REPORT

of the

Auditor-General

for the

FINANCIAL YEAR ENDED DECEMBER 31, 2020

on

APPROPRIATION ACCOUNTS, FINANCE AND REVENUE STATEMENTS

AND

FUND ACCOUNTS

Presented to Parliament of Zimbabwe 2022

OAG ZIMBABWE
Office of the Auditor-General

Office of the Auditor-General of
Zimbabwe
Burroughs House
48. George Silundika Avenue
Cnr. S. V. Muzenda Street,
Harare, Zimbabwe

The Hon. Professor. M. Ncube
Minister of Finance and Economic Development
Mgandane Dlodlo Building
Samora Machel Avenue
Harare

Dear Sir,

I hereby submit my Report on the audit of Appropriation Accounts, Revenue and Finance Statements and Fund Accounts of Zimbabwe for the year ended December 31, 2020 in terms of Section 309 (2) of the Constitution of Zimbabwe as read together with Section 10 (1) of the Audit Office Act [*Chapter 22:18*].

Yours faithfully,

M. CHIRI,
AUDITOR-GENERAL.

HARARE

December 31, 2021.

We assure accountability

OAG ZIMBABWE
Office of the Auditor-General

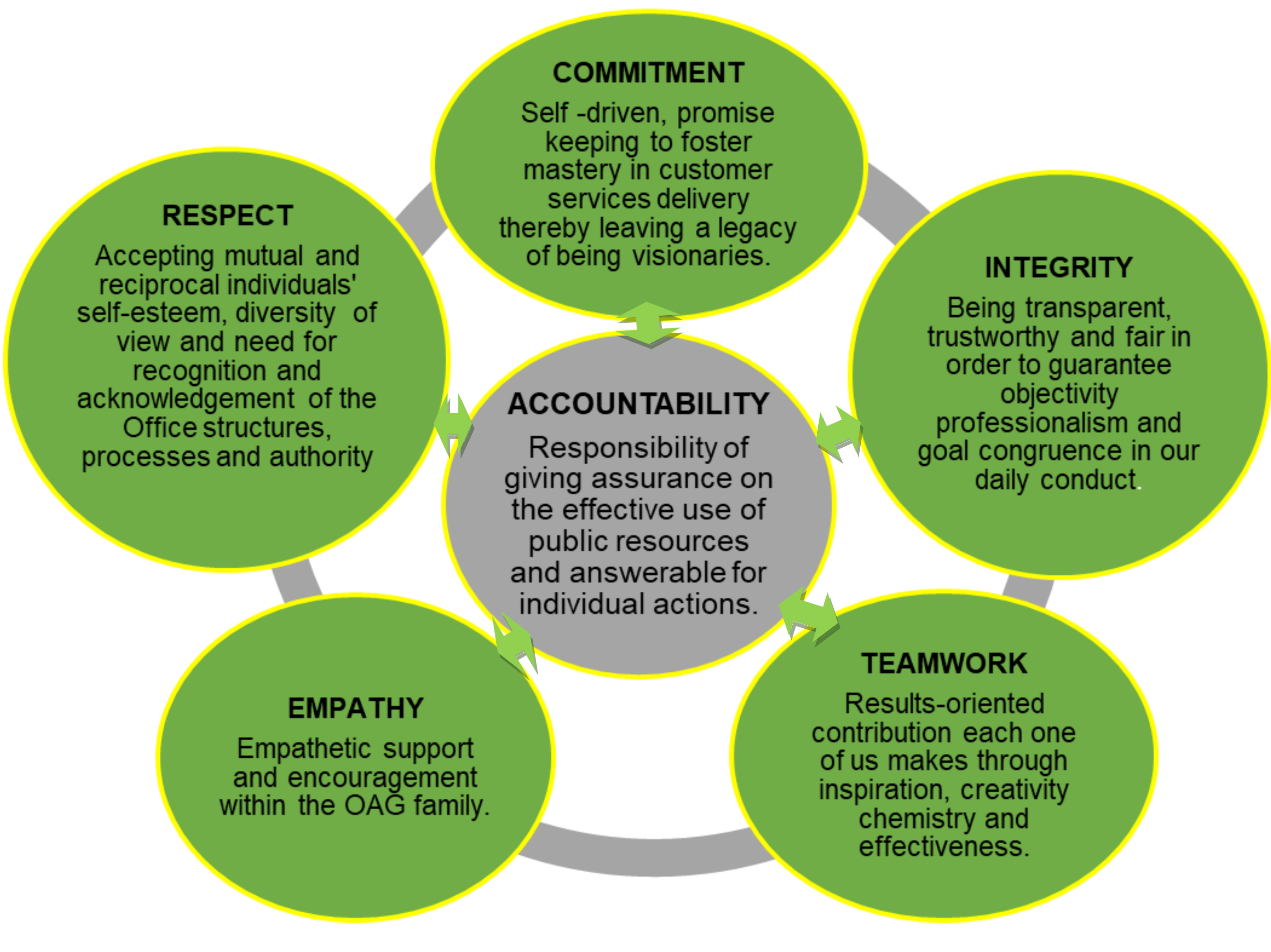
OAG VISION

To be the Centre of Excellence in the provision of Auditing Services.

OAG MISSION

To examine, audit and report to Parliament on the management of public resources of Zimbabwe through committed and motivated staff with the aim of improving accountability and good corporate governance.

OAG VALUES



LIST OF ACRONYMS

ACCA	Association of Chartered Certified Accountants
AFROSAI-E	African Organisation of English speaking Supreme Audit Institutions
AMA	Agricultural Marketing Authority
AUWES	African Union Wildlife Economy Summit
BOI	Board of Inquiry
BWP	Botswana Pula
CAAZ	Civil Aviation Authority of Zimbabwe
CAP	Consolidation Accounts Policy
CBZ	Commercial Bank of Zimbabwe
CMED	Central Mechanical Equipment Department (Pvt) Ltd
COVID 19	Corona Virus Disease of 2019
CPD	Continuous Professional Development
DDF	District Development Fund
DRP	Disaster Recovery Plan
GAAP	Generally Accepted Accounting Practice
GANHRI	Global Alliance for National Human Rights Institutions
GCC	General Conditions of Contract
GFS	Government Finance Statistics
IAS	International Accounting Standards
ICT	Information and Communications Technology
IDBZ	Infrastructure Development Bank of Zimbabwe
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
IT	Information Technology
ITTTD	Industrial Training and Trade Test Department
JV	Journal Voucher
KRA	Key Result Area
MOA	Memorandum of Association
MSD	Metrological Services Department
MSME	Micro, Small and Medium Enterprises
NHF	National Housing Fund
NOCZIM	National Oil Company of Zimbabwe
OAG	Office of the Auditor-General
PAAB	Public Accountants and Auditors Board
PDMO	Public Debt Management Office
PED	Provincial Education Director
PFM	Public Finance Management
PFMA	Public Finance Management Act
PFMS	Public Financial Management System
PMG	Paymaster General's Account
PMU	Procurement Management Unit
POSB	People's Own Savings Bank
PPDPA	Public Procurement and Disposal of Public Assets
PPE	Property, Plant and Equipment
PRAZ	Procurement Regulatory Authority of Zimbabwe
PSC	Public Service Commission
RBM	Results Based Management
RBZ	Reserve Bank of Zimbabwe
RCCF	Residential Child Care Facilities
SAA	South African Airways
SAP	Systems Application Products in Data Processing

SDGs	Sustainable Development Goals
SLA	Service Level Agreement
SMEDCO	Small and Medium Enterprises Development Corporation
SSB	Salary Service Bureau
SUB-PMG	Sub-Paymaster General's Account
UDCORP	Urban Development Corporation
UNICEF	United Nations International Children's Emergency Fund
UR	Unallocated Reserve
USD	United States Dollar
ZABG	Zimbabwe Allied Banking Group
ZACC	Zimbabwe Anti-Corruption Commission
ZAR	South African Rand
ZBC	Zimbabwe Broadcasting Corporation
ZEC	Zimbabwe Electoral Commission
ZESA	Zimbabwe Electricity Supply Authority
ZHRC	Zimbabwe Human Rights Commission
ZIMCHE	Zimbabwe Council for Higher Education
ZIMRA	Zimbabwe Revenue Authority
ZINWA	Zimbabwe National Water Authority
ZNA	Zimbabwe National Army
ZRP	Zimbabwe Republic Police
ZUPCO	Zimbabwe United Passenger Company
ZWL	Zimbabwean Dollar

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FOREWORD AND EXECUTIVE SUMMARY

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FOREWORD

1 SUBMISSION OF ANNUAL REPORT

In terms of Section 309 (2) of the Constitution of Zimbabwe Amendment (No. 20) Act 2013 and Section 10 of the Audit Office Act [*Chapter 22:18*] I am required, after examining the public accounts of Zimbabwe submitted to me in terms of Section 35 (6) and (7) of the Public Finance Management Act [*Chapter 22:19*] and signing a certificate recording the results of such examination, to prepare and submit to the Minister of Finance and Economic Development, not later than June 30 of each year, a report of my examination and audit of the public accounts of Zimbabwe.

DELAY IN REPORT SUBMISSION

The global pandemic – Covid 19 made it practically impossible to meet the statutory deadline of June 30, 2021. The pandemic disrupted business operations for both the auditee and the auditor as the Government had to come up with strategic interventions to manage the spread of the coronavirus. Such interventions included among others, lockdowns, curfews, social distancing and downsizing of operations by all institutions. Resultantly there were short working hours, delays in getting responses to audit queries, in some instances no responses came through resulting in limitation of scope, and remote work arrangements which affected progress of audits. The completion of audits was also affected by the fact that Central Government operations are not yet fully digitalized hence physical presence and review of documents was necessary. Virtual meetings became the order of the day to get the work done.

2 MANDATE OF THE AUDITOR-GENERAL

My duties as set out in the Constitution of Zimbabwe Amendment (No. 20) Act 2013 and amplified in the Audit Office Act [*Chapter 22:18*] are: -

- to audit the accounts, financial systems and financial management of all departments, institutions and agencies of government, all provincial and metropolitan councils and all local authorities;
- at the request of government, to carry out special audits of the accounts of any statutory body or government–controlled entity;
- to satisfy myself that the receipt and disbursement of public monies have been made in accordance with proper authority and has been correctly accounted for and that all reasonable precautions have been taken to safeguard State property; and
- to carry out Value for Money audits, which entail the examination into the economy, efficiency and effectiveness with which those entrusted with financial and material resources have utilized them in carrying out their mandates.

3 BASIS OF PREPARATION OF PUBLIC ACCOUNTS

Management of public funds is governed primarily by the Constitution of Zimbabwe and provisions of the Public Finance Management Act [*Chapter 22:19*]. Central Government uses cash accounting basis for Appropriation Accounts and accruals accounting for Fund Accounts. Treasury has adopted the International Public Sector Accounting Standards (IPSAS) as its reporting framework for Central Government which should be fully implemented by 2025 according to the implementation road map. The Public Accountants and Auditors Board (PAAB) has the responsibility to set such standards, in terms of section 44 (2) of the Public Accountants and Auditors Act [*Chapter 27:12]*.

4 CONDUCT OF THE AUDIT AND GENERAL STATE OF THE PUBLIC ACCOUNTS

My statutory audit is discharged by a programme of test checks and examinations which are applied in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). The checks are intended to provide an overall assurance of the general accuracy of the accounting transactions and not to disclose each and every error.

I conducted audits at Head Offices of Ministries. Due to Covid 19 travel restrictions and lockdowns I did not manage to visit outstations. Resources permitting coupled with reduction in Covid 19 cases, I would like to increase the number of outstations visits as most Ministries and government departments have decentralized and some stations have never been visited for years.

I also carried out Value for Money Audits on the following areas and the reports are tabled separately:

i. Disaster Preparedness and Distribution of Cyclone IDAI Donations in Manicaland and Masvingo Provinces

ii. Registration, Supervision and Monitoring of Schools and Independent Colleges

5 STAFF LEVELS, MOVEMENTS, TRAINING AND DEVELOPMENT

Annexure A shows the staff establishment and movements during 2020. However, I lost qualified and experienced staff due to uncompetitive conditions of service. Despite the setbacks, my Office has continued with its training and development programmes, and to date it is accredited to train Articled Clerks, ACCA and ICPAZ students.

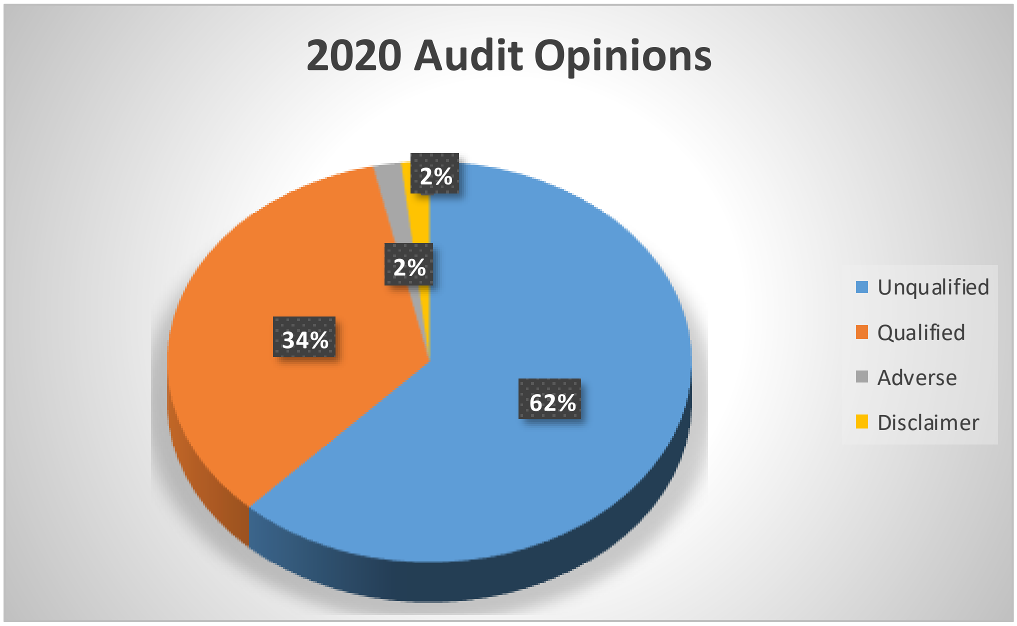
My Office with the assistance of the African Organisation of English speaking Supreme Audit Institutions (AFROSAI-E), Donor and Development Partners has done a number of technical updates, Management programmes, Quality Assurance and audit methodology trainings. My staff continue to attend Continuous Professional Development (CPDs) in order to keep abreast with new developments in the audit profession.

6. CERTIFICATION OF PUBLIC ACCOUNTS

I certify that I have examined the Appropriation Accounts, Finance and Revenue Statements and Fund Accounts of Zimbabwe in accordance with the Constitution of Zimbabwe, the Audit Office Act [*Chapter 22:18*] and the Public Finance Management Act [*Chapter 22:19*].

AUDIT OPINION

Thirty-one (31) Appropriation Accounts, five (5) Finance and Revenue Statements and twenty-two (22) Fund Accounts are included in this report. The audit opinions for the accounts are shown in the pie chart below:



Annexure B shows opinion per account. The financial statements are to be consolidated into one report by the Accountant-General in terms of section 35 (12) of the Public Finance Management Act [*Chapter 22:19*].

ACKNOWLEDGEMENTS

I wish to acknowledge efforts rendered by all the Accounting Officers, Receivers of Revenue, cooperating partners and other stakeholders that made it possible for me to submit my Reports produced during very difficult and trying times of the global COVID 19 pandemic.

My special thanks and gratitude goes to my staff who demonstrated a high level of dedication, commitment to duty and support in the production of my reports during such challenging times.

HARARE

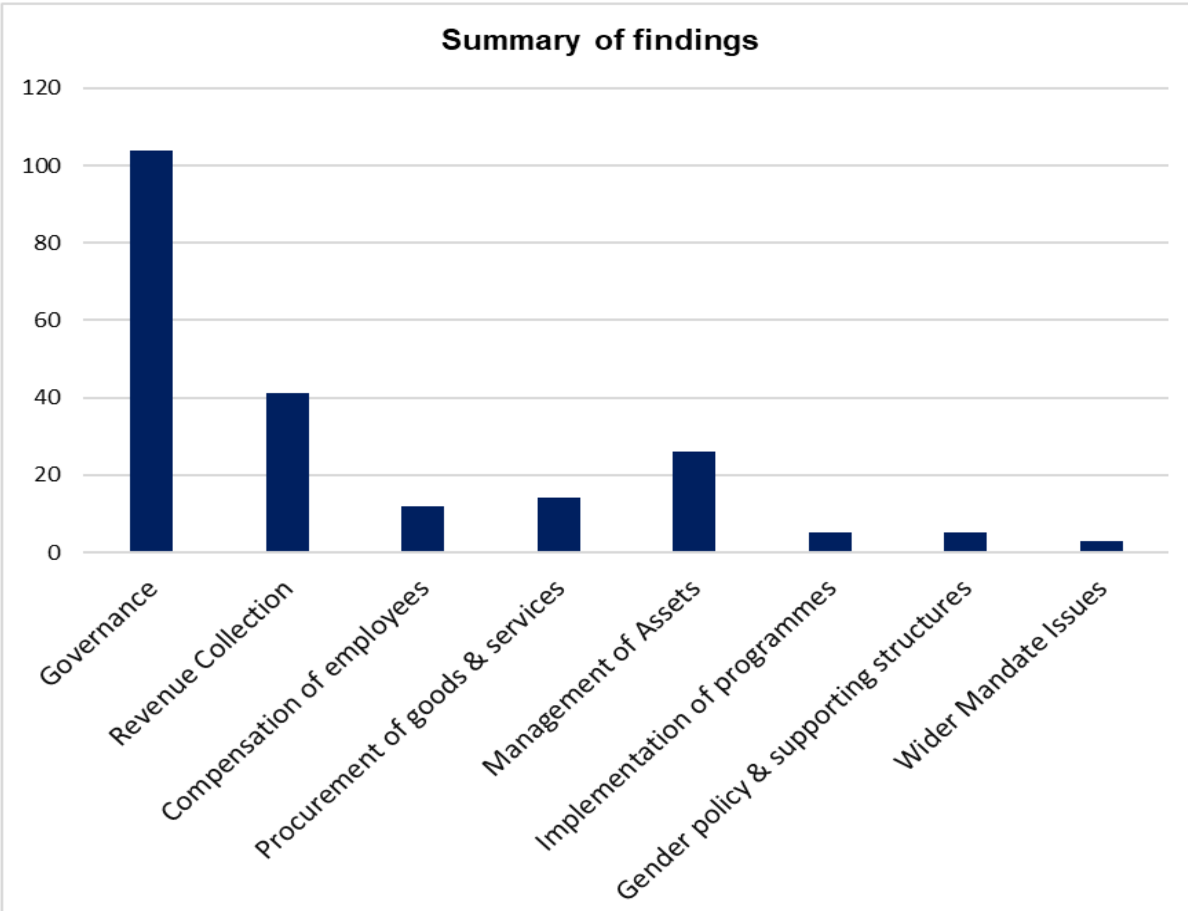
M. CHIRI,

December 31, 2021.

AUDITOR-GENERAL.

EXECUTIVE SUMMARY

This report covers Appropriation Accounts, Finance and Revenue Statements and Fund Accounts highlighting the key audit findings and recommendations. The objective of my audit is to express an opinion on whether the financial statements fairly present the state of affairs in the Ministries, Departments and Commissions, enhance accountability, public service delivery and good corporate governance. My audit covered, financial and compliance issues, governance issues, revenue collection and debt management, compensation of employees, procurement of goods and services, management of assets, implementation of programmes, gender issues and other wider mandate issues. Those charged with governance in the various institutions are urged to pay attention to matters raised, so as to improve accountability and transparency. Below is a graphical overview of the key findings: -



1 GOVERNANCE ISSUES

1.1 Budget Utilisation and Control

The total allocated budget which comprised Voted funds including Unallocated Reserves for 31 Ministries and Commissions was $156 301 950 605. The Ministries and Commissions utilised $129 291 025 122 resulting in a total underspending of $27 010 925 483. The underutilisation of the budget was mainly due to non-release of funds by Treasury, government recruitment freeze and non-commencement of projects occasioned by Covid-19 restrictions and lockdowns. Budiriro and Merrivale flats in Harare, Beitbridge Redevelopment and Senedo flats in Gwanda were among the affected projects. Consequently, the underutilisation of the allocated funds impacted negatively on the achievement of the programmes and service delivery by the affected Ministries and Commissions. **Refer to Annexure C.**

1.2 Unauthorized Excess Expenditure on Unallocated Reserves

The approved budget for Unallocated Reserve as per the Appropriation (2020), Act, 2019 was $1 394 632 000. However, Ministry of Finance transferred to line Ministries a total of $102 085 420 418, resulting in unauthorized excess transfers of $100 690 788 418. The excess expenditure is still to be condoned by Parliament in terms of Section 307 of Constitution of Zimbabwe. **Annexure D** shows some of the transfers**.**

1.3 Direct Payments

The Ministry of Finance processed various payments to suppliers of goods and services on behalf of Ministries without adequate supporting documentation. For example, direct payments amounting to US$22 024 406, ZAR6 403 830 and BWP8 359 434 were made by Treasury on behalf of the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement and Ministry of Transport and Infrastructural Development. In addition, direct payments amounting to $376 019 364 were paid on behalf of the Ministry of Home Affairs and Cultural Heritage. Detailed documentary evidence of how the transactions were recorded and reported in the accounting records, was also not availed for audit. It was therefore difficult to verify the accuracy of the expenditure reported.

1.4 Appropriation Account Expenditure Variances

A number of Ministries had expenditure variances between the figures reported in the Appropriation Account and those in the Public Financial Management System (PFMS), the computerized system used by Government to process payments.

