant was paid the full K330,000 to build a monitoring system for the Zambia Beef Export Project. Nothing was delivered and the performance bond expired.	K330,000
 Unfinished buildings A milk collection centre in Ndola stopped at window level. At Mochipapa research station the contractor removed the office roof and left the site.	K1.2m paid
 Vehicles lost or wrecked A vehicle at Lusaka PFLCO could not be traced. An uninsured Hilux in Mongu was badly damaged in an accident. A technician who deserted in January 2025 was still paid (K101,576).	

Water Development and Sanitation

BUDGET K2.46bn	RELEASED K1.75bn 71% of budget	ACTIVITIES ACHIEVED 67%	LAND WITHOUT TITLE 663 parcels
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What the auditors found	Amount involved
 Water targets missed 103 of 500 boreholes were rehabilitated and 374 of 947 new boreholes drilled. 15 of 100 planned piped water schemes were built and 19 of 100 rehabilitated. 3,417 of 6,000 households were connected to sewers.	
 Property without title deeds 663 parcels of land holding Ministry property had no title deeds, contrary to the Public Finance Management Act.	



What this means

Livestock received just over half of its budget, which limits what it can deliver, but seed that expires in stores and consultants paid in full for nothing are failures of management, not funding. In water, missing boreholes and schemes translate directly into longer walks for water in rural areas.



SECTOR

Justice, prisons and media

Zambia Correctional Service

BUDGET K1.25bn	RELEASED K1.15bn 92% of budget	UNPAID BILLS K317.7m	OF WHICH, FOOD RATIONS K226.3m
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What the auditors found

Amount involved

**Prisons and staff houses in poor condition**

Inspections at eight facilities found toilets without running water at Mongu, leaking roofs in Luapula, uncovered septic tanks at Chinsali, exposed wiring in Lundazi and cracked cell walls at Milima. No repair budget was provided. Two generators sent in 2022 for Mwinilunga and Zambezi had still not been delivered.

Judiciary

What the auditors found

Amount involved

**No risk management policy**

The Judiciary had no risk management policy, which the Public Finance Management Act requires. It owed K5.31m to staff and had no title deeds for land holding 53 properties.

K5.3m arrears

Information and Media

BUDGET K204.4m	RELEASED K191.2m 94% of budget	INFORMATION ACTIVITIES DONE 0.48% 385 of 80,413	PRESS BRIEFINGS 14 of 96
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What the auditors found

Amount involved

**Broadcasting studio 26% complete**

A K32.8m contract for studios in Solwezi was due in February 2025. The contractor, paid K8.85m, had done 26% of the work and was not on site. The Ministry extended the contract instead of claiming K3.28m in liquidated damages, against its own contract manager's advice.

K8.8m paid**Laptops from an untraceable supplier**

A supplier whose premises could not be found in due diligence was given a K3.16m contract for 109 laptops. After termination, the same supplier was re-awarded the contract and delivered cheaper models than specified.

K3.2m**Planned public information not delivered**

No news items, documentaries, radio programmes or social media posts were recorded against targets of 17,000 news items and 5,400 posts.

**What this means**

Owing K226m for prisoners' food means suppliers are financing the prison system. In Information and Media, the issue is less about money released and more about delivery: almost all funds arrived, but very few planned public information activities took place.



CROSS-CUTTING

The public payroll

Salaries are the largest single item in the budget at K58.3bn. The Payroll Management and Establishment Control system (PMEC) pays civil servants. The auditors reviewed both the system and the payrolls of individual institutions.

Weaknesses in the PMEC system

What the auditors found	Amount involved
 Payroll not linked to the budget system PMEC does not talk to IFMIS, the Government accounting system, so salaries are paid without checking that budget is available. Four ministries overspent their payroll budgets (table below).	K1.86bn over budget
 Changes made without approval workflows Only 8 of 29 types of payroll record require an approval step, so pensions, positions and acting allowances can be changed without review. PMEC also runs on a database that no longer receives security updates.	
 Retirees paid allowances not due 8,791 retirees waiting for pensions were kept on the payroll (K728.1m, as the Constitution allows), but the system also paid them K1.0m in duty allowances they were not entitled to.	K1.0m