The reported expenditure should be in agreement with what is reflected in the system as all payments are supposed to be processed through the PFMS. Where there is a variance, a reconciliation should be made to establish the cause. In most instances reconciliations were not done thus making it difficult to validate the accuracy of expenditure for the year. This issue was also reported on in 2019. There is need for Accounting Officers to address this issue so that all expenditure is validated and reported accurately. **Refer to Annexure E.**

1.5 Advances from Statutory Funds

The Ministry of Public Service, Labour and Social Welfare made unauthorised transfer of funds amounting to $3 602 710 from the Child Welfare and the Older Persons Funds to support the Ministry's Appropriation Account activities without authorisation from Treasury. This was contrary to Section 116 (6) and (9) of the Public Finance Management (Treasury Instructions), 2019 which prohibits utilisation of Fund monies to meet Appropriation Account expenditure without Treasury approval. As a result, the objectives of the Funds on the development and promotion of welfare and protection of young persons was compromised. This therefore, amounted to overriding of budgetary controls and impacted negatively on service delivery to the vulnerable communities.

1.6 Statement of Contingent Liabilities Reconciliations

The Statement of Contingent Liabilities should show the nature and extent of potential liabilities under guarantees/agreements including any borrowings and repayments by government. However, the Statement of Contingent Liabilities submitted by Treasury was understated by $72 500 000. Treasury had not adjusted the records at the time of concluding my audit.

On the other hand, Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement submitted a nil return of the Statement of Contingent Liabilities, yet the Department of Mechanisation had Contingent liabilities amounting to $726 358 763 (US$8 647 128) relating to the tractors and farm equipment acquired for farmers. The misstatements had a material impact on the accuracy of the possible government liabilities and public debt figures.

In addition, the Ministry of Energy and Power Development had Contingent Liabilities amounting to $1 151 250 354 for matured loans which had not been paid up by the Government. Some of the matured loans dated as far back as 2001. The uncleared loans continue to accrue interest which is an additional financial burden to the State.

1.7 Unsupported Expenditure

Expenditure amounting to $1 309 482 199 was not supported by documents such as acquittals, invoices, receipts, delivery and goods received notes as proof that the recorded transactions really occurred. A total amount of $1 179 966 264 related to unsupported subsidy disbursements to ZUPCO. It was difficult to ascertain whether the expenditure was a proper charge to the vote. This is *c*contrary to the provisions of Section 59 (15) of the Public Finance Management (Treasury Instructions) 2019, which states that payments should be adequately supported.

1.8 Dual Payments

Dual payments amounting to $9 384 085 were made to suppliers in 2020 resulting in fruitless expenditure. This was in contravention of Section 59 (17) of the Public Finance Management (Treasury Instructions), 2019 which requires Directors of Finance to institute a system of internal checks to guard against dual payments. Refunds for the double payments were still to be received at the time of concluding my audit in 2021. Consequently, value of money is lost due to inflation and lapse of time. Dual payments are indicative of weaknesses in internal controls.

2 COMPENSATION OF EMPLOYEES

2.1 Payroll Reconciliations

Treasury Circular B/1/88 dated June 5, 2018 requires Directors of Finance of line Ministries to perform monthly reconciliations of billed amounts by SSB against compensation of employees expenditure disclosed in the PFMS ledgers. There seem to be a lax in some Ministries in carrying out these reconciliations which are meant to confirm whether payments are done to bonafide employees. The Salary Service Bureau (SSB) figures for seven (7) Ministries were more than PFMS compensation of employees figures by $1 801 906 284. On the other hand, the PFMS compensation of employees figures for five (5) Ministries were more than the SSB figures by $4 509 724 081. Under normal circumstances the SSB and PFMS figures should be the same and where there are variances, reconciliations should be done to trace the source of the variance. Ministries could not produce evidence to show that monthly reconciliations were being done in compliance with the Treasury Circular. Pay sheet reconciliations are meant to identify any errors and authenticate whether people paid are bona fide employees of the Ministry. Treasury needs to put in place a mechanism that ensures that PFMS and SSB generated documents are linked. **Refer to Annexure F.**

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Revenue Statements Reconciliations

All revenue received should be recorded in the Statement of Receipts and Disbursements and deposited in the Exchequer Account. The Consolidated Statement of Receipts and Disbursements records had a total of $25 255 629 836 whilst the Exchequer Account had a total of $30 429 830 535 resulting in a variance of $5 174 200 699. In the prior year the variance was $1 478 863 249. This was a 250% increase in variance between the two records. This implies that there are some monies that found their way to the bank without having been captured as receipts. Variances were also noted between figures disclosed by line Ministries and the Treasury Consolidated Statement of Receipts and Disbursements, Schedule of Revenue Received indicating lack of coordination and reconciling of figures between line Ministries and Ministry of Finance. This calls for Treasury and line Ministries to urgently reconcile the variances as these figures influence the decisions made by policy makers.

3.2 Revenue Returns

Some Ministries and Commissions did not submit their revenue returns which indicate how much they collected for the year under review. This limited the scope of my audit.

Furthermore, revenue amounting to $320 831 782 collected from Company Registrations, Trademarks and Patents, Stamp Duty, Refund of Miscellaneous Payments from Votes and Other revenue sources was not supported. The accuracy and completeness of the revenue figures disclosed could not be validated.

3.3 Long Outstanding Revenue

Total outstanding revenue as at December 31, 2020 amounted to $945 925 481 (2019: $444 579 472). The outstanding revenue was mainly from A2 farmland levy, tenants in government accommodation, land developers', independent colleges, airline operators, interests from loans advanced to Parastatals and government employees surcharges. This was in contravention of section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 which stipulates that officers responsible for collecting debts shall take adequate steps to collect any sums due to the Government on due dates and shall on no account allow a debt to become extinguished through lapse of time. The Ministries' debt recovery system was ineffective as there was no evidence of the efforts made. This negatively impacts on the government revenue inflows. **Refer to Annexure G.**

4 PROCUREMENT OF GOODS AND SERVICES

4.1 Incomplete Procurement Process

The Meteorological Services Department made a part payment of USD$100 000 in 2006 towards acquisition of a hydrogen generator which is necessary for accurate weather forecasting. The part payment amounted to 15% of the total value of the generator. In February 2020 processing of the balance payment and delivery of the generator had not been done. The procurement process has taken more than twelve (12) years to conclude. Delays in processing of the full payment and delivery of the generator impacts negatively on service delivery to the public. Furthermore, due to passage of time the supplier may fail to deliver the asset resulting in loss of financial resources.

4.2 Non- Delivery of Procured Assets

Assets comprising of thirty (30) motor vehicles worth $117 042 902 that were purchased by three (3) Ministries in 2020 had not been delivered by September 2021.

(i) Twenty-four (24) motor vehicles were for Ministry of Information, Publicity and Broadcasting Services,

(ii) Three (3) motor vehicles were for Ministry of National Housing and Social Amenities whilst three (3) other vehicles were for Ministry of Justice, Legal and Parliamentary Affairs.

(iii) Ministry of Youth, Sport, Arts and Recreation had also not taken delivery of two (2) motor vehicles purchased in 2017. This issue was also raised in the 2019 audit report.

Ministry of Environment, Climate Change, Tourism and Hospitality Industry had not taken delivery of thirteen (13) Laptops, thirteen (13) Samsung Galaxy Tablets, and fifty (50) School desks and Chairs amounting to $2 976 472 purchased in 2020.

The Ministry of Primary and Secondary Education had also not taken delivery of two hundred and sixty (260) blankets and kitchen utensils procured for the refurbishment of teachers' hostel. Failure by paid contracted suppliers to fulfil their contractual obligations is a cause for concern. This trend, has negatively impacted the Ministries in carrying out their mandate as there was a shortage of motor vehicles and tools of trade. Follow ups should be made on the outstanding deliveries.

5 MANAGEMENT OF ASSETS

5.1 Asset Registers

Section 100 (1) and (5) of the Public Finance Management (Treasury Instructions), 2019 requires Ministries, Departments and Agencies to record all the assets and maintain an updated Manual and a Public Financial Management System (PFMS) Asset Register. The following Ministries: Information Communication Technology and Courier Services, Higher and Tertiary Education, Science and Technology Development and Energy and Power Development had assets worth $31 161 392 procured in 2019 and 2020 not recorded in their Assets Registers, whilst other Ministries did not maintain Manual or PFMS Assets Registers.

In addition, the number of houses and substructures disclosed in the National Housing Fund financial statements differed from the number of properties recorded in district files and registers. The existence, ownership and accountability of the state property could not be ascertained. The inaccuracy of the asset records is cause for concern.

6 IMPLEMENTATION OF PROGRAMMES

The Ministry of Transport and Infrastructural Development planned and approved thirty-seven (37) road development projects for 2020. The efforts by the Ministry to revamp the road network including restoration works for Cyclone IDAI damaged roads are appreciated. However, fifteen (15) of those projects were not adequately budgeted for as reflected by additional funding amounting to $9 666 880 551 from Unallocated Reserve from an initial budget of $2 067 208 000. On the other hand, the Ministry embarked on thirteen (13) other unbudgeted for road development projects costing $184 883 065 and this may result in having a number of projects partly done if the few resources are spread on too many projects at one go.

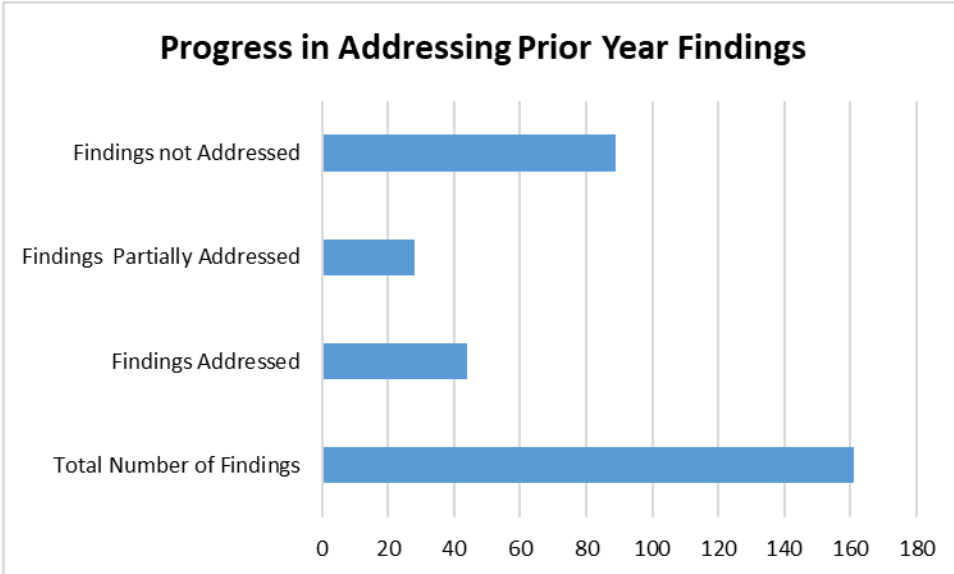
Furthermore, the Ministry requested for funding from Treasury to complete fifteen (15) projects comprising both Cyclone IDAI restoration works and ongoing road development projects which had been suspended due to non-availability of financial resources. Treasury released an amount of $936 660 730 on September 9, 2020, towards the completion of the projects. According to the year-end progress report availed for audit, the Ministry managed to complete five (34%) out of the fifteen projects and ten projects (66%) could not be completed by year-end despite the availability of resources. The reasons sighted for the delay in the completion of the projects included late release of cash by Treasury, bureaucracy in the procurement process, and inefficiencies by some contractors.

7 GENDER POLICY AND SUPPORTING STRUCTURES

An audit on gender mainstreaming in government Ministries which included looking at policies, programmes, projects and/or provision of services, structures, proceedings and budgets, was carried out. The audit revealed that the impact assessment of the interventions, development of gender policies and formulation of gender committees are areas that require improvement. Sustainable Development Goal number 5 requires urgent action to eliminate the many root causes of discrimination that still curtail women's rights in work places.

8 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The efforts of the Ministries which have taken steps to address the audit findings highlighted in the 2019 Report of the Auditor-General, on Appropriation Accounts, Finance and Revenue Statements and Fund Accounts, are appreciated. Out of 161 audit findings that were raised, 44 (28%) were fully addressed, 28 (17%) were partly addressed and 89 (55%) were not addressed. Accounting Officers are urged to fully address the outstanding audit findings. Details of the progress made are graphically shown below:


Progress in Addressing Prior Year Findings
Findings not Addressed
Findings Partially Addressed
Findings Addressed
Total Number of Findings
0
20
40
60
80
100
120
140
160
180

APPROPRIATION ACCOUNTS, FINANCE AND REVENUE STATEMENTS AND FUND ACCOUNTS

SUMMARY OF CONTENTS

VOTE 1. - OFFICE OF THE PRESIDENT AND CABINET

APPROPRIATION ACCOUNT 2020

Mandate of the Office

The Office of the President and Cabinet (OPC) is the lead Office of the State that is charged with the responsibility of coordination, supervision, and guiding the formulation, implementation, monitoring and evaluation of Government policies, programmes and projects for economic growth, sustainable development, and better livelihoods for the people.

Opinion

I have audited the financial statements of the Office of the President and Cabinet for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve	Total Allocated	Expenditure	Net Under spending
$2 353 887 000	$5 693 162 167	$8 047 049 167	$8 001 392 283	$45 656 884
Constitutional and Statutory Appropriation				
$13 500 000	_	$13 500 000	$9 448 620	$4 051 380

In my opinion, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Office of the President and Cabinet as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, the following is an issue noted during the audit.

1 GOVERNANCE ISSUE

1.1 Audit Committee

Finding

There was no evidence in the form of minutes of meetings indicating that the Audit Committee met during 2020. I could not determine how the committee performed its oversight role on the internal control processes of the Office of President and Cabinet. Section 84 (2) (a) of the Public Finance Management Act *[Chapter 22:19]* requires the Audit Committee to review internal audit work, monitor the implementation of audit recommendations and ensuring that identified deficiencies in internal controls are addressed by management on a timely basis.

Risk/Implication

The absence of minutes of meetings held may indicate that the Committee did not meet to address deficiencies identified in internal control processes in the Office.

Recommendation

The Audit Committee should regularly hold meetings as required by Section 84 (2) (a) of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The Audit Committee could not meet in 2020 due to the Covid-19 pandemic. Members of staff were operating at reduced capacity due to the measures adopted to contain the spread of Covid-19. The Audit Committee will play its oversight role as required including arranging virtual meetings.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Office is still to address the audit finding raised in the previous audit report as indicated below:

2.1 Gender Policy and Supporting Structures

The Office did not have a gender committee to coordinate awareness and other activities. Sustainable Development Goal number 5 requires urgent action to eliminate the many root causes of discrimination that still curtail women's rights in work places.

DISTRICT DEVELOPMENT FUND 2019

Objective of the Fund

The objective of the Fund is to develop communal land and such other development areas as may be declared by the Minister.

Qualified Opinion

I have audited the financial statements of the District Development Fund for the Office of the President and Cabinet. These financial statements comprise the statement of financial position as at December 31, 2019, statement of comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of the Statement of Comprehensive Income and Statement of Financial Position for the year:

Statement of Comprehensive Income

Item	Amount $
Income	197 700 306
Expenditure	238 045 301
Deficit	**($40 344 995)**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	50 465 431	-
Accumulated Fund	-	21 136 330
Current	10 741 092	40 070 193
Total	**$61 206 523**	**$61 206 523**

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the District Development Fund as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Valuation of Property, Plant and Equipment

Findings

In 2018, the Fund adopted an accounting policy requiring Non-Current Assets to be capitalised rather than expensed. Following this adoption only Land and Buildings were capitalised after they were revalued. However, Plant and Equipment including items such as earthmoving equipment, vessels and motor vehicles acquired prior to the adoption of the multi-currency in 2009 had not been revalued. They were still being maintained in the books at the value of $1.

Best accounting practice requires that revaluations ought to be done at least once per year or with sufficient regularity, such that the carrying amounts do not differ materially from those that would have been determined using fair values. During the year under review no revaluations were done.

Risk/Implication

Failure to carry out revaluations of assets may result in the production of misleading financial statements for use by decision makers.

Recommendation

The Fund should revalue its property, plant and equipment in line with the requirements of the new policy of capitalising non-current assets.

Management Response

The observation has been noted. The Fund had engaged CMED to revalue its Property, Plant and Equipment but the exercise could not proceed due to Covid-19 restrictions.

(ii) Property, Plant and Equipment

Finding

The financial statements submitted for audit had an adjustment on Property, Plant and Equipment of $209 084 for assets that were omitted in the 2018 financial statements. This figure was not supported by source documents. I was not able to validate the amount disclosed in the financial statements.

Risk/Implication

Failure to provide supporting documents for adjustments compromises the reliability of financial statements.

Recommendation

The Fund should provide evidence supporting the adjustments made for the prior year, when correcting or restating balances in the financial statements.

Management Response

The observation has been noted. As discussed during audit, the differences were due to prior year adjustments and have been corrected. A new set of financial statements with supporting documents for the adjustments was submitted to auditors.

Evaluation of Management Response

The documents submitted to support the adjustments did not identify the specific assets amounting to $209 084.

However, below are other issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Travelling and Subsistence Advances

Findings

Section 65 (15) of Public Finance Management (Treasury Instructions), 2019 requires that travelling and subsistence advances should be acquitted within 30 working days of completion of travel by submission of a claim voucher. However, as at December 31, 2019, there was an outstanding balance of $359 619 relating to travelling and subsistence. This was caused by non-acquittal of advances issued. The same observation was highlighted in my 2018 report.

The Fund did not apply provisions of Section 65 (19) of the Public Finance Management (Treasury Instructions), 2019, that authorises the deduction from salary the whole amount of an advance remaining outstanding after one month of an officer’s return to their home station. Audit was not provided with reasons why the Fund did not apply this provision on its officers with outstanding balances.

Risk/Implication

Failure to clear outstanding advances issued for travelling and subsistence may result in their non-recovery due to lapse of time.

Recommendations

Management of the Fund should always apply the requirements of Section 65 (15) of the Public Finance Management (General) Regulations, 2019 insisting on officers to acquit advances.

The Fund management should recover all outstanding advances owed by its officers by instituting deductions from salary as required by Section 65 (19) of the Public Finance Management (General) Regulations, 2019.

Management Response

The observation has been noted. Management was now strengthening the system of capturing travelling and subsistence advances and acquittals so that the two records can be matched before capturing onto the ledgers. This will allow the ledgers to disclose the pattern of issuance and acquittals.

1.2 Fuel Management

Findings

I noted that during the year under review, the Fund did not perform reconciliations for fuel purchased amounting to $14 437 829 against fuel consumed by the various projects. Furthermore, no fuel returns or reconciliations were being submitted to Head Office by districts and provincial offices. The returns would have shown details on how fuel allocated was used and the quantities still on hand.

The journey sheets provided to audit did not record estimated fuel consumption per kilometre, opening and closing mileage and estimated distance to be covered. This would have assisted the Transport Officer with information to determine the fuel required and to reconcile the fuel issued against the fuel used. Some of the vehicle log sheets did not record opening and closing mileage to enable calculation of the actual distances covered. The purposes of the journeys in some cases were not fully disclosed as they would just indicate that they went to attend official duties.

Risk/Implication

Weak internal controls in the allocation and usage of fuel may provide an opportunity for the misuse of the commodity without detection.

Recommendations

The Fund should perform reconciliations of fuel purchased against usage.

Management should make sure that Districts and Provincial Offices submit fuel returns or reconciliations to Head Office to enhance accountability.

The management of the Fund should put in place controls and design journey sheets that include important information on fuel consumed against issuances.

Management Response

The observation has been noted. Audit is advised that a system has now been put in place to ensure that provincial acquittals are now matched with respective payments. Otherwise detailed provincial acquittals have been kept at provincial office.

Management has now started changing the current system for requesting and for acquittals of fuel.

2. PROGRESS IN ADDRESSSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the four (4) findings, two (2) were implemented and two (2) had not been addressed as indicated below:

2.1 Non-Current Assets

The finding was not implemented as some of the assets were still valued at $1.

2.2 Stock take of Inventory

The audit recommendation was implemented as I was invited to attend the stocktake for 2019.

2.3 Internal Audit Plans

The Internal Audit plans are now being approved by the Accounting Officer instead of the Director of Finance.

2.4 Travel and Subsistence Multiple Advances

The recommendation was not implemented as the Fund continued to issue new advances before clearing of previous ones.

VOTE 2.- PARLIAMENT OF ZIMBABWE

APPROPRIATION ACCOUNT 2020

Mandate of Parliament of Zimbabwe

The Parliament of Zimbabwe has a constitutional mandate to enact laws for peace, order and good governance in Zimbabwe. It is also responsible for executive oversight as well as having a representative role for the electorate.

Qualified Opinion

I have audited the financial statements of the Parliament of Zimbabwe for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total	Expenditure	Net Under/ (Over) spending
$1 869 495 000	$751 009 482	$2 620 504 482	$1 885 505 237	$734 999 245
Constitutional and Statutory Appropriation				
$2 600 000	-	$2 600 000	$2 626 423	($26 423)

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Parliament of Zimbabwe as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Direct Payments

Finding

I noted that a total of $15 347 443 (US$613 893) direct payments made on behalf of Parliament of Zimbabwe by the Ministry of Finance and Economic Development were not disclosed in the Appropriation Account for the year 2020.

Risks/Implications

The total expenditure figures disclosed in the Appropriation Account may be materially understated because of the direct payments which were not posted to the relevant general ledgers.

There may be a risk of double payments to suppliers.

Recommendations

The Appropriation Account should be adjusted to incorporate the direct payments.

Follow ups of direct payments should be done with Ministry of Finance and Economic Development to ensure that direct payments are posted to relevant general ledgers.

Management Response

The observation is noted. Payment was made by Ministry of Finance and Economic Planning to the supplier and there was no communication to Parliament of Zimbabwe. Management is verifying how the payment was processed.

(ii) Salary Reconciliations

Finding

Salary Services Bureau (SSB) records for compensation of employee costs had a total of $176 398 034 for 2020 whilst Public Financial Management System (PFMS) ledgers had a total amount of $162 812 297 resulting in a variance of $13 585 737 that was not reconciled. Treasury Circular B/1/88 dated June 5, 2018 requested Directors of Finance of line Ministries to perform monthly reconciliations of billed amounts by SSB against employment cost expenditure shown in PFMS ledgers. However, reconciliations were not being done. The issue of monthly salary reconciliations was also raised in my 2019 audit report.

Risks/Implications

Salaries may be paid for services not rendered.

The compensation of employees costs reported for the financial year under review may be misstated.

Recommendations

Compensation of employees costs billed by SSB should be reconciled monthly against expenditure figures shown in the PFMS ledgers.

Management should put in place proper supervision mechanism to ensure that the billed amounts by SSB are reconciled monthly against the compensation of employees cost expenditures shown in the PFMS ledgers.

Management Response

Salary reconciliations are being updated and the evidence of progress was availed to the auditors. The variance is being analysed and the reconciliation will be availed to the auditors. Management's investigation revealed that the bill is $ 169 million after removal of DDF bills which were included in October 2021. Management was advised by SSB that there were two pay sheets but it received one.

Evaluation of Management Response

Documents provided to auditors were not reconciliations of SSB payments to PFMS ledgers but a list of staff in post.

(iii) Payment Vouchers

Finding

Thirty-four (34) SAP documents with a value of $14 220 243 were not availed for audit. I could not confirm with certainty the expenditure incurred. There was no evidence of supervision of the finance personnel by relevant senior officials to ensure records were being maintained properly.

Risk/Implication

In the absence of proper and complete record keeping, fictitious payments may be made.

Recommendations

Records for payment vouchers should be properly maintained and availed for audit when required.

Finance personnel should be supervised by senior officials to ensure proper record keeping.

Management Response

Some of the vouchers were availed to the auditors. The numbers stated by auditors are not voucher numbers but PFMS document numbers. A search for outstanding vouchers is still work in progress. Supervision has been emphasized to ensure vouchers are filed and maintained.

(iv) Sub-Paymaster General (Sub-PMG)'s Account Reconciliation

Findings

The Sub-Paymaster General (PMG)'s Account Reconciliation statement was not submitted for audit contrary to the requirement of Treasury Circular Number (2) of 2021. At the time of audit in June 2021, Sub-PMG's Account monthly reconciliations statements for the 2020 financial year had not been prepared. This was in violation of Section (61) (1) of the Public Finance Management (Treasury Instructions), 2019 which requires the Director of Finance to submit to the Accountant General each month, a reconciliation, covering the previous month's transactions.

Risk/Implication

In the absence of timely reconciliations errors and misstatements may go unchecked for long periods of time.

Recommendations

A bank reconciliation of the Sub-Paymaster General's Account as at December 31, 2020 as per the requirements of Treasury Circular (2) of 2021 should be submitted.

Sub-PMG's Account monthly reconciliations for 2020 financial year should be prepared and submitted for audit.

Supervision of the Finance department personnel should be done to ensure timely preparations of reconciliations.

Management Response

Irrespective of the staff shortage assurance is made that the reconciliation will be available for your perusal on completion.

(v) Sub-Exchequer Account Reconciliation

Findings

Monthly bank reconciliations for the Sub-Exchequer Account were not performed in the PFMS for the year under review. This was contrary to the requirements of Section 46 (6) of the Public Finance Management (Treasury Instructions), 2019 which provides for Sub-Exchequer Account reconciliations to be done daily.

Furthermore, manual and PFMS Sub-Exchequer cashbooks were not maintained contrary to the provisions of Section 46 (21) of the Public Finance Management (Treasury Instructions), 2019 which requires Ministries to maintain cashbooks. Also manual receipts were not captured in the PFMS.

Risks/Implications

Variances between deposits and bank balances may not be detected on time if reconciliations are not done.

Non maintenance of a manual cashbook and PFMS cashbook may result in loss of accountability for public funds and incomplete records.

Recommendations

Reconciliations should be done in line with Section 46 (6) of the Public Finance Management (Treasury Instructions), 2019 and manual receipts should be uploaded in the PFMS.

Management should ensure that a manual cashbook is maintained in compliance with regulations.

Management Response

Protracted follow-ups are being made with the Project Office to update the revenue head and install the electronic receipting and cashbook in PFMS. The low staff compliment compounds the challenges faced.

Evaluation of Management Response

Parliament has not been recording revenue in the system, neither was it performing bank reconciliations for revenue received. There was no evidence of communication between Parliament and the PFMS Project Office on system challenges being faced.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Internal Audit Section

Finding

The Internal Audit department was incapacitated since 2019 as it operated with one officer, instead of four. Interviews to fill the three vacant posts were conducted in November 2018. No appointments had been made at the time of concluding the audit in September 2021.

Risk/Implication

There may be risk of limited audit coverage and inadequate monitoring of Parliament of Zimbabwe's internal controls.

Recommendation

Regular follow ups should be made with the appointing authorities to ensure that appointments are done timely.

Management Response

The observation is noted. The delay in making appointments was due to outstanding Security vetting reports which were completed in 2021.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Receipting and Banking

Findings

Contrary to the requirements of Section 48 (3) of the Public Finance Management (Treasury Instructions), 2019 which stipulates that monies should be deposited daily in the local bank for the credit of the Exchequer Account, Parliament of Zimbabwe delayed to bank US$16 062 by a period ranging from 60 to 135 days as highlighted in the table below.

Dates of Receipting and Banking

Receipt No	Date Receipted	Date Banked	Number of days before Banking	US$
154933	12/02/2020	30/06/2020	135 days	2 537
154948-50	30/09/2020	30/12/2020	60 days	13 525
Total				**US$16 062**

The delay in banking was due to inadequate supervision of the officer tasked with banking. This issue was raised in my 2019 Management Letter.

Furthermore, I noted that there was no segregation of duties between the receipting and banking function as it was performed by one officer. This was contrary to Section 46 (11) of the Public Finance Management (Treasury Instructions), 2019 which requires separate officers to perform receipting and banking functions.

Risks /Implications

Delays in banking may expose receipted monies to theft or abuse.

Failure to separate receipting and banking functions may result in undetected errors.

Recommendations

Banking should be done regularly as required by the regulations.

The officer responsible for banking should be regularly supervised to ensure that banking is done timely.

Management should allocate the functions of receipting and banking to different officers.

Management Response

The delay in banking is noted. Management assures you that there will not be any recurrence of the situation. The receipting and banking functions has now been separated following the employment of two (2) officers.

3 PROCUREMENT OF GOODS AND SERVICES

3.1 Procurement Management Unit (PMU)

Findings

The Procurement Management Unit was still to be established at the time of my audit in June 2021 contrary to the provisions of Section 17 (1) of Public Procurement and Disposal of Public Assets (PPDPA) Act [*Chapter 22:23*]. I noted that security clearance of the Procurement Officers was concluded in November 2020.

As an interim measure, Parliament of Zimbabwe was relying on the services of the Human Capital Department to carry out the procurement function.

Furthermore, no annual procurement plan or individual procurement plan for 2020 was prepared by the procuring entity. This was contrary to Section 22 of the PPDPA Act [*Chapter 22:23*] which requires preparation of Annual Procurement plan and Individual Procurement plan by the entity. This was caused by lack of supervision and monitoring of the delegated officials to ensure that procurement plans were prepared.

Goods worth $12 906 032 were procured without following tender procedures. This could have been due to lack of training of staff assigned to carry out procurement functions.

Risks/Implications

Failure to timely establish a PMU may result in improper procurement procedures being followed.

Delays in appointing cleared staff may result in loss of the Procurement Officers to other companies.

The absence of an approved annual procurement plan may result in procurement being done for less critical issues and budget provisions may be exceeded.

Recommendations

There is need for Parliament of Zimbabwe to set up a Procurement Management Unit that would effectively carry out procurement functions.

The annual procurement plan should be developed.

The personnel assigned the procurement function should be given basic procurement training to enable them to execute their functions effectively.

Management Response

The observation is noted. Evidence of correspondence to Ministry of Finance seeking Treasury Concurrence is available and was shared with Auditors. Treasury concurrence was finally granted on September 22, 2021. Two prospective Procurement Officers turned down the offer. Director PMU and Procurement Officer are expected to take up appointment on December 1, 2021.

4 MANAGEMENT OF ASSETS

4.1 Fuel Registers

Findings

I observed that fuel registers for both Policy and Administration and Legislative and Oversight programs had different running balances from the actual fuel quantity on hand. The Diesel Master Fuel Register had a running balance of 40 000 litres while coupons at hand were 20 000 litres. It was difficult to confirm correctness of the fuel quantity on hand. There was no evidence of reconciliation of the fuel records to fuel coupons on hand.

A review of the Members of Parliament fuel register revealed that 22 020 litres (3 760 petrol and 18 260 diesel) fuel coupons distributed in March, June, October and November 2020 had incomplete serial numbers recorded. This was contrary to the provisions of Section 104 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires entities to keep a complete record of fuel received and issued. There was no evidence that fuel records were reviewed regularly by an independent senior official.

Risk/Implication

Fuel coupons may not be properly accounted for if updated records are not maintained.

Recommendations

Fuel Registers should be updated and complete serial numbers should be recorded in the registers.

A reconciliation of all fuel registers should be done and any variances investigated.

Management should regularly supervise and review the work of delegated officials.

Management Response

The Diesel Master Fuel Register has been reconciled. Fuel coupons serial numbers are being recorded in compliance with your observation.

5 GENDER ISSUE

5.1 Gender Policy and Supporting Structures

Finding

I observed that Parliament did not have a Gender Committee to coordinate successful implementation and realisation of the policy goals and objectives. This was contrary to the requirements of the Institutional Gender Policy which requires Parliament of Zimbabwe to have a Gender Committee.

Risk/Implication

The oversight role of reviewing compliance with the National Gender Policy, Institutional Gender Policy and the relevant legal framework may not be done if the Gender Committee is not in place.

Recommendation

A Gender Committee should be appointed.

Management Response

The observation is noted. The policy does not require a Gender Committee. It states that the Clerk of Parliament and the Liaison and Coordination Committee (LCC) are tasked with ensuring that the Institutional Gender Policy is fully implemented.

Evaluation of Management Response

Paragraph 7 of the Institutional Gender Policy requires Parliament of Zimbabwe to have a Gender Committee which is accountable and reports to the Clerk of Parliament.

6 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Parliament of Zimbabwe to some extent made progress in addressing audit findings raised in my previous audit report. Out of the five (5) recommendations, two (2) were implemented as indicated below:

6.1 Reconciliation of Expenditure Figures

The situation remained unchanged as no reconciliations for the Sub-PMG's Account and direct payments were done.

6.2 Salary Reconciliations

There was no improvement on reconciliation of employment costs billed by SSB against the employment cost figures shown in the PFMS ledgers.

6.3 Assets Registers

Manual Master Assets Register was maintained. However, departmental registers did not provide adequate information as required by Section 100 (4) of the Public Finance Management (Treasury Instructions), 2019.

6.4 Distribution of Fuel

There was no significant improvement on fuel distribution as some of the fuel documents were not indicating serial numbers of the coupons.

6.5 Gender Responsive Budgeting

There was an improvement on follow ups with Treasury to release funds for the gender related activities.

VOTE 3.- PUBLIC SERVICE, LABOUR AND SOCIAL WELFARE

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The mandate of the Ministry of Public Service, Labour and Social Welfare is to promote quality public service delivery, efficient labour administration and provide sustainable social protection services for socio-economic transformation.

Qualified Opinion

I have audited the financial statements for the Ministry of Public Service, Labour and Social Welfare for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under/ (Over) spending
$2 370 562 000	$601 136 846	$2 971 698 846	$2 373 981 593	$597 717 253
Constitutional and Statutory Appropriation				
$1 300 000	-	$1 300 000	$1 413 612	($113 612)

In my opinion, except for the possible effects of the matters described in the basis for Qualified Opinion section of my report, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of Public Service, Labour and Social Welfare as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Dual Payments

Findings

In my previous report, I raised concern over cases of dual payments to suppliers. The problem persisted in the 2020 financial year. During the year under review, the Ministry made dual payments to suppliers amounting to $9 285 586. In some instances, the Ministry was forced to get goods they had not planned to buy at higher prices. Some dual payments had not been refunded as at October 31, 2021, with others dating back to 2019. There was no evidence that proper coordination existed between the Fund Administrators and the members responsible for the Appropriation Account as the dual payments were made from the Appropriation Account and the Public Assistance Fund to the same supplier.

Risk/ Implication

Dual payments may lead to unbudgeted for and wasteful expenditure.

Recommendations

The Ministry should ensure that there is coordination between the Fund Administrators and the members responsible for the Appropriation Account.

The Ministry should follow up and recover all dual payments which date back to 2019.

Management Response

The observation has been noted.

A company was contracted to supply the Ministry with ICT equipment. However, it took a very long time before releasing the funds and the company was threatening to sue the Ministry because of the delay in paying for the equipment. Management then authorized that payment be made from the Public Assistance account on October 22, 2020. The transactions which had been processed in the system were supposed to have been reversed. Unfortunately, this was not done. Effort to recover the money was made but failed.

The year 2020 was a difficult one due to the outbreak of the Covid 19 pandemic. When the pandemic broke out, there was massive movement of staff throughout the country from its borders to over 60 quarantine centers. This resulted in many claims being received. This gave rise to some dual payments and the overpayments that were made will be recovered from staff through deductions from salaries.

Evaluation of Management Response

The Ministry needs to engage the Attorney-General to recover the money.

(ii) Expenditure Reconciliation

Finding

The Ministry processed expenditure amounting to $2 375 395 205 through the Public Financial Management System. However, payments made by the Ministry through the Sub-Paymaster-General (Sub-PMG)'s Account and direct payments for compensation of employees amounted to $2 074 147 900 which was less than the expenditure processed through the PFMS and disclosed in the Appropriation Account. Ordinarily, total payments made through the Sub-PMG and payments for compensation of employees should be equal to the expenditure processed through the PFMS if there are no other direct payments. A reconciliation of these amounts was not submitted for audit. As a result, I could not validate with accuracy the expenditure figure disclosed in the Appropriation Account.

Risk/Implication

Without a reconciliation, errors may go undetected and this may result in the misstatement of expenditure disclosed in the Appropriation Account.

Recommendation

The Ministry should reconcile the expenditure to enhance accuracy and reliability of the financial statements.

Management Response

The observation is acknowledged. Treasury could not release the required cash at the close of the financial year, and the Ministry was therefore directed to reverse the documents. The Ministry is in the process of reconciling the variance of $301 247 305 and out of this variance, documents amounting to $210 000 000 were reversed in the 2021 financial year instead of 2020.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Payment Vouchers

Finding

Payment vouchers amounting to $5 700 794 were not availed for audit inspection contrary to Section 59 (5) of the Public Finance Management (Treasury Instructions), 2019. This amounted to scope limitation of my audit as I could not validate the expenditure. The vouchers were said to have been misfiled. Resultantly, I could not determine whether the expenditure was properly incurred.

Risk/Implication

If payment vouchers are not properly filed, it would be difficult to retrieve them when they are required and payment history would be lost.

Recommendations

Payment vouchers should be properly filed to ensure completeness of financial information.

The payment vouchers should be submitted for audit inspection to enable validation of expenditure.

Management Response

It is acknowledged that vouchers amounting to ZWL$5 700 794 could not be availed at the time of the audit. Work is currently under way to find all the vouchers. These should be available for inspection before the end of the year.

1.2 Advances from Statutory Funds

Findings

There was no evidence that the amount of $2 370 484 advanced from the Fund Accounts during the year under review was approved by Treasury contrary to Section 116(6 and 9) of the Public Finance Management (Treasury Instructions), 2019 which requires monies appropriated to Fund accounts not to be used to meet expenses incurred under an Appropriation Account without Treasury approval. Only $455 914 had been repaid to the Fund thus hampering the Funds' operations.

Risk/Implication

None or low rate of repayments of advances may negatively affect the Funds' performance of their respective mandates.

Recommendation

The Ministry should ensure that all advances from the statutory funds are repaid.

Management Response

It is acknowledged that the amount of ZWL$2 370 484 was advanced from statutory funds without Treasury authority. Treasury sometimes takes long to release resources which are needed for the efficient and effective running of the Ministry. This necessitates borrowing from Statutory Funds. Borrowings are done with a view of reimbursement when funds are availed. However, the Ministry will for the future make effort to seek Treasury authority prior to making payments from the Statutory Funds.

1.3 Information Technology System Administration

Findings

For the second year running, I observed that the Ministry did not have an Information Technology (IT) policy and an IT strategic plan that supports business requirements.

The Ministry did not have an IT strategic committee and IT steering committee to advise management on IT initiatives and to ensure that the IT department was in harmony with the organization's mission and objectives.

In addition, the Ministry also did not have a Disaster Recovery Plan (DRP) to enable it to continue offering critical services in the event of a disaster occurring.

Risks/Implications

Absence of IT policy and strategic plan that support business requirements may result in the Ministry failing to uphold the principle of efficiency and economical use of resources.

Without IT strategic and steering committees the Ministry may face challenges in safeguarding IT resources.

There may be data loss due to unavailability of Disaster Recovery Plan in the event of a disaster.

Recommendations

The Ministry should appoint an IT Strategic and Steering Committee that would develop IT policy and strategic documents for the Ministry.

Management Response

The Ministry does not have an Information Communication Technology (ICT Policy) which is Ministry specific but uses the general Government ICT Policy.

The approved establishment for the ICT department came into effect in 2020 but the appointment of the personnel was only done in 2021. Accordingly, this will enable the Ministry to come up with an ICT Policy which is Ministry specific which will be availed by June 2022. The Ministry has been utilizing the services of technical support staff seconded by UNICEF under the Child Protection Fund.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Rental Income

Finding

Rent cards for the properties that were being rented in the Ministry's institutions namely John Smale Children's Home, Percy Iboston Children's Home, Blue Hills Probation Centre, Luveve Girls Hostel, Chambuta Children's Home, Northcort Children's Home, Beatrice Rehabilitation Centre, Ruwa Rehabilitation Centre, Hupenyu Hutsva Children's Home and Lowden Lodge were not being maintained. As a result, I could not ascertain whether rentals were being collected in terms of Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 which states that Officers responsible for collecting debts shall take adequate steps to collect any sums due to the Government on due date and shall on no account allow a debt to become extinguished through lapse of time.

Risk/ Implication

If rent cards are not maintained it will be difficult to determine rentals due and or paid at a particular period.

Recommendation

The Ministry should maintain rent cards to enable monitoring of rent payments so that any amounts due can be followed up.

Management Response

Management is still to respond.

2.2 Collection of Outstanding Advances

Findings

As noted in my previous audit report, the Ministry has not been effective in the collection of revenue and management of debt as shown below: -

At the time of my audit on October 26, 2021, the Ministry had only recovered $62 735 out of outstanding advances and disallowances of $903 612. Furthermore, the Ministry had only managed to recover $16 290 from one supplier to whom a dual payment had been made. The Ministry seems not to have implemented robust measures to recover the outstanding amounts. This was contrary to Section 49(2) of the Public Finance Management (Treasury Instructions), 2019 which requires adequate steps to be taken to collect any sums due to the Government on due dates so that no debt is allowed to become extinguished through lapse of time.

Furthermore, the return submitted in respect of outstanding foreign and domestic travel allowances did not conform to the requirements of Section 65 (20) of the Public Finance Management (Treasury Instructions), 2019 as it omitted pertinent information including the nature of the advance and the arrangements made for recovery, hence I could not validate how the amount of $748 485 owed by officers who had their training workshop cancelled due to Covid-19 was to be recovered.

The outstanding advances and disallowances return submitted for audit had remarks to the effect that the Ministry was seeking authority to write off the long outstanding disallowances. However, the request for write off authority was only done in February 2021 and I was not furnished with evidence of efforts that had been made by the Ministry to recover the outstanding amounts prior to seeking authority to write them off. This was contrary to Section 42 (4) of the Public Finance Management (Treasury Instructions), 2019 which states that it is the duty of Receivers of revenue to supervise and as far as possible enforce punctual collection of and disposal of revenue and other public monies.

Risks/Implications

Outstanding amounts may not be recovered thereby depriving the state of the much needed resources.

Delays in recovery of outstanding amounts and subsequent write off of irrecoverable advances may result in financial loss.

Recommendations

The Ministry should ensure that rigorous recovery methods are adopted so that amounts due to government are recovered timeously and that no amounts due are written off.

The outstanding foreign and domestic travel allowances return should show the nature of advance and arrangements made for recovery in compliance with Section 42 (4) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

It is acknowledged that the Ministry did not manage to collect much in the form of debts owing to the Ministry during the year under review. This was mainly due to the outbreak of COVID-19 pandemic, whose containment measures made mobility difficult. Only part of the staff was reporting for duty and also the persons owing were difficult to reach. It is hoped that the easing of the lockdown controls would improve debt collection.

3. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Ministry did not make much progress in addressing audit findings raised in my previous audit report. Out of the three (3) findings, one (1) was implemented, one (1) was partially implemented and one (1) had not been addressed as indicated below:

3.1 Risk Management

The risk register had not been updated.

3.2 Audit Committee

The recommendation was partially addressed as the audit committee met twice during the year under review although no audit reports were deliberated in those meetings.

3.3 Direct Payments

The recommendation was not addressed as supporting documents for the direct payments made on behalf of the Ministry in 2019 were never submitted for audit inspection. No direct payments were made during the year under review.

CHILD WELFARE FUND 2019

Objective of the Fund

The Fund was established for the development and promotion of the welfare and protection of children and young persons.