Ministry	Payroll budget	Actual spend	Over budget
Education	K20.17bn	K20.99bn	K819.6m
Health	K10.58bn	K11.31bn	K731.7m
Zambia Police	K2.69bn	K2.99bn	K305.0m
Agriculture	K790.5m	K791.7m	K1.2m
Total	K34.23bn	K36.08bn	K1.86bn

Patterns across ministries and provinces

What the auditors found	Amount involved
 Salaries drawn from the wrong pay points Health (2,247 officers, K365.5m), Agriculture (405, K46.2m), Copperbelt (85, K5.7m) and Western Province.	K418.1m
 Paid but not on staff returns or unaccounted for Tourism (383 officers, K3.31m), Agriculture (84, K2.94m), Education (125 unaccounted for, K1.23m).	K7.5m
 Officers past 60 without approval Health (63 officers), Agriculture (35), Copperbelt (1).	K7.5m
 Paid after death, desertion or separation Including a Copperbelt officer paid for 89 months after death (K580,139) and 77 deceased health workers.	K9.5m
 Wrong allowances Hardship and housing allowances were paid to officers not entitled to them in Health, Agriculture and Muchinga, including repeat cases in Muchinga after the 2024 audit.	K0.6m



What this means

A payroll that is not tied to the budget and does not require approval for sensitive changes is open to error and fraud. Linking PMEC to IFMIS, enforcing monthly headcounts and removing separated staff on time would protect a large part of the K58.3bn wage bill.



SECTOR

Provincial administrations

Six Provincial Administrations were audited. They coordinate national programmes in the provinces and handle money passed down from line ministries. Each received less than its budget, and each had unpaid bills.

Province	Budget, release and main findings
 Muchinga Budget K113.5m Released K97.6m	- Of 5,595 Mukula logs confiscated in Mpika from 2021 to 2025, only 27 could be found. - Auction money (K11,400) went into a Sheriff's personal account. - K312,862 spent on allowances and fuel, but none of 15 boreholes drilled. - A stolen Land Cruiser had no insurance claim; K375,560 moved between accounts without Treasury approval.
 Copperbelt Budget K154.8m Released K133.4m	36 farmers displaced for Simon Mwansa Kapwepwe Airport still owed K7.43m, five years after funds arrived in 2021. - A deceased officer was paid for 89 months (K580,139). - Unpaid bills of K17.8m, some since 2000; K1.92m borrowed from the deposit account not repaid. - Ten vehicles used private number plates; three uninsured motorbikes were stolen.
 Northern Budget K136.2m Released K116.0m	- Three water contracts worth K23.7m given by direct bidding without legal grounds, priced above engineer's estimates. - An officer banned from driving after an unreported crash crashed the same uninsured vehicle again. 39 vehicles (K3.11m) uninsured; 578 of 905 planned land and survey activities not done. - Unpaid bills of K15.9m.
 Western Budget K38.1m Released K25.9m	- Five officers paid K749,630 on posts not in the approved establishment. 28 grant recipients paid twice (K28,000 overpaid). 15 casual workers kept for two to seven years in permanent jobs. - K470,513 of purchases outside e-GP.
 North-Western Budget K132.7m Released K117.0m	- Lodges paid K5.06m for a miners' training against K2.24m approved (K2.82m excess). - Procurement approved in December 2025 for services already delivered in November. 16 timber concessionaires had no tree nurseries; five operated without ZEMA approval. - The new District Commissioner's house at Ikelenge was left unguarded and vandalised.
 Southern Budget K153.6m Released K143.6m	181 youths who received motorbikes on loan and five groups had defaulted (K2.59m); none were reported to the Credit Reference Bureau. 162 motorbikes not repossessed. - Unpaid bills of K10.2m, some since 2004.