Opinion

I have audited the financial statements of the Child Welfare Fund for the Ministry of Public Service, Labour and Social Welfare as at December 31, 2019. These financial statements comprise the statement of financial position, statement of comprehensive income, the statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year:

Statement of Comprehensive Income

Item	Amount $
Income	5 952 100
Expenditure	2 766 247
Surplus	**$3 185 853**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	3 195 313
Current	3 211 231	15 918
Total	**$3 211 231**	**$3 211 231**

In my opinion, the financial statements present fairly in all material respects, the financial position of Child Welfare Fund as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Dual Payments

Finding

The Fund did not prepare bank reconciliations timeously and this resulted in unrecovered dual payments amounting to $98 499. At the time of concluding my audit in September 2021 the errors had not been rectified in terms of section 119 (2) (b) of the Public Finance Management (Treasury Instructions), 2019 which requires the correction of errors to be done.

Risk/Implication

If bank reconciliations are not prepared timeously, overpayments will not be identified and recovered on time.

Recommendation

The Fund staff should ensure that bank statements are obtained timeously in order to facilitate the preparation of bank reconciliations.

Management Response

Management is still to respond.

1.2 Expenditure Reporting

Finding

I noted that the expenditure processed through the PFMS amounted to $5 934 624 while the expenditure reported in the financial statements was $5 861 449 leaving a variance of $73 175. The variance was not reconciled hence I could not confirm the validity of the expenditure reported in the financial statements.

Risk/Implication

The financial statements could be misstated if variances are not reconciled.

Recommendation

The Fund management should reconcile the variance so that a correct expenditure figure is disclosed in the financial statements.

Management Response

It is acknowledged that the Cash Book balance as at the close of the year had not been reconciled to that in the PFMS. This omission is regretted but was occasioned by the fact that the Fund was made to ride onto the system in August 2019 and hence some of the expenditure at the beginning of the financial year had not been fully captured. Meanwhile the system had certain expenditure, which should have been adjusted to show the correct accounting position. Due to these inaccuracies, the accounts were prepared on a manual record because the system figure was not reliable. For the future, all expenditure will be captured within the PFMS and reconciliation shall be undertaken before financial statements are done.

1.3 Advances to Parent Ministry

Findings

I noted that the Fund advanced $3 474 271 to the Ministry to cater for Appropriation Account expenditure without Treasury authority in contravention of Section 116 (9) of the Public Finance Management (Treasury Instructions), 2019 which states that Accounting Officers should not borrow money from Funds within their Ministries in order to finance Appropriation budgets unless authorized by Treasury in writing. This constituted 59% of the total expenditure of the Fund hence more funds were spent in financing Appropriation activities than those used to perform the Fund's mandate. The funds had not been reimbursed at year end.

Furthermore, of this total, payment vouchers amounting to $3 108 977 were for institutional provisions procured for Government owned children's institutions. This was in contravention of Section 75J(a) of the Children's Act [*Chapter 5:06*] which states that assistance is to be given to any person who wishes to establish, operate and maintain any service or facility that is aimed at advancing the welfare of children or young persons. This does not include government-owned institutions which are to be funded through the Appropriation Account. The expenditure was disclosed as Fund expenditure for the year under review thereby misstating the expenditure of the Fund.

Risk/Implication

Diversion of Fund resources to augment Appropriation/Ministry expenditure might result in the Fund failing to fulfil its objectives as per its constitution.

Recommendations

Fund resources should be used to accomplish its mandate and not supplement Appropriation expenditure. The amounts should be reimbursed to the Fund.

Management Response

It is acknowledged that a total of $3 474 271 was advanced to the parent Ministry. It is also acknowledged that the sum of $3 108 977 was paid out towards institutional provisions for children's homes throughout the country. The Ministry felt that since the children in Government institutions were also children in difficult circumstances, it could utilize the resources since the amount that had been availed to the Child Welfare Fund had realized some savings. Since it is agreeable that the amount cannot be charged to the Child Welfare Fund the parent Ministry should reimburse the Fund of this amount save for $30 469 paid to Chambuta Children's Home that is being transformed into a National Rehabilitation Centre for street children. Resources for the center are not only being drawn from the Ministry of Public Service, Labour and Social Welfare, but other line Ministries as well, all urban councils which have rehabilitated the center's houses, business and civic society in general. This national thrust necessitated the drawing of funds from the Child Welfare Fund because street children are also children in difficult circumstances, and should be eligible to benefit from the Child Welfare Fund.

2. WIDER MANDATE ISSUES

2.1 Administration of the Fund

Finding

The Child Council board members who were appointed and began their tenure in August 2019 held only one induction meeting for Board members in November instead of four as required by Section 2A (7) (a-b) of the Children's Act [*Chapter 5:06*] which requires the Council to hold meetings at least four times a year and furnish the Minister with such records of its meetings.

Risk/Implication

Without holding the minimum required number of meetings, some issues concerning the welfare and upbringing of children and young persons may not be adequately deliberated thus compromising service delivery.

Recommendation

Management should ensure that the Child Welfare Council meetings are held at least four times a year and in accordance to the requirements of the Children's Act to ensure that the welfare of children is addressed.

Management Response

It is acknowledged that only one induction workshop of the Board was held in November 2019, after having been appointed in August 2019, and commencing their tenure on August 15, 2019. Ideally four workshops should be held in a year. In future the Ministry shall ensure that Child Welfare Council meetings are held quarterly as stipulated and records of such meetings are kept.

2.2 Monitoring of Registered or Certified Institutions

Finding

The probation officers conducted two monitoring visits during the year. No mandatory visits to the Residential Child Care Facilities were conducted. This was contrary to paragraphs 12(1) and 12 (2) of the National Residential Child Care Standards document of 2017 which requires probation officers to conduct monthly monitoring visits to the Residential Child Care Facilities (RCCF) in addition to the mandatory inspection visits which are to be carried out twice a year to maintain contact with each individual child to ensure their psycho-social wellbeing is achieved.

Risk/Implication

Residential Child Care Facilities may deviate from the required standards if not monitored hence this might affect the wellbeing of the children.

Recommendation

Monitoring and mandatory visits should be done as required by the standards to ensure the psycho-social wellbeing of the children in care facilities.

Management Response

The audit query and recommendation have been noted. These monitoring visits are also done at District and Provincial level, Head Office will do spot checks, and the two (2) that were done were the only ones Head Office could afford to do. Going forward the Ministry shall ensure that all reports on monitoring visits are produced and kept. Most of the work was done at sub national level and these reports were retained at those offices. The Provinces and Districts shall be asked to forward all monitoring reports to Head Office.

2.3 Accommodation

Finding

Contrary to Standard one: Establishment of the residential Childcare facility: paragraph 1.6 of the National Residential Child Care Standards which states that the standard type of accommodation for the residential child care facility shall be of a 'family unit'-type, I noted that thirteen children's homes and rehabilitation centers that were funded by the Child Welfare Fund were housing 1059 children in dormitory type of accommodation.

Risk/Implication

Children that grow up in a non-family environment may be deprived of parental care and may be prone to physical, emotional, psychological and social harm.

Recommendation

The Ministry should ensure the children's homes provide the family-unit type of accommodation as required by Standard one and two on establishment of the Residential Child Care Facility and Placement of Children and Requirements for Registration of Children's Homes respectively.

Management Response

These are the standards that all homes, including those on government funding are required to meet. However, government has not been able to meet the standards yet for its own institutions and has for the time being continued with the dormitory approach. This is because of limited funding. It would call for substantial resources to be able to convert the current dormitory set up to family units. Accordingly, a phased approach will have to be adopted, but as is always the case, progress to complete is always determined by the availability of resources.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the three (3) findings, two (2) were implemented and one (1) had not been addressed as indicated below:

3.1 Advances to Parent Ministry

In my previous report, I observed that the Fund was advancing the parent Ministry funds to augment Appropriation activities and no reimbursements were made. The Fund continued to make these advances and a total of $3 474 271 was further advanced to the Parent Ministry during 2019.

3.2 Child Welfare Council

The Fund subsequently appointed Council members in 2021.

3.3 Late Submission of Financial Statements

The recommendation was implemented. The financial statements were submitted timeously for the year 2019.

NATIONAL DROUGHT FUND 2019

Objectives of the Fund

The Fund was established to alleviate the effects of drought and other natural hazards adversely influencing food security and to promote the development of food production designed to counteract drought and / or purposes incidental thereto.

Opinion

I have audited the financial statements of the National Drought Fund for the Ministry of Public Service, Labour and Social Welfare. These financial statements comprise the statement of financial position as at December 31, 2019, statement of comprehensive income, statement of cash flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year:

Statement of Comprehensive Income

Item	**Amount $**
Income	13 033 737
Expenditure	13 225 675
Deficit	**$(191 938)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Accumulated Fund	_	128 443
Current Assets	128 443	_
Total	**$128 443**	**$128 443**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. PROCUREMENT OF GOODS AND SERVICES

1.1 Social Assistance

Finding

I noted that an amount of $7 000 000 was paid to the District Development Fund (DDF) and the Zimbabwe National Army (ZNA) for repair and maintenance of their trucks used to ferry grain on behalf of the National Drought Fund. This represented 59% of the expenditure incurred by the Fund on social assistance and 54% of the total expenditure of the Fund. Itinerary with details of the grain transportation services, trucks used and the tonnage transported by each truck were not submitted for audit inspection. As a result, I could not validate the correctness of payments made by the Fund. This was contrary to Section 59

(15) (c-e) of the Public Finance Management (Treasury Instructions), 2019 which states that before forwarding a cash voucher for payment or a journal voucher for adjustment, the officers initiating the transaction shall satisfy themselves that the claim is a proper charge against public funds, and is correct in regard to date and period of service; correct in regard to computations and supported by the relevant purchase orders.

Risk/Implication

Without adequate supporting documentation, it is difficult to ascertain if the expenditure was a proper charge to the Fund.

Recommendation

The Fund should retain adequate supporting documentation of the delivery trucks which were repaired by the Fund and transported the grain to validate the amounts paid to DDF and the ZNA for proper accountability of public funds.

Management Response

A total of $7 million was used on the repair and maintenance of ZNA and DDF trucks which were used to ferry grain during the Drought period. The decision to use these lorries was taken by Cabinet in 2016 and from there on an internal distribution committee was set up to superintend the internal distribution logistics. Information with respect to itinerary, logbooks and other logistical details are being kept at the respective Districts and Provinces where the vehicles were used. Since these itineraries are now required at national office, in future the Ministry will call upon Provinces and Districts to submit them to Head Office for inspection by auditors. Please note that the use of these DDF and ZNA trucks was a cheaper option since Ministry was not required to pay for mileage. The money paid was for fuel and maintenance only.

Evaluation of Management Response

It is appreciated that DDF and ZNA trucks were a cheaper option however, itinerary with details of the grain transportation services were required for audit inspection.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund had made progress in addressing audit findings made in my previous report. Out of the two (2) findings, one (1) was implemented and the other one (1) was partially implemented as indicated below:

2.1 Submission of Financial Statements

The Fund submitted the financial statements timeously for the year under review.

2.2 Constitution, Accounting Procedures and Operational Guidelines

The Ministry was in the process of reviewing the National Drought Fund's policy documents at the time of concluding my audit.

OLDER PERSONS FUND 2019

Objectives of the Fund

The Fund was established to provide social welfare assistance to destitute or indigent older persons through promotion of programmes on health and education among destitute or indigent older persons, provision of facilities for developing skills in older persons at homes, projects aimed at promoting the well-being, welfare, care and protection of older persons, and, assisting any person who wishes to establish, operate and maintain any service or facility that is aimed at advancing the well-being, welfare, care and protection of older persons.

Opinion

I have audited the financial statements of Older Persons Fund for the Ministry of Public Service, Labour and Social Welfare. These financial statements comprise the statement of financial position as at December 31, 2019, statement of profit or loss and other comprehensive income, statement of cash flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year:

Statement of Comprehensive Income

Item	Amount $
Income	6 100 000
Expenditure	5 743 850
Surplus	**$356 150**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	---	411 469
Current	411 469	---
Total	**$411 469**	**$411 469**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Older Persons Fund as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Expenditure Control

Findings

Section 36 (1-6) of the Public Finance Management (Treasury Instructions), 2019 provide for the monitoring of budgets to ensure that expenditure is in line with the budget. Contrary to this, the Fund incurred excess expenditure amounting to $1 187 271. This could have been caused by incurring other expenditure outside the system thereby circumventing budgetary controls that are embedded in the Public Financial Management System (PFMS). There was also a variance of $15 214 between the expenditure disclosed in the statement of comprehensive income of $5 743 850 and the expenditure shown in the Public Financial Management System (PFMS) of $5 728 636.

In addition, the Ministry made payments amounting to $997 245 for expenditure incurred on goods and services on the strength of quotations without obtaining and attaching supplier's invoices to payment vouchers. This was in violation of section 59 (3) (c) of the Public Finance Management (Treasury Instructions), 2019 which requires that an original invoice for the amount claimed should be attached to payment vouchers as this will ensure that expenditure incurred is a proper charge to public funds.

Risks/Implications

If the total expenditure reflected in the PFMS and the financial statements do not agree, the reported financial statements might have been misstated.

The Fund may incur wasteful expenditure if budget is not monitored.

In the absence of supplier's invoices, payments may be made for goods and services which are not procured or rendered.

Recommendations

The Fund should monitor the budget as required by Section 36 of the Public Finance Management (Treasury Instructions), 2019. All transactions should be processed through the PFMS to ensure spending within the budget.

The Fund should ensure that suppliers invoices are attached as supporting documents to payment vouchers when making any payments to suppliers to validate payments made.

Management Response

Excess expenditure incurred was due to hyperinflation, more outreach exercises undertaken to the various Old People's homes throughout the country as well as the review of board fees allowances during 2019 which had not been foreseen at the time of the budget. The variance of $15 214 between the figure of $5 728 636 shown in the PFMS and $5 743 850 shown in the statement of comprehensive income arose from expenditure that was not captured in the system. Journal vouchers to correct the figures were done but could not be captured in the system during the 13th period. In future, efforts will be made to make all relevant corrections during the prescribed period to avoid recurrence.

1.2 Advances to Parent Ministry

Finding

Section 116 (6) and (9) of the Public Finance Management (Treasury Instructions), 2019, requires monies appropriated to Fund Accounts not to be used to meet expenses incurred under an Appropriation Account without Treasury approval. Contrary to this, the Fund made payments amounting to $128 439 in respect of parent Ministry expenditure without obtaining authority from Treasury. This amount increased the total owed by the Ministry to $182 105 from the $53 666 brought forward from the 2018 financial year.

Risk/Implication

The Fund may not meet its obligations of providing social welfare assistance to destitute elderly persons if funds are used to meet other expenses which are not budgeted for by the Fund.

Recommendation

The Fund should ensure that funds are utilized for the intended purposes of providing social welfare assistance to destitute elderly persons.

Management Response

It is acknowledged that a total of $182 105 was owing to the Fund as at 31 December, 2019, being an amount advanced to the parent Ministry for parent Ministry expenses. In future no advances will be made from the Fund without the approval of Treasury.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the two (2) findings, one (1) was implemented and one (1) has not been addressed as indicated below:

2.1 Per Capita Grant

The recommendation was implemented. Payments of grants to institutions were done timely in the year under review.

2.2 Advances to Parent Ministry

The Fund continued to make advances as a total of $128 439 was advanced to the Parent Ministry during the year under review.

VOTE 5. - FINANCE AND ECONOMIC DEVELOPMENT

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry is responsible for the formulation of macro-economic policies, national development programmes, plans, mobilization, allocation, management and accounting for public resources.

Qualified Opinion

I have audited the financial statements of the Ministry of Finance and Economic Development for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve(UR) Transfers	UR transfers to Ministries	Total	Expenditure	Net Under(Over) Spending
$3 987 042 000	$5 905 938 327	($102 085 420 418)	($92 192 440 091)	$8 098 202 846	($100 290 642 937)
Constitutional and Statutory Appropriation					
$5 603 822 000	-	-	$5 603 822 000	$3 114 194 332	$2 489 627 668

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the Appropriation Account, Finance and Revenue Statements and other supporting returns fairly present the state of affairs of the Ministry of Finance and Economic Development as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Direct Payments

Finding

Section 54 (1) of the Public Finance Management (Treasury Instructions), 2019 states that all expenditure on voted services is to be classified under the appropriate sub-heads and items as shown in the estimates, and as directed by the Treasury. My review of the direct payments register showed that Treasury made various foreign payments totalling US$20 691 044 (Approximately ZWL$770 646 758 when converted to Zimbabwe dollars using the Reserve Bank of Zimbabwe (RBZ) spot rates during the year 2020). The payments were made to suppliers and service providers on behalf of the Ministry of Finance and Economic Development during the year ended December 31, 2020. The expenditure was not uploaded in the Public Financial Management System

(PFMS) and hence, this expenditure was not accounted for in the Ministry's Appropriation Account for the year 2020.

Risk/Implication

The Ministry's total expenditure for the year under review was materially understated.

Recommendation

The Ministry of Finance and Economic Development should engage the Accountant-General's Office and Budgets Department to enable the foreign currency denominated direct payments to be regularized in the SAP system and reported in the Ministry's Appropriation Account 2020.

Management Response

The Accountant General's Department has taken note of the observation. Action shall be taken to address the anomalies.

(ii) Salary Bill Variances

Finding

Treasury Circular B/1/88 dated June 5, 2018 requires Directors of Finance to perform monthly reconciliations of the billed amounts by Salary Service Bureau (SSB) against employment cost expenditure as shown in the Public Financial Management System (PFMS), to ensure that year-end human resources costs reflected in the PFM system are aligned to amounts paid by SSB during the course of the year. However, the Ministry's Appropriation Account disclosed that total compensation of employees costs incurred were ZWL$46 523 579 which did not agree with the SSB print-out amount of ZWL$46 047 034 resulting in a variance of ZWL$476 546.

Risk/Implication

The accuracy of aggregate employment expenses reported by the Ministry might be doubtful in the absence of reconciliations.

Recommendation

The Ministry should investigate the cause of the different employment cost figures and reconcile the variance of ZWL$476 546.

Management Response

After the audit observation, the Ministry compared the total annual employment costs per general ledger per programme as they appear in the Public Finance Management System (PFMS) under the Budget Control System with the amounts appearing on the Ministry's Appropriation Account submitted to the external audit and found the amounts to be the same.

Concerning the reconciliation between the PFMS/Appropriation amounts with Salary Service Bureau (SSB) printout, I advise that the Ministry receives a printout from SSB every month and it is from the printout figures that we use to park and post into the PFMS and therefore the amounts should be the same.

Evaluation of Management Response

The matter remains unresolved since the Ministry did not reconcile the employment cost variance of ZWL$476 546.

(iii) Excess on Unallocated Reserve (UR) Transfers

Finding

Treasury disbursed Unallocated Reserve (UR) transfers to line Ministries amounting to ZWL$102 085 420 418 above the approved budget estimate of ZWL$1 394 632 000 resulting in an unauthorised excess transfer of ZWL$100 690 788 418. The excess transfer is still to be regularized in accordance with Section 307 of the Constitution of Zimbabwe Amendment (No. 20) Act, 2013.

Risk/Implication

If expenditure is not managed within the approved budget, potential acts of financial indiscipline might occur.

Recommendation

Treasury should approach Parliament to regularize the excess transfers and in future adhere to the provisions of Section 305 (5) of the Constitution of Zimbabwe Amendment (No.20) Act, 2013.

Management Response

Treasury is in the process of seeking condonation of the excess transfers which will be submitted to Parliament within the set time as indicated in terms of Section 307 (2) of the Constitution of Zimbabwe Amendment (No.20) Act, 2013.

However, below are other material issues noted during the audit:

1 EXPENDITURE CONTROL

1.1 Other Ministries' Discrepancies on Direct Payments

Finding

I observed that Treasury made foreign direct payments on behalf of sixteen (16) Ministries amounting to US$300 599 941 (Approximately ZWL$18 955 573 888 when converted to Zimbabwe dollars using the Reserve Bank of Zimbabwe (RBZ) spot rates during the year 2020). However, I noted that a number of

Ministries were not aware of these payments and did not acknowledge these transactions. As at November 15, 2021 five (5) line Ministries disputed Treasury disbursements from Direct Payments totalling US$183 638 970 (Approximately ZWL$14 763 681 058). My concern was that these direct payments were not uploaded to the respective Ministries' Votes in the Public Financial Management System (PFMS). Consequently, this expenditure was not reported by line Ministries in their Appropriation Accounts for the year 2020. Table below refers:

Discrepancies on Direct Payments between Treasury and line Ministries

Ministry	Treasury US$	Confirmed Amounts US$	Variance US$
1. Energy and Power Development	15 044 768	-	- 15 044 768
2. Defence and War Veterans	12 345 758	-	- 12 345 758
3. Public Service Commission	1 688 376	1 658 586	- 29 787
4. Health and Child Care	10 254 123.77	5 252 688	- 5 001 436
5. Mines and Mining Development	155 703 721	486 501	- 151 217 220
TOTAL	**US$195 036 746 Approximately ZWL $15 102 013 454**	**US$7 397 774**	**-US$183 638 970 Approximately ZWL $14 763 681 058**

Risk/Implication

The Government's overall expenditure for the year 2020 was materially understated.

Recommendations

Treasury should ensure that all Direct payments are communicated to line Ministries, regularized in the PFMS and reported in the Ministries' Appropriation Accounts.

The supporting documentation of all transactions should also be availed to line Ministries.

Management Response

The Accountant General's Department has noted the observation in relation to the US$300 599 941 (Approximately ZWL$18 955 573 888 when converted to Zimbabwe dollars using the Reserve Bank of Zimbabwe (RBZ) spot rates during the year 2020). Treasury will take action to address each audit observation identified including assigning responsible officers. The responsible officers are expected to complete addressing each audit observation with the concerned MDAs and incorporating the necessary PFMS accounting transactions.

Going forward, Consolidation Accounts Policy (CAP) will resolve this information gap by writing monthly letters informing Finance Directors or Chief Finance Directors of MDAs of the cash requests actually processed by Treasury.

The Consolidation Accounts Policy (CAP) management will on a monthly basis check whether direct payments with confirmed Telegraphic Transfers have been correctly parked and posted in the PFMS under the correct vote.

REVENUE AND FINANCE STATEMENTS

STATEMENT OF CONTINGENT LIABILITIES 2019

Background Information

Contingent Liabilities are loans advanced to Public Entities, Funds and Private Companies by independent lenders under guarantee by government. The power to guarantee rests with the Minister of Finance and Economic Development as per the Public Debt Management Act [*Chapter 22:21*]. The Minister issues guarantees on the recommendations of the External and Domestic Debt Management Committee and Public Debt Management Office.

Qualified Opinion

I have audited the Statement of Contingent Liabilities for the Ministry of Finance and Economic Development for the year ended December 31, 2019.

Below is a summary of the Statement of Contingent Liabilities:

Guarantees	**Net Contingent Liability as at December 31, 2019**	**Net Contingent Liability as at December 31, 2018**
	$	**$**
Public Sector		
External	1 851 783 360	_
Domestic	5 125 701 497	497 500 000
Grand Total	**$6 977 484 857**	**$497 500 000**

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the state of affairs of the Statement of Contingent Liabilities as at December 31, 2019 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Misstated take-on Balances

Finding

I observed that the financial statements submitted for audit reflected an opening balance as at January 1, 2019 of $425 000 000 which did not agree with the certified closing balance for net contingent liability as at December 31, 2018 of $497 500 000 resulting in a variance of $72 500 000. The variance emanated from the guarantee to Infrastructural Development Bank of Zimbabwe (IDBZ) that was not included in the opening balance as at January 1, 2019. Treasury did not adjust its records and the Consolidated Statement of Contingent Liabilities to correct this error.

Risk/Implication

The statement of Contingent Liabilities might not portray an accurate stock of loans guaranteed by the Government of Zimbabwe.

Recommendation

Treasury should ensure that take-on balances are agreed to audited closing balances and any subsequent adjustments should be supported by documentary evidence.

Management Response

Management is still to respond.

(ii) Contingent Liabilities - Guarantee Agreements

Finding

As previously reported, guarantees of US$150 000 000 and US$75 000 000 issued in 2018 on behalf of the Urban Development Corporation (UDCORP) and Agricultural Marketing Authority (AMA) were cancelled in early 2019. These guarantees were later reissued on February 6, 2019 with the same value and were not supported with a disclosure note in the financial statements submitted for audit, to explain the reason for the cancellation of the guarantees and their effect on fair presentation of the accounts.

Risk/Implication

The Statement of Contingent Liabilities might not adequately inform users of the financial statements.

Recommendation

The Public Debt Management Office should ensure that issuances, cancellations and reissuance of guarantees are fully explained in the notes accompanying the financial statements.

Management Response

The guarantees of US$150 000 000 and US$75 000 000 which were issued to the Urban Development Corporation (UDCORP) and Agricultural Marketing Authority (AMA) were initially signed in 2018, hence their inclusion in the 2018 Statement of Contingent Liabilities report. These guarantees were then reissued in 2019 with the same amounts.

Evaluation of Management Response

The Statement of Contingent Liabilities in each financial year should disclose accurate information on the cancellation and reissuance of the guarantees.

However, below is another issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Net Contingent Liabilities

Finding

I observed that the net contingent liabilities balance of $6 977 484 857 as at December 31, 2019 was understated by a total amount of $4 687 792 673 constituting called-up guarantees that were reported by line Ministries but not disclosed on the Treasury Consolidated Statement of Contingent liabilities as shown in the Table below;

Line Ministries Balances of Contingent Liabilities

Ministry	**Net Contingent Liability as at December 31, 2019 $**
Ministry of Industry and Commerce	3 150 588 947
Ministry of Energy and Power Development	1 196 448 299
Ministry of Information Communication Technology and Courier Services	340 755 427
Total	**$4 687 792 673**

Risk/Implication

The amount of loans guaranteed by the State might not be known with certainty.

Recommendation

The Public Debt Management Office should impart training to line Ministries on the proper classification of expired guarantees and communicate effectively with them to enhance preparation of accurate returns.

Management Response

Contingent Liabilities submitted for audit for the year ended December 31, 2019 were as follows:

External Guarantees Nil
Domestic Guarantees $5 125 701 497

The line Ministries' Contingent Liabilities total of $4 687 792 673 relates to External Guarantees. The Ministry had a Nil return on External Guarantees and the amount of $4 687 792 673 not disclosed by Treasury is explained below:

The Ministry of Finance and Economic Development submitted a Nil return on external guarantees since all the external guarantees being reported by the Ministries were called-up and are reported under the Publicly Guaranteed debt. The Publicly guaranteed debt is reported together with Public debt to come up with the total debt owed by the Government of Zimbabwe.

Attention is drawn to the following guarantees according to Section 7 (3) of the Public Debt Management Regulations:

Assumption of the guarantee in case of default

7 (1) Any event of default by the borrower shall be reported by the lender to the Guarantor within 60 days from the date of establishment of the default.

(2) The guarantor shall honour the default claim after the Public Debt Management Office has assessed the circumstances of the default and is Satisfied with the extent of due diligence exercised by the borrower.

(3) The beneficiaries of guarantees shall reimburse Government, all costs (principal, interest, penalties, expenses, fees) incurred by Government in case of default.

The Ministries are still reporting these guarantees since they are still on their balance sheets. They can only be adjusted if there is a Debt Assumption by the Government of Zimbabwe.

Evaluation of Management Response

The Ministries' returns were overstated by called up loans and on lending funding. After reconciliations, the amount not disclosed by Treasury on the Consolidated Statement of Contingent Liabilities was $4 687 792 673. The called-up loans were disclosed in the Statement of Public Debt under Publicly Guaranteed debt. However, the Public Debt Management Office (PDMO) had not assessed and established circumstances of the defaults prior to take-over of the Publicly Guaranteed Debt as required by Section 7 (2) and 8 (1) of the Public Debt Management Regulations in order to facilitate the process of debt assumption.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

2.1 Monthly, Quarterly and Annual Reports on Guarantees

There was a notable improvement as the annual report to Parliament on guarantees and state loans in terms of Section 30 (4) of the Public Debt Management Act [*Chapter 22:21*] as at December 31, 2019 was availed for audit inspection.

STATEMENT OF RECEIPTS AND DISBURSEMENTS 2019

Background Information

This Statement reflects monies receipted or collected and then deposited in the Exchequer bank account or other official bank accounts by Ministries and Departments.

Qualified Opinion

I have audited the Statement of Receipts and Disbursements for the Ministry of Finance and Economic Development for the financial year ended December 31, 2019.

Below is a Summary of the Statement of Receipts and Disbursements for the year:

Balance as at January 1, 2019	Collections	Payments to Exchequer and Other Accounts	Adjustments	Balance as at December 31, 2019
$54 268 874	$27 490 129 643	$26 918 797 865	$3 501 682	$626 774 444

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the statement fairly present, in all material respects the state of affairs of the Statement of Receipts and Disbursements as at December 31, 2019 in accordance with Generally Accepted Accounting Practice (GAAP)

Basis for Qualified Opinion

(i) Transfer Payments to the Exchequer Account

Finding

Government accounting procedures require all revenue received to be recorded in the Statement of Receipts and Disbursements and then deposited into the Summary of Transactions on the Exchequer Account. An examination of the Statement of Receipts and Disbursements revealed that a total of $25 255 629 836 (2018: $4 838 359 430) was transferred to the Exchequer Account during the year 2019 which disagreed with corresponding deposits by receivers of revenue as per the Summary of Transactions on the Exchequer Account of $30 429 830 535 (2018: $6 317 222 768) resulting in a variance of $5 174 200 699 (2018: $1 478 863 249). The variance remained unreconciled.

Risk/Implication

The consolidated Statement of Receipts and Disbursements might not accurately report the overall Government revenue collection performance.

Recommendation

Treasury should reconcile the variance of $5 174 200 699.

Management Response

Management is still to respond.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Variances between Consolidated Treasury Return and Line Ministries Returns

Finding

As raised in the prior year (2018) audit, I observed variances between figures disclosed on the Treasury Consolidated Statement of Receipts and Disbursement and returns from line Ministries as shown in the Table below:

Variances between Treasury and Line Ministries Balances

Details	Treasury Balances $	Line Ministries Balances $	Variances $
Opening balances	54 268 874	52 959 630	1 309 244
Collections/Receipts	27 490 129 643	27 343 146 625	146 983 018
Payments to Exchequer	25 255 629 836	25 179 250 017	76 379 819
Payments to other Accounts	1 663 168 029	1 549 433 628	113 734 401
Adjustments during the year	3 501 682	12 879 312	(9 377 630)
Closing balances	**$626 774 444**	**$625 402 756**	**$1 371 688**

Risk/Implication

Distortions in overall Government revenue collections and disbursements during the financial year under review might mislead policy makers.

Recommendation

Treasury should carry out reconciliations between its balances and those disclosed by line Ministries and corrective action taken where necessary.

Management Response

The observation is noted. The variances were between unaudited figures disclosed by Treasury on the Consolidated Statement of Receipts and Disbursements and audited figures on line Ministries' returns.

Treasury will reconcile the unaudited Treasury figures against the audited line Ministries' figures. In future Treasury will reconcile accounting records on a monthly basis to minimise the variances.

1.2 Submission of Returns

Finding

Section 32 (1) of the Public Finance Management Act [*Chapter 22:19*] requires every director of finance to prepare and submit annual financial statements for audit. Contrary to the above-mentioned provision, as previously reported, the following Commissions did not submit their Statements of Receipts and Disbursements for the year ended December 31, 2019 for audit examination;

a) Zimbabwe Anti-Corruption Commission
b) Zimbabwe Electoral Commission
c) Zimbabwe Media Commission

Therefore, I could not satisfy myself whether or not public funds received by these Commissions during the financial year under review were properly accounted for.

Risk/Implication

The consolidated figure for Receipts and Disbursements might be understated thereby misinforming decision makers.

Recommendation

Treasury should supervise all Ministries, Departments and Commissions to ensure that they submit statutory returns for audit examination in order to promote transparency and accountability.

Management Response

The observation is noted. Treasury has written to the Zimbabwe Electoral Commission and Zimbabwe Media Commission requesting the Statement of Receipts and Disbursements returns for the year ended December 31, 2019 by Friday June 4, 2021. The Zimbabwe Anti-Corruption Commission had already submitted.

Treasury henceforth will ensure that all line Ministries, Departments and Agencies submit all annual financial statements so that the Consolidated Receipts and Disbursements statement will show a true consolidated figure.

Evaluation of Management Response

I acknowledge the response from management, however outstanding returns from the three (3) Commissions were still to be availed for audit examination at the time of concluding the audit.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Treasury is still to make progress in addressing audit findings raised in my previous audit report as the six (6) recommendations are outstanding.

SCHEDULE OF OUTSTANDING REVENUE 2019

BACKGROUND INFORMATION

This relates to revenue which is due to the State.

Qualified Opinion

I have audited the Schedule of Outstanding Revenue for the Ministry of Finance and Economic Development for the year ended December 31, 2019.

Below is a summary of the Schedule of Outstanding Revenue for the year:

Revenue Head	Outstanding Revenue as at December 31, 2019 $	Outstanding Revenue as at December 31, 2018 $	% increase/ (Decrease)
Taxation	4 765 465 729	5 038 575 839	(5.4%)
Investment Revenue	4 662 076 272	167 196 065	2 688%
Fees	1 673 335	1 788 802	(6.5%)
Other	29 214 959	272 170 287	(89.3%)
Total	**$9 458 430 295**	**$5 479 730 993**	**73%**

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the Schedule of Outstanding Revenue fairly presents, in all material respects the state of affairs of Outstanding Revenue for the year ended December 31, 2019 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Zimbabwe Revenue Authority (ZIMRA) Revenue Collection System

Finding

The Outstanding Revenue return for ZIMRA for the year ended December 31, 2019 was qualified because of 1 496 duplicate Business Partner numbers, and 1 867 contract accounts. This had an effect of overstating the Outstanding Revenue figure. Therefore, I could not place reliance on figures disclosed in the Treasury Consolidated Schedule of Outstanding Revenue.

Risk/Implication

The Treasury Consolidated Schedule of Outstanding Revenue reflected inaccurate figures as a result of anomalies noted on the ZIMRA return.

Recommendation

Treasury should put in place mechanisms to periodically monitor and supervise the revenue collection system at Zimbabwe Revenue Authority.

Management Response

Management is still to respond.

(ii) Variance between Treasury and Zimbabwe Revenue Authority (ZIMRA)

Finding

I observed that the outstanding revenue disclosed by Zimbabwe Revenue Authority (ZIMRA) was $4 791 190 100 which did not agree with Treasury reported outstanding Revenue figure of $4 765 465 729 resulting in a variance of $25 724 371. This was caused by inadequate coordination between Treasury and ZIMRA.

Risk/Implication

Outstanding revenue for the financial year under review was understated as a result of the uncorrected error.

Recommendations

Treasury should provide adequate supervision to its staff to ensure that accurate returns are produced.

Treasury should investigate and reconcile the variance of $25 724 371.

Management Response

Management is still to respond.

However, below is another issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Submission of Statutory Returns

Finding

As previously reported, the following Ministries/Commissions did not submit their Schedules of Outstanding Revenue for the year ended December 31, 2019 for audit examination in contravention of Section 32 (1) of the Public Finance Management Act [*Chapter 22:19*] and were not included in the Treasury Consolidated Schedule of Outstanding Revenue;

i) Information Publicity and Broadcasting Services
ii) National Council of Chiefs
iii) Zimbabwe Electoral Commission (ZEC)
iv) Zimbabwe Anti-Corruption Commission (ZACC)
v) Zimbabwe Media Commission

Therefore, I could not ascertain the completeness of the Consolidated Schedule of Outstanding Revenue submitted for audit.

Risk/Implication

The overall Outstanding Revenue for year 2019 might be understated thereby misinforming decision makers.

Recommendation

Treasury should remind all Ministries, Departments and Commissions to ensure that they submit statutory returns for audit examination in order to promote transparency and accountability.

Management Response

Observation is noted. Treasury has written a request to Information Publicity and Broadcasting Services, Zimbabwe Council of Chiefs, Zimbabwe Electoral Commission (ZEC) and Zimbabwe Anti-Corruption Commission (ZACC) for them to submit their year 2019 Schedules of Outstanding Revenue to enable Treasury to consolidate the figures.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

No Progress was made in addressing two (2) findings previously reported as indicated below:

2.1 Misstatement of Prior Year Comparative Balances

Treasury did not avail corrected accounts to confirm whether or not the omission of non-tax revenue amounting to $218 853 671 on the year 2017 closing balance had been rectified.

2.2 Misstatements of Outstanding Revenue

No reconciliations were availed for audit inspection with regard to the variance of $128 603 185 highlighted in year 2018 that emanated from disparities between total outstanding revenue disclosed by line Ministries/Departments of $5 351 127 809 and the Treasury's figure of $5 479 730 994.

SCHEDULE OF REVENUE RECEIVED 2019

Objective of the Schedule

The objective of the Schedule of Revenue Received is to reflect the amounts collected by receivers of revenue by way of taxes, duties, fees and other income.

Qualified Opinion

I have audited the Schedule of Revenue Received for the Ministry of Finance and Economic Development for the year ended December 31, 2019.

Below is a summary of the Schedule of Revenue Received for the year:

Revenue Head	Estimate $	Receipts $	More than/ (Less than estimated) $
Taxes on Income and Profits	2 155 372 800	7 576 984 723	5 421 611 923
Taxes on goods and services	3 148 015 900	12 297 217 470	9 149 201 570
Miscellaneous Taxes	734 004 400	3 313 545 971	2 579 541 571
Revenue from Investments and property	40 771 000	34 171 273	(6 599 727)
Fees, departmental facilities and services	109 429 000	359 429 071	250 000 071
Other	11 800 000	2 263 524 989	2 251 724 989
Total	**$6 199 393 100**	**$25 844 873 497**	**$19 645 480 397**

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the state of affairs of the Schedule of Revenue Received as at December 31, 2019 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Misstatement of Revenue Received

Finding

As was reported in the previous year, the revenue figures disclosed by Treasury did not agree with revenue figures disclosed by line Ministries. Various revenue heads had different balances. Treasury disclosed total revenue of $25 844 873 497 (2018: $5 319 626 557) while line Ministries showed total revenue of $24 600 860 591 (2018: $5 220 856 832) resulting in a cumulative variance of $1 244 012 906 (2018: $98 769 725). Under normal circumstances, revenue received figures on the Schedule of Revenue Received and line Ministry/department audited returns should agree. Reconciliation statements explaining these differences were not availed for audit verification.

Risk/Implication

The financial statements may be materially misstated and misleading to decision makers.

Recommendation

Treasury should reconcile the different balances.

Management Response

Management is still to respond.

(ii) Discrepancies between Treasury Return and SAP System

Finding

I observed that figures disclosed by Treasury on the consolidated return did not agree with figures extracted from the specific general ledgers in the Systems Application Products (SAP). The Treasury return showed total revenue of $25 844 873 497 (2018: $5 319 626 557) whilst SAP system showed total revenue of $21 942 946 638 (2018: $5 708 920 309) resulting in an unreconciled variance of $3 901 926 859 (2018: $389 293 752).

Risk/Implication

It might be difficult to ascertain the exact aggregate amount of revenue collected by Government during the course of the financial year.

Recommendation

Treasury should ensure that SAP revenue ledger balances are regularly reconciled and agreed to the consolidated revenue return.

Management Response

Management is still to respond.

1 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Treasury did not make progress in addressing audit findings raised in my previous audit report. Out of the three (3) findings, the same issues recurred in year 2019.

VOTE 7. - INDUSTRY AND COMMERCE

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry's mandate is to provide a conducive environment for sustainable industrial and commercial growth and development.

Opinion

I have audited the financial statements for the Ministry of Industry and Commerce for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve	Total Allocated	Expenditure	Net Under spending
$367 260 000	$10 999 959	$378 259 959	$205 486 277	$172 773 682

In my opinion, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of Industry and Commerce as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit.

1. REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Receipts and Disbursements Return

Finding

The Ministry submitted a return which had different amounts from those reflected on the SAP printouts. The Ministry uses SAP for receipting revenue, while collections on the Receipts and Disbursements return were as per bank deposits. Collections on the Receipts and Disbursements Return were $1 534 447 while SAP ledger had $1 679 796 resulting in unreconciled variance of $145 348.

Risks/Implications

If reconciliations are not done, this creates an opportunity for misuse of public money. Also errors and omissions may go through the system undetected.

Recommendation

The Ministry should investigate the source of the variance.

Management Response

The Ministry will look into the unreconciled balance and make corrections. Please note that 2020 was affected by the Covid-19 lockdowns and restrictions and officers

responsible for the reconciliations started coming to work in November 2020. Due to the limited time they were not able to investigate all unreconciled amounts.

The Ministry is working on identifying the reconciling items so that the corrections can be effected and the return reflect the true financial information.

1.2 Recording of Import and Export Licenses

Finding

The Ministry purchased import and export licenses from Printflow valued at $249 403. The Ministry did not produce for audit inspection source documents such as receipts or goods received vouchers raised on receipt of the licenses and the security items register. As a result of the above, reliance could not be placed on the system in use for the receipting, recording and custody of security items.

Risk/Implication

Failure to follow laid down procedures may result in security items being stolen or used for fraudulent purposes without trace.

Recommendation

The Ministry senior officials should supervise junior staff in order to check if all controls put in place are being adhered to.

Management Response

The observation has been noted. All source documents pertaining to import and export permits are in the custody of the Zimbabwe Anti-Corruption Commission (ZACC) who are carrying out an investigation. The Ministry takes note of the importance of these documents and we are awaiting to surrender them for audit purposes as soon as ZACC returns the documents to us.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Covid-19 Procurement Plans

Findings

Procurement Regulatory Authority of Zimbabwe (PRAZ) Circular number 1 of 2020 dated March 17, 2020 on Covid-19 Personal Protective Equipment stated that it was necessary to orderly plan for the acquisition of the requirements of the four phases of disaster management of mitigation, preparedness, response and recovery. However, the Ministry did not avail to audit the Covid-19 procurement plan for 2020. I could not get an explanation on why the Ministry failed to prepare the plan as outlined in the circular.

Furthermore, the Ministry did not provide documentary evidence showing that it submitted procurement records on a monthly basis to the Authority. Part 9 of the circular mentioned above, states that all procuring entities were to submit procurement records on a monthly basis to PRAZ for all Covid-19 requirements procured to cover the pandemic emergency phase, for post review of the contract awards.

Risk/Implication

Failure to submit Covid-19 procurement plans and monthly reports to PRAZ may result in the Ministry not procuring goods and services to the best advantage due to lack of guidance.

Recommendation

The Ministry should prepare Covid-19 procurement plans and submit monthly returns to PRAZ as required by statutes.

Management Response

The observation has been noted. Going forward the Ministry will adhere to all statutory requirements with regards to procurement of Personal Protective Equipment as set out in the circular and monthly returns will be submitted to PRAZ for their post review.

3. COMPENSATION OF EMPLOYEES

3.1 Variance on Compensation of Employees Cost

Findings

The Public Financial Management system (PFMs) reflected an amount of $39 114 834 as Compensation of Employees while the journal vouchers amounted to $$36 935 646 resulting in an unreconciled variance of $2 179 188.

Furthermore, there was a variance amounting to $121 115 in the month of February 2020 between the journal vouchers ($1 066 630) and the wage bill ($1 187 775). I could not get an explanation on the source of the variance between the two records.

Risks/Implications

Non-performance of reconciliations of the wage bill and journal vouchers compromises reliability of the Appropriation account.