What this means

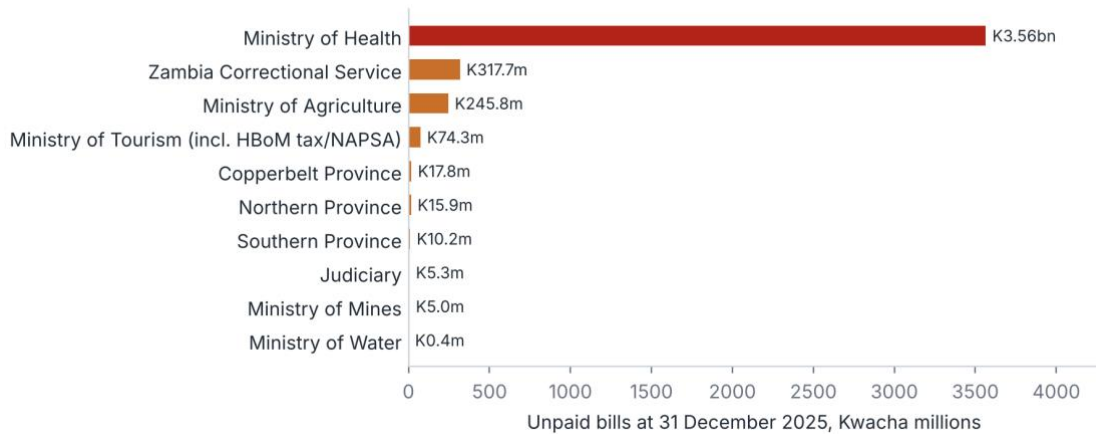
Provincial findings are smaller in value but closer to communities: compensation not paid to displaced farmers, boreholes not drilled and timber protected only on paper. Provincial accounts deserve the same public attention as national ones.



PART 4

Unpaid bills: what Government owes

Arrears are bills that are due but not paid: staff allowances, terminal benefits, utility bills and suppliers. They are not missing money, but they are a real cost. Suppliers raise prices to cover late payment, staff wait years for benefits, and penalties build up on unpaid taxes and pensions.



Unpaid bills reported for audited institutions at 31st December 2025 (Tourism figure includes K48.4m in penalties). Source: AG report.

Oldest debts in the report

- Agriculture: staff benefits dating from 2001
- Copperbelt Province: bills dating from 2000
- Southern Province: bills dating from 2004
- Health and Tourism: supplier invoices from 2014

Largest single items

- Health: K2.00bn owed to staff, K1.57bn to suppliers
- Correctional Service: K226.3m for food rations
- Agriculture HQ: K185.1m in staff benefits
- Tourism hostels: K48.4m in penalties to ZRA and NAPSA

Example: what the Correctional Service owes

Type of bill	Amount owed
Food rations for inmates	K226.3m
Utilities	K34.5m
Personal emoluments	K28.2m
Staff allowances	K17.5m
Motor vehicles	K8.1m
Other	K3.0m
Total	K317.7m



What this means

Arrears are where underfunding ends up. The K4.26bn shown here covers only the institutions in this report, so the Government-wide figure is likely to be larger. A published, dated plan for clearing arrears, oldest and smallest suppliers first, would protect local businesses and retired workers.



PART 5

What should change

The Auditor General's recommendations, simplified



Collect what is owed. Track every revenue stream, enforce collection, train staff and amend the law so that online casinos can be charged.



Follow the rules. Enforce circulars and regulations with timely sanctions, remove separated officers from the payroll promptly and audit hardship and subsistence allowances.



Manage contracts properly. Controlling Officers should review purchases and contracts, use e-GP, run post-procurement audits and track contract performance.



Keep proper records. Digitise record keeping, train staff and secure payment vouchers and supporting documents.



Clean up the payroll. Reconcile payroll with establishment registers and staff returns monthly, update records in real time and hold HR officers accountable.



Insure public assets. Insure vehicles and property, track insurance status and review cover regularly.



Pay statutory contributions. Remit taxes and pension contributions on time, with a named officer responsible.

The Auditor General also called on the Secretary to the Treasury, who oversees all Controlling Officers, to lead a culture of diligence and oversight across Government.

The analyst's view: six priorities

The points below are the analyst's own reading of the evidence in the report. They are offered for public discussion.

- **Link PMEC to IFMIS without waiting for the full system upgrade.** A K1.86bn payroll overspend in one year is reason enough for an interim control that checks salaries against budget before payment.
- **Turn fines into collections or review them.** K626.6m in mining penalties and K26.3m in Smart Invoice fines were imposed but not collected. Uncollected penalties stop deterring anyone.
- **No advance without a live guarantee and a mobilised contractor.** Several of the largest findings involve advances paid before work began or guarantees allowed to expire.
- **Build one verified beneficiary register.** Matching FISP, FSP, SAFF, Social Cash Transfer and GEWEL lists against NRCs and the payroll would stop most double and ineligible benefits.
- **Release approved funds predictably and clear arrears to a published schedule.** Partial releases to Agriculture (60%) and Health (79%) feed the K4.26bn in unpaid bills.
- **Follow through on past reports.** The Auditor General notes that the status of outstanding Public Accounts Committee issues is unchanged since the 2022 report. Repeat findings, such as irregular hardship allowances in Muchinga after the 2024 audit, show that recommendations are not always acted on.