Failure to investigate variances may result in errors going through the system undetected.

Recommendations

The Ministry should investigate the variance and update me on the outcome of that exercise.

Reconciliations between the wage bill and journal vouchers for February 2020 should be undertaken to correct the imbalance noted.

Management Response

The amount of $39 114 834 disclosed in the Appropriation Account includes $1 999 629 being $187 979 for Covid-19 insurance pay outs to members of staff and $1 811 650 was for motor vehicle allowances. These two amounts can be found on journal vouchers as they were not part of the wage bill. This then leaves a balance of $420 441 that is under investigation.

The observation has been noted. The variance of $121 115 on the reconciliation for February is under investigation.

4 MANAGEMENT OF ASSETS

4.1 Deficiency in State Property

Finding

According to the submitted Losses of and Damage to State Property return for 2020, three laptops belonging to the Ministry were reported as stolen. However, no Board of Inquiry was convened to investigate the thefts. This was contrary to the provisions of Section 12(1) of the Public Finance Management Act [*Chapter 22:19*] which requires the Accounting Officer to investigate the circumstances surrounding the loss or damage. The thefts were reported to the Police under case numbers IR 020630 (2 laptops) and 4466312 (1 laptop).

Risk/Implication

Without boards of inquiry, the full facts pertaining to the cases would not be established for corrective measures to be taken.

Recommendation

The Ministry should convene a Board of Inquiry to investigate the theft of laptops, as required by Section 12 (1) of the Public Finance Management Act [*Chapter 22:19*] for accountability.

Management Response

The Police are still investigating the cases. The Ministry failed to convene boards of inquiry due to Covid-19 lockdowns and other restrictions and at the beginning of 2021 meetings were not allowed. The Ministry will convene a board of inquiry as soon as possible.

5 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made progress in addressing audit findings raised in my previous audit report. Out of the four (4) recommendations, three (3) were implemented and one (1) was partially addressed as indicated below:

5.1 Risk Management

The Departments of Economic Empowerment and Investment Promotion and Special Economic Zones that were merged into the Ministry in the year 2018, are now included in the Ministry's Risk Management Policy.

The Disaster Recovery Plan (DRP} is now included in the Ministry's ICT Policy.

5.2 Audit Committee

The recommendation was implemented as the Accounting Officer appointed a new Audit Committee which held its first meeting in 2020. Also the Internal Audit prepared and submitted its internal audit plan for 2020 and 2021 to the Audit Committee

5.3 Outstanding Advances including Disallowances

The recommendation was partially implemented as recoveries on some advances were ongoing while other officers have cleared their advances.

5.4 Acquisition of Fixed Assets

The Ministry purchased office furniture worth $163 464 without obtaining competitive quotations. The comparative schedule used for the direct purchase did not have written justifications for choosing the sole supplier. The recommendation was implemented as the Ministry is now adhering to the provisions of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*], when engaging service providers.

STANDARDS DEVELOPMENT FUND 2019

Objective of the Fund

The Fund was established for the development and promotion of standardisation and quality control of commodities and services.

Opinion

I have audited the financial statements for the Standards Development Fund. These financial statements comprise the statement of financial position as at December 31, 2019, statement of profit or loss and other comprehensive income, the statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**Amount $**
Income	51 602 104
Expenditure	20 992 278
Surplus	**$30 609 826**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Accumulated Fund	 7 733 631	- 52 991 283
Current	47 364 225	2 106 573
Total	**$55 097 856**	**$55 097 856**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Standards Development Fund as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUE

1.1 Budget Preparation

Finding

Section 10 (1) (a and b) of the Standards Development Fund Act [*Chapter 14:19*] requires the Fund to prepare a budget in line with its revenue, recurrent and capital expenditure. The budget prepared by the Fund was not in line with its chart of accounts, that is, a list of accounts identified by the Fund for recording transactions. As a result, I could not validate the efficient management of resources by the Fund as the purpose of budgeting is to ensure that there is efficient allocation of resource, planning, coordination and control of the Fund's operations.

Risk/Implication

Failure to budget in line with the chart of accounts may lead to inefficient allocation of resources, thus hindering good financial management.

Recommendation

The Fund should prepare its budget in line with its chart of accounts to enable effective monitoring of its operations and performance.

Management Response

The observation has been noted. In future the Fund will make sure that the budget is aligned to the chart of accounts.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Investment of Excess Cash

Findings

Section 13 (2) of the Standards Development Fund Act [*Chapter 14:19*] states that any part of the funds not immediately required for the purpose of the Fund may be invested in such manner as the Minister may determine. Contrary to this provision, there was no evidence indicating that management had taken steps to invest its surplus balance of $37 196 327 that was in the bank as at December 31, 2019. If invested, this amount could have generated interest for the benefit of the Fund.

On the contrary, in 2019 investments decreased by $1 948 188 from $4 205 434 to $2 257 246 reported in the financial statements.

Risk/Implication

The Fund could be losing a substantial amount of revenue in the form of interest on investments on the surplus cash.

Recommendation

The Fund should consider investing surplus cash to generate additional income as per Section 13 (2) of the Standards Development Fund Act [*Chapter 14:19*]

Management Response

The observation has been noted. All surplus is invested only after Treasury Authority has been granted. SDF will seek Treasury Authority to invest whenever there is surplus. However, SDF has a project at Sunway City which is currently running. The cash in our bank accounts was reserved for this project.

2.2 Accounts Receivable – Levy Debtors

Findings

As observed in my previous report, in 2019 no recoveries were made from companies that had made payment plans to settle levies due to the Standards Development Fund amounting to $3 428 563. None of the companies on payment plan schedule adhered to their commitments to clear their dues. Of concern to auditors was that during the year under review, there was no evidence of follow-ups being undertaken by the Fund. No follow-ups have been undertaken with Civil Division to check whether the amount of $53 123 outstanding was still recoverable for those debtors that had been handed over to the Civil Division.

The Fund had also not instituted procedures to write-off or follow up amounts worth $3 821 owed by companies which were said to have closed or had ceased to exist. Some of the debts have been outstanding since 2012.

Risk/Implication

Failure to make regular follow ups may result in debts becoming extinguished through lapse of time.

Recommendations

The Fund should employ effective strategies to collect the amounts owing so that they are not extinguished through lapse of time.

In case of debts that have proven uncollectable there is need for the Fund to apply for write-off of the amounts so that the Fund does not continue to overstate debtors.

Management Response

The observation has been noted. The Fund was waiting for the Ministry of Local Government and Public Works' response so that it would be able to apply for a write off for long outstanding debts for Municipalities and Local Authorities.

The Fund has followed up with Ministry of Local Government and Public Works but no fruitful results have come out from that process. However, the case is now being handled by the Ministry's legal department who are communicating with Ministry of Local Government legal officers in an effort to recover the debt.

The observation has been noted. Standards Development Fund will institute follow-ups on levy debtors through the Ministry's Legal Department. The Fund will also recommend write offs on those levy debtors proving to be irrecoverable.

2.3 Levy Income

Finding

In the financial statements for the year ended December 31, 2019, the Fund disclosed levy income of $46 861 350. However, I could not compare the levy income figure with the system report as the computerized accounting system in use did not have a cut-off period and it did not produce monthly collections reports.

Risk/Implication

Not having a fully functional computerized accounting system for levy income, may compromise the internal controls on collection and recording of income.

Recommendation

The system should be fully utilized in order to produce total levy collected over any given period.

Management Response

The observation has been noted. The figure of $46 861 350 is disclosed on our ledgers and in our financial statements. The Fund prepared its financial statements manually extracting figures from cashbook and ledgers where monthly bank reconciliation statements are prepared. SAP software team have not yet introduced SDF receipting process into the SAP system as it is still work in progress.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the three (3) recommendations, one (1) was implemented and two (2) had not been addressed as indicated below:

3.1 Fuel Administration

The audit recommendation to update the details of the quantity and value on the fuel voucher dashboard report was implemented.

3.2 Levy Income

The issue on the variance on levy collected of $531 654 was not resolved.

3.3 Levy Debtors

There was no evidence that follow up on debt collection was done by the Ministry.

TRADE MEASURES FUND 2019

Objective of the Fund

The Fund was established for the development and maintenance of legal metrology services provided to industry and commerce in terms of the Trade Measures Act [*Chapter 14:23*], and to ensure conformity of such services to standards and requirements prescribed by International Standard Bodies.

Opinion

I have audited the financial statements of the Trade Measures Fund for the Ministry of Industry and Commerce. These financial statements comprise the statement of financial position as at December 31, 2019, statement of profit or loss and other comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year:

Statement of Comprehensive Income

Item	**Amount $**
Income	404 159
Expenditure	539 745
Deficit	**($135 586)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Accumulated Fund	3 350 981 ----	- (341 663)
Current	1 196 956	4 889 600
Total	**$4 547 937**	**$4 547 937**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Trade Measures Fund as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit.

1. GOVERNANCE ISSUE

1.1 Transfer of Fuel Coupons and Assets

Finding

Section 102 (4) of Public Finance Management (Treasury Instructions) 2019, requires that movement of goods/assets in government be documented through signed issue and receipt vouchers for accountability. Contrary to the above, I observed that there were some issue/ receipt vouchers which were not signed acknowledging receipt by officials who received fuel and assets. In the absence of signed issue/receipt vouchers, I could not ascertain whether fuel/assets reached the intended beneficiaries.

Risk/Implication

In the absence of signed copies of issue/receipt vouchers, state resources could be exposed to misuse.

Recommendation

The Fund managers should adhere to requirements of Section 102 (4), Treasury Instructions by making sure that all Receipt/issue vouchers are completed and signed when issuing out fuel coupons and Assets.

Management Response

The observation has been noted. A meeting was held involving Head Office Administration, Accounts and Harare Trade Measures administration to agree on procedures that need to be followed on receipt of goods and their issuing. Now the Fund has a clearly spelt out procedure on what needs to be done in future.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Procurement Plan for the Fund

Finding

Section 22 (1) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] requires the procuring entity to prepare an Annual Procurement Plan for each financial year. The procurement plans for Trade Measures Fund were not aligned with the budget. The Fund's total budget was $3 244 000 while the procurement plan had $1 205 012. This showed that the Procurement Plan was crafted without taking into account the budget requirements of the Fund.

Risk/ Implication

Non-alignment of the procurement plan with the budget may result in lack of proper monitoring of expended funds thereby impacting negatively on service delivery.

Recommendation

The Ministry should ensure that the procurement plan aligns with the budget to enhance accountability and improving service delivery.

Management Response

Trade Measures Fund operates on 30% Assize Fees collected which it uses for operations and the Ministry's budget allocations. The Capital Expenditure is funded under Standard Development Fund Capital Grant. Therefore, the procurement plan is not restricted to 30% of the budgeted revenue.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the four (4) recommendations, two (2) were implemented, one (1) was partially implemented and one (1) had not been addressed as indicated below:

3.1 Debtors

The Fund had not yet recovered the debt amounting to ZAR11 160 from Valentine Freight Services a South African company.

3.2 Provision for Bad Debts

The Fund now provides for doubtful debts in the financial statements.

3.3. Contract Management

Out of five (5) road weigh bridges only one (1) had been installed by the contractor and furniture worth $4 876 had not been delivered and no recovery action was taken against the supplier.

3.4 Fuel Management

The Fund was now maintaining fuel registers and vehicle log books.

VOTE 8.- LANDS, AGRICULTURE, FISHERIES, WATER AND RURAL RESETTLEMENT

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The mandate of the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement is to ensure food security in the country and agriculture produce for the manufacturing sector, through facilitating a sustainable and viable agricultural sector by providing new materials for the rest of the economy. It carries out this mandate by providing administrative, technical, advisory, research and regulatory services to the sector. It is also mandated to promote equitable distribution of land and provision of security of tenure.

Qualified Opinion

I have audited the financial statements for the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve	Total Allocated	Expenditure	Net Under Spending
$11 163 481 000	$27 867 848 995	$39 031 329 995	$32 788 022 886	$6 243 307 109

In my opinion, except for the possible effects of the matters described in the basis for Qualified Opinion section, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Direct Foreign Currency Payments

Direct payments amounting to US$18 238 328 and BWP8 359 434 were made by Treasury on behalf of the Ministry. The Ministry did not avail me with detailed documentary evidence of how the transactions were recorded and reported in the accounting records. Due to non-availability of the requested information regarding the above mentioned transactions, I was unable to vouch and authenticate the amounts. The transaction history from the Treasury list is shown in Table below.

List of Foreign Currency Payments

Programme	Amount US$	Amount BWP
Programme 1: Policy and Administration	12 608 164	-
Programme 5: Agricultural Engineering and Farm Infrastructure Advisory Development	4 238 007	-
Programme 6: Animal Production, Health, Extension and Services	1 392 157	8 359 434
Total	**US$18 238 328**	**BWP8 359 434**

Risk/Implication

The Appropriation Account might have been understated by the amounts paid in foreign currency which could have been processed outside the PFMS.

Recommendation

The Ministry should furnish audit with the detailed records of how the direct payment amounts were accounted for in the PFMS and Appropriation Account.

Management Response

Management is still to respond.

(ii) **Payroll Reconciliation**

Section 58 (1) of the Public Finance Management (Treasury Instructions) 2019 requires payment of salaries and wages to be made in accordance with an invoice from the Salary Service Bureau (SSB). However, the Appropriation Account had total compensation of employees costs of $1 343 991 254, while the SSB records showed $1 443 375 913, resulting in an unreconciled variance of $99 383 648. Because of the variances noted, I was unable to ascertain the actual compensation of employees.

Risk/Implication

Failure to carry out reconciliations may result in payments being made to non bona-fide employees of the Ministry and errors on records may go undetected.

Recommendation

The Ministry should reconcile the figures on the SSB record and the PFMS to come up with the correct figure of compensation of employees costs paid during the year.

Management Response

The observation is noted. A virement had been prepared to cover the salary bills. Somehow, the document was never actioned. Efforts are being made to seek Treasury authority to reopen the 2020 period and post the virement. Subsequent to that, the bills shall be posted into the PFM system.

However, below are other issues noted during the audit:

PROGRAMME 1: POLICY AND ADMINISTRATION

1 GOVERNANCE ISSUES

1.1 Unsupported Expenditure

Section 81 (2) (b) of the Public Finance Management Act [*Chapter 22:19*] read with Section 59 (14-15) of the Public Finance Management (Treasury Instructions) 2019, requires payment vouchers to be adequately supported by relevant source documents. Contrary to these regulations, expenditure amounting to $96 733 886 was not supported with relevant source documents such as purchase orders, invoices and receipts. Consequently, I was unable to determine whether the expenditure was incurred for the intended purposes.

Risk/Implication

Irregular or fraudulent payments may be processed if the expenditure is not fully supported by source documents and payment confirmations.

Recommendations

The Department should obtain suppliers' invoices first before payments are done to ensure that charges levied and items being paid for are verified prior to payment.

When payment is subsequently done, evidence confirming receipt of money should be obtained and attached to the voucher.

Management Response

The observation is noted. Effort is being made to attach all supporting vouchers for payments made.

PROGRAMME 5: AGRICULTURAL ENGINEERING & FARM INFRASTRUCTURE DEVELOPMENT

1.2 Consolidated Statement of Contingent Liabilities

Findings

The Department of Mechanisation submitted for audit, a Statement of Contingent Liabilities with a nil balance. However, an analysis of the issue vouchers revealed that thirty-four (34) tractors had been distributed to several farmers under a loan agreement involving the Ministry, John Deere and AgriBank, the implementing agent of the facility. The thirty-four (34) tractors issued as at December 31, 2020 had a total value of ZWL$90 478 416 (US$1 077 124) when converted using the exchange rate of US$1: ZWL$84. This could have been caused by lack of role clarity resulting in the Farm Power and Machinery Department assuming that the Treasury would be doing the accounting on behalf of the Ministry.

Furthermore, the Department of Mechanisation acquired farm equipment for smallholder farmers under More Food for Africa (Zimbabwe- Brazil) Programme at a cost of

US$38 600 000 guaranteed by the Government of Zimbabwe. As at December 31, 2020 the outstanding unpaid amount was ZWL$635 880 347 (US$7 570 004) at the exchange rate of 1USD to ZWL84. This was also not accounted for in the Statement of Contingent Liabilities.

Risk/Implication

The Statement of Contingent Liabilities return was misstated.

Recommendation

The Ministry should account for all guarantees by the Government of Zimbabwe in the Statement of Contingent Liabilities return.

Management Response

The observation is noted. The borrowing agreement is between Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement and the suppliers for both facilities. The Ministry bears some responsibility for the payment of the suppliers. Therefore, it is now agreed that the amount payable is to be reflected as a contingent liability in the books of the Ministry. The responsible Department has been advised to record the transaction.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Consolidated Revenue Received

In violation of section 43 (2) of the Public Finance Management (Treasury Instructions) 2019, the Revenue Received Return submitted for audit had a total amount of $68 535 557 even though the Public Financial Management System report showed total revenue received of $447 088 resulting in a variance amounting to $68 088 469. Therefore, I could not substantiate the correct amount of revenue received by the Ministry for the year ended December 31, 2020.

Risk/Implication

The credibility of the supporting returns to the financial statements may be reduced if the variances between ledger balances and those on the returns are not reconciled.

Recommendation

The Ministry should ensure that all manual receipts are captured into the Public Financial Management System (PFMS) and any differences are reconciled.

Management Response

The observation is noted. The variance between $68 535 557 and $447 088 was caused by a slow reconciliation process. There were no personnel throughout the year to execute movement of paperwork which was also restricted. Another challenge has been migrating from Paynet to Eagle System. The Eagle System bank statements presented a problem of not being compatible with the Public Financial Management System, as such the reconciliations were slowed down for a long period as the issue was being resolved.

PROGRAMME 7: LAND RESETTLEMENT & SECURITY OF TENURE

2.2 Outstanding Revenue

Finding

Contrary to Section 35 (6) (a) of Public Finance Management Act [*Chapter 22:19*], which requires the Accounting Officer to keep or cause to be kept proper records of account, I observed that although the Department had a database for 21 000 A2 farmland beneficiaries, it did not maintain corresponding accounting records such as ledgers for all the beneficiaries to account for rent received and outstanding. As a result, the completeness and accuracy of the outstanding revenue amount of $695 385 546 disclosed in the Outstanding Revenue return could not be validated. The same issue was raised in the 2019 Audit Report.

Risk/Implication

The outstanding revenue return might be materially misstated in the absence of complete revenue records.

Recommendation

Management should maintain adequate accounting records to ensure revenue is collected from all beneficiaries.

Management Response

The observation is noted. A robust database which is compatible with other systems; mobile money, pastel and PFMS will urgently be put in place following budgetary provision in 2022 estimates of expenditure. The current access database is not compatible hence very difficult to use in the billing of farmers.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The three (3) prior year audit findings were not addressed as outlined below.

3.1 Late Submission of Financial Statements

The issue of late submission of financial statements was not resolved as the same scenario occurred regarding the 2020 financial statements.

3.2 Consolidated Statement of Contingent Liabilities Return

The Ministry had submitted a nil return against the available evidence of the existence of contingent liabilities. The issue was not resolved as there was no adjustment made to prior and current year returns.

3.3 Outstanding Revenue

The issue was not resolved as there is no accounting system for revenue collection. The Ministry has an excel database for all the farmers without corresponding accounting records such as ledgers.

METEOROLOGICAL SERVICES FUND 2018

Objective of the Fund

The Fund was established to facilitate the provision of weather related services and products and to undertake projects that enable the smooth running of the Meteorological Services operations. The Fund also provides additional funding for the importation of equipment and raw materials not available in Zimbabwe.

Qualified Opinion

I have audited the financial statements of the Meteorological Services Fund of the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement. The financial statements comprise the statement of financial position as at December 31, 2018, statement of profit or loss and other comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a Summary of Statement of Comprehensive Income and Statement of Financial Position for the year:

Statement of Comprehensive Income

Item	Amount $
Income	834 929
Expenditure	468 312
Surplus	**$366 617**

Statement of Financial Position

Item	Assets $	Liabilities $
Non–Current Accumulated Fund	59 700 -	- 2 549 064
Current	2 490 555	1 191
Total	**$2 550 255**	**$2 550 255**

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Meteorological Services Fund as at December 31, 2018, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Trade Debtors

Findings

Meteorological Services Fund offers aeronautical services to the Civil Aviation Authority of Zimbabwe (CAAZ). CAAZ submits monthly and yearly revenue schedules to the Fund detailing fees payable. However, trade debtors figure shown in the financial statements in respect to aeronautical services was at variance with the amount shown on the Civil Aviation Authority of Zimbabwe (CAAZ) revenue return. The financial statements disclosed a trade debtors figure of $2 332 219 while CAAZ revenue return had $708 646 resulting in an unreconciled balance of $1 623 573.

Despite the Fund having instituted legal action against its debtors, revenue due from airline operators remained uncollected. The Fund did not provide for doubtful debts yet the recoverability of the amount was doubtful. According to the financial statements, trade debtors figure was $2 332 219 (2017: $2 042 582) which represented 91% of the total assets of the Fund. The cumulative debtors figure restrained the Fund from the much needed funds for the execution of meteorological services.

Risks/ Implications

The Fund's liquidity position and its ability to sustain operations could be adversely affected if the amounts remain uncollected for too long. Also the debtors could become irrecoverable.

If reconciliations are not performed, the Fund may fail to keep track of the accurate trade debtors figure and suffer financial losses.

Recommendation

The administrators of the Fund should ensure that reconciliations are performed and variances investigated so as to maintain correct balances of its debtors.

Management Response

Air Zimbabwe: The Department filed an affidavit for the proof of the claim.

South African Airlines (SAA): The Court case is still pending.

Malawian Airways: The department is considering taking the legal route.

The Debtors being shown on the CAAZ Revenue Return only reflect debtors from October 2015 whilst Meteorological Service Department records show debtors from the year 2006. The balances in the financial statements therefore reflect the true value of the debtors' figure for the period ending December 31, 2018.

(ii) Submission of the Statement of Cash Flows

Finding

Section 35 (6) (b) (i) of the Public Finance Management Act [*Chapter 22:19*], states that the Accounting Officer shall submit financial statements within sixty days of the end of the financial year to the Auditor-General for audit. The same Act states that a complete set of financial statements comprise the statement of financial position, statement of comprehensive income and the statement of cash flows. However, the Fund did not comply with this requirement as it did not submit the statement of cash flows for audit.

Risk/Implication

It will be difficult to assess the cash position of the core operations of the Fund during the reporting period.

Recommendation

The Fund should prepare and submit the statement of cash flows.

Management Response

The observation is noted. In future the statement will form part of the financial statements.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Internal Audit reports

Finding

Section 80 (2) (a) of the Public Finance Management Act [*Chapter 22:19*] requires the internal auditor to monitor the financial administration and procedures of the Ministry or reporting unit concerned to ensure among other requirements that adequate internal checks and controls are observed. I was not availed with internal audit reports as evidence that the internal audit unit had audited the activities of the Fund for the year under review.

Risk/ Implication

If the Internal Audit Unit does not carry out audits covering the Fund, weaknesses in the internal control system may not be identified and corrected.

Recommendation

The Internal Audit Unit should conduct routine audits of the Fund's activities to ensure that the internal controls are regularly assessed and deficiencies identified are rectified.

Management Response

The observation is noted. The internal auditors from the Ministry are responsible for this function.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Prepayment for the Hydrogen Generator

Finding

The Fund was established to facilitate the provision of weather related services including weather forecasting. For the Meteorological Department to provide accurate weather forecasts it requires a hydrogen generator which is key in the production of hydrogen useful in weather forecasting. In 2006, the Fund made a part payment of US$100 000 (€72 241) which is 15% of the purchase price to Meteo France International. However, as at the time of concluding my audit in February 2020, the procurement of the generator was not yet finalised.

Risks/Implications

There is high risk that the procurement of the generator may not be finalized resulting in service delivery being negatively affected.

The contract with Meteo France International may no longer be valid because of the period of time which has lapsed implying a financial loss of the amount paid.

Recommendation

The Ministry should engage Treasury with the aim of resolving the matter.

Management Response

This issue has been deliberated on with the Ministry of Finance for the past twelve years but they have not released the necessary foreign currency to clear the balance.

Evaluation of Management Response

The issue has taken too long to be resolved and management has not been clear on whether the purchase contract is still valid.

2.2 Unsupported Expenditure

Finding

Section 81 of the Public Finance Management Act [*Chapter 22:19*] requires all source documents to be obtained and attached to payment vouchers when making payments. Contrary to this requirement, the Department did not attach receipts/invoices to support payments worth $15 948 made to various suppliers. I was therefore unable to validate the expenditure incurred.

Risk/Implication

If payments are made to suppliers of goods and services without adequate source documents, expenditure may be incurred for the unintended purposes and fraudulent payments may also be processed.

Recommendation

Management should ensure that all source documents are obtained and attached to relevant payment vouchers when making payments to suppliers of goods and services.

Management Response

Every effort is being made to obtain receipts and invoices from the suppliers.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Submission of Revenue Returns

Finding

Contrary to Section 7 (3) of the Memorandum of Agreement (MOA) between the Meteorological Service Department (MSD) and the CAAZ signed on the 23rd of June 2006, I noted that for the second year the Fund received the monthly revenue reconciliation schedules late. I noted that it took an average of 72 days for MSD to receive returns from CAAZ.

In addition, the reconciliation schedules received did not show all the required itemised details of transactions for the purpose of carrying out reconciliations.

Risks/Implications

Receiving reconciliation schedules late may result in the Fund's failure to recognise cut off dates for revenue recognition and timeously identify errors and taking corrective action.

Receiving reconciliation schedules without itemised details of transactions might make it difficult for the Fund to carry out reconciliations and accurately account for all its revenue collections.

Recommendation

Management should urge CAAZ to submit revenue reconciliation schedules as agreed under the MOU.

Management Response

Airlines take two to three months to remit revenue to CAAZ hence the delay in sending their schedules to the Meteorological Services Department. Sending schedules to the Department without having collected revenue will result in them submitting schedules with nil collections.

Evaluation of Management Response

The period of submission is stated in the Memorandum of Understanding that both CAAZ and the Fund have signed and agreed to. Also, revenue returns cannot be nil since revenue would have been realised per the accruals concept.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the five (5) recommendations, two (2) were implemented and three (3) were not addressed as indicated below:

4.1 Travel and Subsistence Allowances

Travel and Subsistence advances amounting to $15 529 made to officers were not cleared within a calendar month of return to home station. Outstanding Travelling and subsistence advances were subsequently cleared.

4.2 Budgetary Control

The Fund incurred expenditure amounting to $46 053 (23% of the 2017 total expenditure) on transactions whose nature was not provided for in the Fund's constitution. During the year under review, the Fund did not incur un-authorised and excess expenditure.

4.3 Trade Debtors

Revenue due from airline operators remained uncollected and the cumulative amount continues to escalate. Recoverability of the debts remains doubtful.

4.4 Inconsistent Debtors Records

Debtors' balance reflected in the financial statements, Civil Aviation Authority of Zimbabwe (CAAZ) revenue return and the Debtor's Age Analysis were not reconciled. The issue of inconsistent debtors' records was not addressed.

4.5 Maintenance of Asset Register

The Fund's asset register was not updated and physical asset verification at provincial offices was not carried out.

VOTE 9.- MINES AND MINING DEVELOPMENT

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry's mandate is to formulate policies that ensure sustainable mining and marketing of mineral resources for the socio-economic well-being of the country's citizens, regulate all mining operations by ensuring that all mining activities comply with statutory regulations, ensure mineral beneficiation and value addition before export.

Opinion

I have audited the financial statements of the Ministry of Mines and Mining Development for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfer	Total Allocated	Expenditure	Net Under spending
$293 197 000	$2 808 632	$296 005 632	$255 692 869	$40 312 763

In my opinion, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of Mines and Mining Development as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. MANAGEMENT OF ASSETS

1.1 Public Financial Assets

Findings

For the second year running, the Ministry did not produce an accurate return on Public Financial Assets. The opening balance of $630 656 405 as at January 1, 2020 was different from the closing balance of $104 386 597 as at December 31, 2019. There was no explanation on why there was a variance of $526 269 808. Furthermore, the reconciliation of the 2019 amounts of $127 810 000 and $18 463 584 in respect of the Hwange Colliery investment, was still pending as at the time of audit.

Risk/ Implication

There could be over/ understatement of the amount disclosed as the Public Financial Assets for the Ministry.

Management Response

The observation is noted. Reconciliation with Hwange Colliery is underway. The Ministry had based its return on the information supplied by Hwange Colliery. Corrective measures will be taken.

Evaluation of Management Response

The Ministry was supposed to compare the figures with what they had on their records and reconciled the differences.

2 GENDER ISSUES

2.1 Gender Committee

Finding

The Ministry did not prepare the 2020 budget for Gender issues as there was no Committee for Gender Issues within the Ministry, contrary to the requirements of Institutional Gender Policy Section 6.3 and 7.

Risk/Implication

The Ministry might lag behind in the implementation of gender activities within Government.

Recommendation

The Accounting Officer should appoint a Gender committee to facilitate gender activity budgeting.

Management Response

The 2020 Budget for Gender was done in compliance with Treasury Call Circular for the 2020 budgets, under Cross cutting issues. The Ministry has always been implementing gender mainstreaming, inclusivity and wellness issues as enshrined in the Permanent Secretary's Contract under cross cutting issues, including HIV, AIDS and TB. The Ministry has a designated Gender Focal Person and the Public Service Commission has also created the post of Director Mainstreaming, Inclusivity and Wellness in the Ministry.

Evaluation of Management Response

The Ministry was supposed to have a Gender Committee in terms of Section (6.3) and (7) of the institutional gender policy which deals with gender activities such as budgeting, training and implementation.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Ministry had made some progress in addressing my audit finding made in my previous report as indicated below:

3.1 Outstanding Revenue

There was an improvement on the collection of outstanding revenue as it had decreased from $257 927 409 in 2019 to $166 457 861 as at December 31, 2020.

MINING INDUSTRY LOAN FUND 2019 AND 2020

Objective of the Fund

The objective of the Fund is to assist mining industry and promote the production of minerals, in such a manner, as the Minister of Mines and Mining Development, in conjunction with the Minister of Finance shall from time to time determine.

Opinion

I have audited the financial statements of the Mining Industry Loan Fund, which comprise the statement of financial position as at December 31, 2020, the statement of comprehensive income and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	Amount $
Income	5 354 165
Expenditure	32 116
Surplus	**$5 322 049**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	---	5 129 883
Non-Current	28 665	1 902 300
Current	7 101 645	98 127
Total	**$7 130 310**	**$7 130 310**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mining Industry Loan Fund as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit;

1 GOVERNANCE ISSUE

1.1 Processing of Transactions

Finding

I noted that there was a variance of $120 035 between the figures in the Public Finance Management System (PFMS) and those posted to the Statement of Comprehensive Income. This was an indication that transactions might have been omitted in the system or there was no module to support some of the transactions in the PFMS.

Risk/Implication

There could be over/understatement of expenditure resulting in misstatements in the financial statements.

Recommendation

The Ministry should reconcile the differences and ensure that all expenditure is captured.

Management Response

Management is still to respond.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Debt Collection

Finding

During the year under review the Mining Industry Loan fund had Account receivables for plant and equipment hiring amounting to $228 501. My concern was that the loan period for the plant had expired as far back as 2012 to 2015. Furthermore, some of the plant and equipment had not been collected from the debtors despite that their loan period had elapsed. Out of the total debt, $114 175 was for debtors who had returned the plant and equipment and $114 326 the plant and equipment was still to be collected since the loan period had expired. There was no evidence that the Fund management issued reminders and follow up letters to the clients.

Risks/Implications

The Ministry may fail to recover the outstanding debts resulting in loss of public funds.

Some figures indicated as accounts receivable may be irrecoverable thereby distorting the financial statements.

Recommendations

The Ministry should employ other debt recovery strategies such as sending reminders to clients and recover plants from the debtors who are still in possession of the equipment.

The Ministry should seek Treasury authority to write off some of the long outstanding debts that prove to be irrecoverable.

Management Response

The Ministry will consider seeking Treasury authority to write off some long outstanding debtors that have proved to be irrecoverable

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund had made some progress in addressing audit findings made in my previous report. Out of the three (3) recommendations, only one (1) was implemented, one (1) was partially implemented and one (1) had not been addressed as indicated below:

3.1 Risk Management Policy

The Ministry had not yet finalised the Risk Management Policy.

3.2 Recovery of Debtors

The recommendation for the Ministry to recover all outstanding debtors was partially addressed since the Ministry managed to reduce the outstanding balance from $677 785 to $429 430.

3.3 Procurement of Goods and Services

The observation that payment vouchers be supported by relevant documents was addressed since during the year under review, supporting documentation was attached.

VOTE 10.- ENVIRONMENT, CLIMATE CHANGE, TOURISM AND HOSPITALITY INDUSTRY

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry is responsible for developing, coordinating, and monitoring the implementation of policies and programmes for environment, tourism, climate change, and meteorology that promote sustainable economic development.

Opinion

I have audited the financial statements for the Ministry of Environment, Climate Change, Tourism, and Hospitality Industry for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve	Total Allocated	Expenditure	Net Under spending
$425 100 000	$55 254 438	$480 354 438	$232 656 803	$247 697 635

In my opinion, the Appropriation Account, Finance and Revenue Statements fairly present the state of affairs of the Ministry of Environment, Climate Change, Tourism and Hospitality Industry for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However**,** below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Audit Committee

Finding

My audit noted that the Audit Committee did not meet in 2020 as required by Section 84 (3) (b) of the Public Finance Management Act [*Chapter 22:19*] which stipulates that the committee should meet at least twice a year to transact on matters highlighted in Section 84 (2) (a-c) of the Public Finance Management Act [*Chapter 22:19*].

Risk/Implication

Internal control deficiencies, external and internal audit recommendations might not be addressed if the audit committee does not meet.

Recommendation

The Ministry should facilitate the Audit Committee to meet regularly for the purpose of reviewing internal controls and addressing internal control deficiencies noted by internal and external auditors. Meetings of the Audit Committee will go a long way in reducing the recurrences of the same issues noted by both internal and external auditors.

Management Response

The Committee had planned to have a meeting in March 2020 but this could not take place because of the COVID 19 guidelines given by the government. The observation is noted and for 2021 corrective measures are being put in place.

1.2 Compensation of Employee Costs Reconciliations

Finding

A comparison of Salary Services Bureau (SSB) wage bills and expenditure posted in the PFMS for local staff showed a variance of $191 778 as per Table below. The Ministry was not performing month-on-month reconciliation of compensation of employee costs.

Analysis of Total Compensation of Employee Costs for January to December 2020

Details	**Amount $**
SSB Pay sheets Computations	42 733 371
Less PFMS Totals	42 541 593
Variance	**$191 778**

Risks/Implications

The compensation of employees costs disclosed in the Appropriation Account might have been misstated.

There is also a risk that unauthorised compensation of employee costs might be incurred if no reconciliation is done.

Recommendation

The Ministry should regularly reconcile the wage bills from SSB with employee records so that any differences are identified in time and rectified. This will go a long way in mitigating against the risks associated with misstatement of the Appropriation Account and paying compensation to unauthorised employees.

Management Response

The observation concerning employment costs has been noted. However, upon verification of the amounts, the Ministry is investigating an amount of $191 778 with the Salary Service Bureau.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Undelivered Assets

Finding

During the year ended December 31, 2020 the Ministry paid an amount of $2 976 472 for the acquisitions of 13 Laptops, 13 Samsung Galaxy Tablets, and 50 School desks and chairs but the assets had not been delivered as at the date of audit on June 23, 2021. This was in violation of Section 67(19) of the Public Finance Management Act (Treasury

Instructions) 2019 which requires the Accounting Officer to ensure that the conditions of a contract are complied with and applied consistently throughout the procurement cycle.

Risk/Implication

The Ministry is deprived of the use of the assets and at the same time, resulting in possible loss of the value of money due to time factor.

Recommendations

The Ministry should conduct thorough due diligence during the procurement process in order to mitigate against risks of engaging suppliers without the capacity to fulfil contractual obligations.

In addition, the Ministry should follow up on the assets paid for so that they are delivered.

Management Response

The observation is noted, this was due to the fact that, the suppliers failed to deliver the right quality of goods, or in some cases incorrect specifications on the products hence the Ministry has since written to suppliers requesting for cash refunds on all undelivered goods. In future, supplier management will be a key priority when carrying out the procurement processes. Please note that the Ministry has initiated the process of reversing the transaction for fifty (50) chairs and fifty (50) desks.

2.2 Payments made Based on Quotations

Finding

Payments amounting to $8 793 834 were processed using quotations instead of original invoices. This was contrary to section 59 (2) (c) of the Public Finance Management Act, (Treasury Instructions) 2019 which states that no payment shall be made on the basis of quotations

Risks/Implications

Goods and services may be overpaid, payment for undelivered goods and services may occur or unauthorized payments may be made.

Recommendation

The Ministry should ensure that all payments are made based on invoices in order to reduce risks associated with overpayments or paying for goods or services which may not be delivered by the suppliers.

Management Response

The observation is noted. The Ministry will ensure that all payments are made based on invoices and the invoices attached on the payment vouchers.

2.3. Procurement Contracts

Finding

I noted that procurement contracts for the acquisition of non-financial assets with a value of $3 573 893 were not signed by the representative of the suppliers and the Accounting Officer. Signing of procurement contracts will help to resolve disputes when they arise. According to Section 55(4) of the Public Procurement and Disposal of Public Assets Act *[Chapter 22:23*], procurement contracts should be signed by the procuring entity's Accounting Officer or a person delegated by him or her.

Risk/Implication

In the event of non-fulfilment of contractual obligations, it will be difficult for the Ministry to seek redress or enforce fulfilment of the contract terms.

Recommendation

The Ministry should always make sure that all contracts are signed so that in the event of disputes redress can easily be sought.

Management Response

Finding noted in future, the Ministry will ensure all contracts are signed between the Accounting Officer and Suppliers before payments are made.

3 MANAGEMENT OF ASSETS

3.1 Delays to Conduct Boards of Inquiry

Findings

The Ministry delayed conducting boards of inquiry on the assets which were stolen in 2020. The dates when the assets were stolen and the serial numbers were not availed. The estimated values of the assets were, Computer Monitor ZWL$25 000, Gateway CPU USD$200, and HP Laptop USD$600. Non conducting of the board of inquiry was in contravention of Section 12 (1) of the PFMA Act which requires Accounting Officers to cause an investigation to be held into the circumstances of such deficiency, or damage as the case may be.

Furthermore, the Ministry did not avail police reports of the thefts. This was in contravention of Section 109 (2) of Public Finance Management (Treasury Instructions) 2019 which states that where any of the events appear to be due to criminal activity, the matter shall be reported to the Police immediately.

Risks/Implications

Assets may be misappropriated and no one will be eventually held responsible if Boards of Inquiry are delayed.

If cases are not reported to the police, valuable evidence may no longer be available to enable an investigation to yield positive results.

Recommendation

The Ministry should expedite conducting Boards of inquiry and reporting to the police so that those responsible are held to account.

Management Response

The observation is noted. The delay in conducting a board of inquiry for stolen computer monitor was attributed to the effects of the lockdown triggered by the Covid 19 pandemic. As such, a board could not be constituted, as not many officials were available. A police report shall be made for the missing monitor. A proposal to set up a board has been established and the board of inquiry is to be convened. Regarding the other assets being a Gateway CPU and an HP Laptop, the boards of inquiry were conducted though the thefts were for years prior to 2020.

Evaluation of Management Response

The evidence of the Board of Inquiry was not submitted for audit

3.2 Donations Received without Authorisation from Treasury

According to Section 112 (1) of Public Finance Management (Treasury Instructions), 2019 Treasury directs whether gifts or donations shall be accepted or not and how these shall be disposed of.

I noted that there were gifts and donations received by the Ministry but Treasury approval for acceptance was not sought. For more details, refer to the Table below.

Donations Received not Authorized by Treasury

Donor	Item Description	Quantity
Government of China	Folding Beds	80
Several Donors	Land Cruiser Vehicles	6
Africa Parks Network	Anti-poaching Equipment	Not stated
Africa Parks Network	Massey Ferguson 6712 4WD Tractor	Not stated
Africa Parks Network	Anti-poaching Equipment	Not stated
Africa Parks Network	Anti-poaching Rig	130
Aware Trust German	Radio Equipment	18
Government of Australia	Chest Webbing Belts	65
Government of Australia	Back Packs	65
United Nations Development Programme	Color Printer	1
World Vision	Desktop Lenovo	1
Climate Change Department	Server Asus	1
Climate Change Department	Desktop Monitor	1
Climate Change Department	UPS APC	1
United Nations Development Programme	Server	1
Chinese Embassy	Laptop	10

Risk/Implication

Donated items may not be properly accounted for if they are not authorized by Treasury.

Recommendation

The Ministry should ensure that all donations are authorized by Treasury for transparency and accountability. It will also go a long way in planning the allocation of resources to the Ministry.

Management Response

The observation is noted, the Ministry will make sure its donation registers and file for donations are updated with correct documents such as authorities to accept donations. However, we are now following up on all donations without approval of acceptance from Treasury.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of the eleven (11) recommendations in my previous report. One (1) was implemented, four were partially implemented and six (6) had not been implemented as indicated below:

4.1 Unreconciled Expenditure Amounts

The imbalance between the Sub-PMG and Appropriation Account was reconciled and only the figure of $896 remained uncleared.

4.2 Misallocation of Expenditure

The amount of $475 889 included under African Union Wildlife Economy Summit (AUWES) was not resolved.

4.3 Expenditure not Processed through the Appropriation Account Cost Centre

An amount of $13 000 000 transferred direct from the Sub-PMG account to the Re-Afforestation Fund was not reversed and posted to the appropriate cost centre.

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4.4 Variances on Employment Costs

The difference of $207 102 on employment costs confirmed by SSB and the total from SSB pay sheets remained unresolved.

4.5 Payments without Adequate Supporting Documents

The issues were partially resolved as the outstanding amount of $209 603 was reduced by a figure of $195 295 leaving a balance of $13 769.

4.6 Current Transfers

The $3 329 266 which was not supported by the budget remained unresolved. The Ministry wrote to Treasury on July 19, 2019 highlighting that the transaction was never effected through the Ministry. The reply had not yet been received from Treasury.

4.7 Foreign Missions Expenditure

The outstanding invoices amounting to $701 769 from Missions which were not processed in the Public Financial Management System were not actioned as at the day of audit. However, the Ministry made a request to Treasury on January 29, 2019 and a follow up on February 27, 2020 to open the prior periods.

4.8 Employment Costs

The Ministry sought guidance from the Public Service Commission (P.S.C) on May 21, 2019 on the Officer who continued working after retirement age without regularisation. The issue was resolved as the Officer was retired on March 31, 2021.

4.9 Domestic and Outbound Tourism Survey programme

The matter was partly resolved as the outstanding amount was acquitted leaving a balance of $54 810.

4.10 Acquittal of Foreign Missions Expenditure

The issue has been partly resolved as the outstanding acquittals have been received. However, the Ministry awaits the opening of prior year periods in order to clear the expenditures in the SAP system.

4.11 Foreign Missions

Attachés activity reports on tourism promotion had still not been availed for audit examination.

VOTE 11.- TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT

APPROPRIATION ACCOUNT 2020

The Ministry's mandate is to develop integrated transport infrastructure networks and services that facilitate smooth, safe and secure movement of goods, services and persons.