Questions citizens can ask

- Ask your MP whether the Public Accounts Committee has examined the findings for your province.
- Ask your district office whether the boreholes, clinics and schools listed in this report have been completed.
- Ask your camp extension officer how FISP beneficiaries are selected and whether the list is shared publicly.
- Follow up next year: check whether the same findings appear again in the 2026 report.



REFERENCE

Glossary

Audit opinion	The auditor's formal conclusion on whether financial statements are fairly presented. A clean (unmodified) opinion means they are.
Controlling Officer	The senior official, usually a Permanent Secretary, accountable for a ministry's or province's public money.
MPAs	Ministries, Provinces and Agencies: the Government bodies audited.
Underfunding	The difference between the budget Parliament approved and the money the Treasury actually released.
Arrears	Bills that are due but have not been paid.
Advance payment and guarantee	Money paid to a contractor before work starts, backed by a bank guarantee that Government can cash if the contractor fails to perform.
Liquidated damages	A penalty in a contract that the contractor must pay for each day of delay.
Acquittal (customs)	Confirmation that goods in transit have left the country or been properly cleared and paid for.
Gazetting	Publishing a formal notice, for example that seized goods will be sold.
e-GP	Electronic Government Procurement: the online system all public purchases must go through.
PMEC and IFMIS	PMEC is the public service payroll system. IFMIS is the Government's accounting and budget system.
Separatee	A retired officer kept on the payroll on basic pay until the pension is paid.
Misplaced payroll	An officer paid from one station's payroll while working at another.
FISP, FSP, SAFF	Farmer Input Support Programme; Food Security Pack; Sustainable Agriculture Financing Facility (farm loans).
SCT and GEWEL	Social Cash Transfer; Girls' Education and Women's Empowerment and Livelihoods project.
ZEEP and IDSP	Zambia Education Enhancement Project; Irrigation Development Support Project. Both World Bank financed.
Public Accounts Committee (PAC)	The National Assembly committee that examines the Auditor General's report and questions Controlling Officers.



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Lubinda Sinyani is an economist and governance specialist with more than 17 years of experience in public sector research, economic policy, auditing and anti-corruption strategy.

He spent nearly fifteen years at the **Office of the Auditor General of Zambia**, first as Auditor for the Defence and Security sector (2011 to 2016), then as Planner for Research and Development (2016 to 2026) and as Public Relations and Protocol Officer (2020 to 2025). From 2016 to 2025 he **led the initiative to simplify and summarise the Reports of the Auditor General for the general public**, the work this guide continues. He also led the Office's self-assessment under the SAI Performance Measurement Framework against international auditing standards.

He is currently **Principal Research Officer at the Emoluments Commission**, where he leads research on public sector pay and the review of the Public Sector Pay Policy. Since September 2025 he has served as a **Board Technical Committee Member for Corruption Prevention and Communication at the Anti-Corruption Commission**.

He served as Vice Chairperson of the National Economic Summit of the Economics Association of Zambia (2019 to 2021), is a member of the Economics Association of Zambia. Through The Zambian Economist he works as an independent consultant, helping public institutions, civil society and development partners turn complex public sector reports into material citizens and donors can use.

AREAS OF EXPERTISE

- | | |
|--------------------------------|---|
| ■ Public financial management | ■ Anti-corruption and governance |
| ■ Audit and accountability | ■ Strategic communication |
| ■ Research and policy analysis | ■ Public education and data visualisation |

Why this guide

Audit reports are written for Parliament and the specialists who examine public accounts. Most citizens never read them, although the money they describe is raised from citizens and spent on their behalf. This guide applies the approach the author used at the Office of the Auditor General: keep the facts exactly as reported, explain them in plain language, and show where each issue touches daily life.



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Where Did Our Money Go?

A citizens' guide to the Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December 2025

DISCLAIMER

This report was independently analysed and simplified for public understanding as well as for other stakeholders. It is not an official publication of the Office of the Auditor General. Figures are drawn from the Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December 2025; any grouping or totals are the analyst's own.

The detailed report can still be downloaded at www.ago.gov.zm



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Public money belongs to the public. Read it, share it, ask questions.