Qualified Opinion

I have audited the financial statements of the Ministry of Transport and Infrastructural Development for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$3 089 800 000	$13 667 014 384	$16 756 814 384	$14 109 818 230	$2 646 996 154

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of Transport and Infrastructural Development as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Direct Payments

Finding

Direct payments amounting to US$4 292 970 and ZAR11 950 009 were made by Treasury on behalf of the Ministry. My concern was that only payment vouchers amounting to US$506 892 and ZAR 5 546 179 were processed by the Ministry. I was not provided with supporting documentation on how the remaining balance of US$3 786 078 and ZAR 6 403 830 was processed. The Ministry's expenditure, which was disclosed in the Appropriation Account for the year under review was therefore understated. I also was unable to verify the correctness of the expenditure reported.

Risk/Implication

The expenditure on the Appropriation Account might be understated if the payments were not processed by the Ministry.

Recommendation

The Ministry should from time to time liaise with Treasury to identify if any payments were made on their behalf to enable regularization of the same in the system.

Management Response

The Ministry is engaging Ministry of Finance in order to regularize the outstanding direct payments made on behalf of the Ministry.

(ii) Variance on Expenditure Figures

Finding

The Appropriation Account submitted for audit had total expenditure amounting to $14 109 818 230 whilst the Public Finance Management System had cumulative expenditure amounting to $14 188 543 939 resulting in an unexplained variance of $78 725 709.This was in violation of Section 146 of the Public Finance Management (Treasury Instructions), 2019 which states among other issues that money spent must be properly recorded and fully accounted for. In the absence of a reconciliation, I could not validate the completeness of the expenditure figure disclosed in the Appropriation Account.

Risk/Implication

The Appropriation Account may be materially misstated.

Recommendation

The Ministry should investigate and rectify the variance arising on the two figures for accountability purposes.

Management Response

The Ministry of Transport acknowledges the variance of $78 725 709. This came about when the Ministry was introducing the expenditure into the Public Finance Management System as direct payments made to foreign creditors for Air Zimbabwe by Treasury. The Ministry came to know of these direct payments late in May 2021, hence introduced the expenditure into the system resulting in the variance. The Ministry has since engaged Treasury in an effort to reconcile the list of Direct Payments given to auditors by Treasury and the one the Ministry used to introduce the expenditure into the system. Once an agreement has been reached the Ministry will adjust the Appropriation Account accordingly.

Evaluation of Management Response

The Ministry should have been in constant liaison with Treasury such that they pick out direct payments done on their behalf as they occur and regularize the expenditure in the system, such that by year end all such expenditure would have been accounted for.

(iii) Compensation of Employees

Finding

The figure of compensation of employees disclosed in the Appropriation Account amounted to $127 509 045 whereas the return from Salary Services Bureau (SSB) reflected an amount of $131 444 087, resulting in a variance of $3 395 042. No reconciliation of the two figures was done. I was therefore, unable to ascertain the correctness of the amounts reported under compensation of employees disclosed in the Appropriation Account.

Risk/ Implication

The compensation of employees figure in the Appropriation Account may be materially misstated.

Recommendation

The Ministry should liaise with Salaries Services Bureau to determine the cause of the variance.

Management Response

Management is still to respond.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Submission of Returns

Finding

The main revenue returns such as the Sub-Paymaster General's Account and Exchequer Reconciliation were not submitted for audit in violation of Section 155 of the Public Finance Management (Treasury Instructions), 2019. Therefore, I could not establish the amount of revenue the Ministry received during the year, and how it was accounted for.

Risk/ Implication

Non submission of statutory returns may compromise issues of accountability within the Ministry.

Recommendation

The Ministry's management should ensure that all returns are submitted for audit in order to ensure accountability and transparency.

Management Response

Management is still to respond.

2 IMPLEMENTATION OF PROGRAMMES

2.1 Implementation of Road Development Programmes

Findings

The Ministry planned and approved thirty-seven (37) road development projects for the year under review. Fifteen (15) of those projects were heavily under budgeted for as reflected by the original budget of $1 442 409 000 which had to get additional funding amounting to $9 666 880 551 from Unallocated Reserve. This was an indication of weak budgeting processes.

On the other hand, seventeen (17) road development projects with an approved budget of $710 091 000 had only $219 097 795 released by Treasury. Seven (7) projects requiring $123 200 000 were not funded at all. In addition, the Ministry embarked on thirteen (13) unbudgeted for road development projects amounting to $184 883 065 which were also not included in the procurement plan yet there were still pending projects. There was no evidence of approval /authority to carry out the projects outside the approved budget. This was contrary to Section 17(3) (a) of the Public Finance Management (General) Regulations (2019) which compels Accounting Officers to incur expenditure within their approved budget.

Furthermore, the Ministry requested funding from Treasury on September 03, 2020 to complete fifteen (15) projects comprising of Cyclone IDAI restoration works and ongoing road development projects which had been suspended due to non-availability of funding. In response to this request on September 9, 2020, the Ministry of Finance released an amount of $936 660 730 towards the completion of these projects. However, there was very low uptake of the funds as only $650 215 181 was utilized as at December 31,2020, leaving a balance of $286 445 549. According to the year-end progress report availed for audit, the Ministry managed to complete five out of the fifteen projects (34%) and ten projects (66%) could not be completed by year end despite the availability of resources. The reasons sighted for the delay in the completion of the projects included late release of cash by Treasury, bureaucracy in the procurement process, and inefficiencies by some contractors.

Risks/Implications

Delays in completing projects may result in wasteful expenditure if some works are to be repeated again.

The value of the money might be eroded by inflation.

Wasteful expenditure may arise as a result of incurring unbudgeted expenditure.

Recommendations

The Ministry should utilise allocated resources efficiently.

The Ministry should enhance the supervision and monitoring of contractors so that the set targets are met.

Any bottlenecks within the procurement system should be identified and dealt with timeously.

The Ministry should endeavour to complete funded projects first before embarking on new ones. This will enable the Ministry to reduce the number of uncompleted projects.

Management Response

Management is still to respond.

3 GENDER ISSUES

3.1 Gender Implementation and Monitoring

Finding

Section 81(2)(c)(i) of the Public Finance Management Act [*Chapter 22:19]* requires that all moneys must be applied to the purposes for which the grants made by Parliament were intended and expended in conformity with the appropriate authority. I was not availed with the evidence on how an amount of $15 000 000 budgeted in respect of Gender and Harmful Practices Issue was used.

Furthermore, I was not availed with the Ministry's Gender Policy, in violation of section 6.3 of the Institutional Gender Policy, as well as evidence of the trainings conducted.

Risk/Implication

The Ministry might lag behind in the implementation of gender activities within Government.

Recommendations

The Ministry should adhere to Section 81 (2) (c) (i) Public Finance Management Act [Chapter 22:19] as read in conjunction with section 6.3. of the Institutional Gender Policy and ensure that funds are used for the intended purpose as appropriated by Parliament and provide any records, books, vouchers, and documents relating to Gender Policy Implementation and Monitoring.

Management Response

The Ministry could not conduct any capacitation or training due to the Covid-19 induced lockdown measures, which saw only a small percentage of members reporting for duty. As a Ministry we do not have our own Gender Policy but we are guided by the National Gender Policy.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing audit findings raised in my previous audit report. Out of the four (4) findings, one (1) was implemented and three (3) had not been addressed as indicated below:

4.1 Unallocated Reserve Transfers

The audit finding was implemented as there were no variances in Unallocated Reserves disclosed by Ministry with Treasury.

4.2 Compensation of Employees

The finding was not addressed as there were variances again in the year under review between the SSB return and the Ministry.

4.3 Expenditure on Acquisition of Fixed Capital Assets

The supporting evidence for $675 500 000 which was transferred to Infrastructural Development Bank of Zimbabwe (IDBZ) was not submitted for audit.

4.4 Construction/ Maintenance Contracts

I was not availed with the contract documents for construction companies and evidence of the payment of performance security deposits from the contractors.

VOTE 12.- FOREIGN AFFAIRS AND INTERNATIONAL TRADE

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The mandate of the Ministry of Foreign Affairs and International Trade is to promote, protect and safeguard the national interests, image and influence of the Republic of Zimbabwe in the regional and international arena and to protect the interests of Zimbabwean nationals abroad.

Qualified Opinion

I have audited the financial statements for the Ministry of Foreign Affairs and International Trade for the year ended December 31, 2020. These financial statements comprise of the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under Spending
$1 385 435 000	$1 366 353 742	$2 751 788 742	$1 512 068 097	$1 239 720 645

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of Foreign Affairs and International Trade as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Diplomatic Missions Expenditure

Finding

In my prior year audit report, I mentioned that Missions expenditure was not fully uploaded into the Public Financial Management System (PFMS). The problem persisted in the year under review. Missions' expenditure of at least $346 781 799 was not uploaded into the PFMS hence it was not disclosed in the Appropriation Account. This was expenditure for 28 out of 48 missions. The Ministry expenditure figure disclosed in the Appropriation Account was misstated by at least the same amount. This was in contravention of Section 59(5) of the Public Finance Management (Treasury Instructions), 2019 which requires payment vouchers to be completed for all claims against Government and processed through the PFMS.

Risk/Implication

The expenditure for foreign missions may be understated resulting in the misstatement of the Appropriation Account.

Recommendation

All expenditure for missions should be uploaded on the PFMS and disclosed in the Appropriation Account.

Management Response

The observation is noted. The Ministry was affected by the Covid-19 pandemic and world-wide lockdown which made it impossible for both the submission of monthly financial returns into the country and the ability for the requisite human resources to report for work so as to capture the financial information on the Public Financial Management System (PFMS) platform. Consequently, the Missions expenditure for the year 2020 had to be captured during the 13th period when the nation began to ease the lockdown restrictions. The effects of the lockdown, added to problems associated with the novel operations under Programme-Based Budgeting made it impossible for the Ministry to upload all the expenditure within the limited window as some of the financial returns could not be submitted to Head Office for processing. However, a pilot project to place Diplomatic Missions on the PFMS has begun, with Southern Africa-based Missions already in the process of procuring equipment for set-up before the end of 2021 financial year.

(ii) Expenditure Reconciliation

Finding

The Appropriation Account disclosed expenditure figure of $1 512 068 099 while the Public Financial Management System (PFMS) and the Sub-Paymaster General(PMG)'s Account had amounts of $1 518 398 764 and $1 003 531 552 respectively. The three expenditure figures were not reconciled. Therefore, I could not ascertain the accuracy of the expenditure figure disclosed in the Ministry's Appropriation Account.

Risk/Implication

In the absence of a reconciliation of the Sub- PMG's Account and the PFMS expenditure figures, the integrity of the financial information would be compromised.

Recommendation

The Ministry should reconcile the expenditure processed in the PFMS and the expenditure incurred through the Sub-PMG to enhance the accuracy of the figure on the Appropriation Account.

Management Response

The observation on the discrepancy between the Appropriation Account and supporting statements is noted. A human error was made in submitting the Appropriation Account.

Evaluation of Management Response

No response was submitted on the issue of the difference between the Appropriation Account and Sub- PMG's Account.

(iii) Compensation of Employees

Finding

No monthly reconciliations were performed between the SSB figures and the PFMS figures as required by Treasury Circular B/1/88. As a result, there was a variance of $556 719 126 between compensation of employees' expenditure of $634 938 667 reported in the Appropriation Account and the Salary Services Bureau (SSB) printout figure of $78 219 541 for the same period. I was therefore unable to confirm the accuracy of the compensation of employees' expenditure incurred by the Ministry.

Risks/Implication

Failure to perform monthly reconciliations may result in incorrect payments of salaries and errors going undetected. Thus, financial statements may be misstated.

Recommendations

The Ministry should engage Salary Service Bureau to investigate the variances.

The Ministry should carry out monthly reconciliations between the figures in the PFMS system, payment vouchers and the pay sheets. This enables early detection and correction of variances.

Management Response

Management is still to respond

However, below are other issues noted during the audit: -

1 GOVERNANCE ISSUES

1.1 Risk Management

Finding

The Ministry did not provide evidence of risk assessments conducted during the year under review in violation of Section 162(1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to carry out risk assessment of their Ministries' operations on an annual basis and take deliberate steps to identify, quantify, assess, document and come up with mitigation measures for the risks identified.

Risk/Implication

In the absence of a formal risk assessment, the Ministry may not identify critical risks affecting its operations and establish controls to mitigate against such risks.

Recommendation

The Ministry should have an approved risk assessment policy to mitigate risk that could be affecting its operations.

Management Response

Management is still to respond.

1.2 Disaster Recovery Plan

Finding

Section 44(1) (a) (i) of the Public Finance Management Act [*Chapter 22:19*] requires an accounting authority for a public entity to establish and maintain an effective, efficient and transparent systems of financial and risk management and internal controls. The Ministry did not have a Disaster Recovery Plan (DRP) to enable it to continue offering critical services in the event of disruption of services.

Risk/Implication

Data and assets may be lost in the event of a disaster.

Recommendation

The Ministry should develop a Disaster Recovery Plan to enable continuity of services in the event of a disaster.

Management Response

Management is still to respond.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Estimates of Revenue

Finding

I was not furnished with white paper estimates of revenue for my review. This would have enabled me to determine whether revenue collected was in line with the estimates.

Risk/Implication

Assessment of the efficiency in the collection of revenue may be compromised if there are no revenue estimates.

Recommendation

The Ministry should prepare white paper estimates to guide proper planning, monitoring and review of revenue collection system.

Management Response

Management is still to respond.

2.2 Authentication Fees

Finding

The Ministry collected authentication fees amounting to $490 220 at the Head Office without Treasury authority. This was contrary to Section 42 (13) of Public Finance Management (Treasury Instructions), 2019 which states that 'any new rates, scales or tariffs or any change in existing rates, scales or tariffs which may affect revenue shall be referred to the Treasury for approval before being submitted for the assent of the President or other requisite authority.

Risks / Implications

Collecting of authentication fees may be irregular as there is no gazetted statutory instrument for the fees charged**.**

If receivers of revenue collect unauthorised fees, fraud may be perpetrated and the public may be prejudiced.

Recommendation

The Ministry should apply to Treasury for the regularisation of collection of authentication fees.

Management Response

Management is still to respond.

2.3 Foreign and Domestic Allowances

Finding

There was no evidence that advances amounting to $2 126 707 issued to officials were acquitted according to Section 65 (15) of the Public Finance Management (Treasury Instructions), 2019 which states that, 'Travelling advances shall be acquitted within thirty (30) working days of the completion of travel by submission of a travelling and subsistence claim voucher. Where a travelling advance has not been fully expended, it shall be repaid to the Consolidated Revenue Fund within thirty (30) working days of the completion of travel. In cases where the trip was funded by a development partner, the acquittal of the advance shall be in the same manner as voted funds'.

Risk/Implication

In the absence of acquittals, it would be difficult to account for public funds.

Recommendation

Management should ensure that advances are acquitted in accordance with the requirements of Section 65 (15) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

The observation is noted. However, all foreign trips are authorised by issuance of the Cabinet Authority. No allowances will be processed by Treasury in the absence of the Cabinet Authority. In future the Ministry will ensure that all necessary documents are attached to payment vouchers. For domestic travel the Ministry will ensure that all necessary documents are attached.

2.4 Revenue Generated at Diplomatic Missions

Finding

The Ministry collected US$2 235 714 from Diplomatic Missions during the year under review which included monies collected on behalf of other Government departments. However, the Ministry did not submit to the Ministry of Finance returns showing the monthly detailed revenue collected at its diplomatic missions which was received on behalf of other government departments. Diplomatic Missions are required in terms of Section 4(2) (c-d) and (3) of Statutory Instrument 76 of 2013, to tabulate amounts received on behalf of other Ministries and Government departments and the returns should be forwarded to Head office for onward transmission to Ministry of Finance. The revenue returns from diplomatic missions submitted for audit did not disclose separately the amounts collected on behalf of other government departments. I, therefore could not ascertain the amounts due to other government departments.

Risk/Implication

In the absence of records indicating amounts due to other Government Departments, funds due to other Ministries might be misappropriated.

Recommendation

The Ministry should adhere to Section 4(2) (c-d) and (3) of Statutory Instrument 76 of 2013 to enhance accountability of public funds.

Management Response

The Ministry has taken steps towards compliance with Section 4(1) of Statutory Instrument 76 of 2013 with a view to getting the Accountant General's authorisation for retention of revenue, in light of the fact that remission of such funds into the country is not possible due to exchange control complications.

3. MANAGEMENT OF ASSETS

3.1 Procurement of Assets

Finding

I noted that expenditure on procurement of assets at missions was done outside the system hence the assets procured at the missions valued at $248 489 965 were not updated in the PFMS register. This was in contravention of Section 100 (1-2) of the Public Finance Management (Treasury Instructions), 2019 which states that all acquired assets to be immediately captured on the PFMS and recorded on to the Central Government Master Assets Register maintained on the system.

Risk/Implication

Assets may not be properly accounted for if they are not updated in the asset registers.

Recommendation

Procurement of assets should be done through the PFMS so that assets procured are updated in the SAP registers to enhance accountability and transparency in the management of resources.

Management Response

The observation is noted. However, Zimbabwe Diplomatic Missions are not yet connected to SAP. The outbreak of the pandemic derailed the Ministry's plans to roll out PFMS to Missions. The Ministry is currently working on connecting Missions in South Africa as pilot project before the end of the year.

3.2 Maintenance of Assets

Findings

The Ministry did not submit the assets registers or inventory sheets for its three guest houses namely Epping, Windsor and Preston in Harare hence I could not validate if existence of these assets had been confirmed as per the requirements of Section 105 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to carry out physical asset counts regularly or at least twice a year to establish existence, status and usability of assets.

Further to that, evidence was not submitted for audit to show that properties owned by the Ministry in various countries had valid insurance cover to insure them against eventualities such as firebreaks.

Risks/Implications

Assets could be misappropriated if their physical existence is not confirmed on an annual basis.

If assets are not recorded, this may result in government property being misappropriated, stolen, or damaged.

Failure to insure property may result in irrecoverable losses.

Recommendations

The Ministry should ensure that all departmental assets under its ownership and control are physically compared with the records at least once during the financial year and that evidence of this is retained.

The Ministry should also ensure that asset records are properly maintained in line with Section 98 (2) of the Public Finance Management (Treasury Instructions), 2019 which prescribes the procedure regarding the purchase, receipt, recording, custody and maintenance of all assets.

Management Response

The observations are noted. The Ministry will make sure that Auditors are given access to the properties in future.

4. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Ministry did not make much progress in addressing audit findings raised in my previous audit report. Out of the ten (10) recommendations, two (2) were implemented, and the other eight (8) have not been addressed as indicated:

4.1 Mission Expenditure not Disclosed in the Appropriation Account.

The recommendation was not implemented as the issue persisted during the year under review.

4.2 Outstanding Temporary Deposits

The recommendation was not implemented as the issue persisted during the year under review.

4.3 Audit Committee

The recommendation was not addressed. However, the issue has not been raised in the report as the Ministry indicated that the Audit Committee could not perform its mandate due to Covid 19 pandemic associated restrictions.

4.4 Internal Audit Department

The recommendation was addressed. The department had approved annual audit plan during the year under review and the internal audit charter is now in place.

4.5 Risk Management Policy

The Ministry is yet to develop the Risk Management Policy and to conduct risk assessments.

4.6 Disaster Recovery Plan

The audit finding was not addressed as the disaster recovery plan has not yet been developed.

4.7 Monitoring of Operational Plans

The recommendation was addressed. Performance Reports were submitted for the year under review.

4.8 Revenue Returns for Diplomatic Missions

The recommendation was not addressed. The issue has been included in this report.

4.9 Chargeable Fees or Tariffs

The recommendation was not addressed. The issue has been included in this report.

4.10. Foreign Travel Advances

The issuing of new advances before acquittal of previous advances was noted again during the year under review.

VOTE 13.- LOCAL GOVERNMENT, PUBLIC WORKS AND NATIONAL HOUSING

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry's mandate is to ensure that functional human settlements are promoted and sustained in all Urban Local Authorities backstopped by sound Local Governance and provision of quality well maintained Government infrastructure.

Qualified Opinion

I have audited the financial statements of the Ministry of Local Government and Public Works for the year ended December 31, 2020. These financial statements comprise of the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$1 760 278 000	$3 583 749 231	$5 344 027 231	$5 257 059 121	$86 968 110
Constitutional and Statutory Appropriations				
$2 932 000 000	-	$2 932 000 000	$1 044 010 880	$1 887 989 120

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the Appropriation Account, Finance and Revenue Statements and other supporting returns fairly present the state of affairs of the Ministry of Local Government and Public Works for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Expenditure Variances

Findings

The Ministry's Appropriation Account had total expenditure of $6 301 070 001 while the total expenditure from the Sub-PMG Account of $5 828 539 210 and Employment Costs as per Salary Service Bureau schedule of $360 612 086 amounted to $6 189 151 296 leaving a variance of $111 918 705 unreconciled.

Further, the compensation for employees figure of $354 699 074 included in the Appropriation Account differed with the SSB schedule figure of $360 612 086 giving a variance of $5 913 012.

The Ministry could not provide the breakdown of the variances at the time of concluding my audit on November 10, 2021. Therefore, I could not place reliance on the amount of expenditure disclosed in the accounts in the absence of a reconciliation showing the make-up of the variance.

This was contrary to Treasury Minute B/1/88 which provides that monthly reconciliations should be performed between the SSB figures and the PFMS figures.

Risk/Implication

Failure to perform monthly reconciliations may result in erroneous payments. Thus, financial statements may be misstated.

Recommendations

The Ministry should ensure that all expenditure is properly accounted for and reconcile any expenditure variances on a monthly basis.

Monthly reconciliations should be performed to ensure proper accountability for the Ministry's expenditure.

Management Response

The Ministry has reconciled the Appropriation Account and the Sub PMG's Account.

The Ministry is now adjusting the Salary Service Bureau employment costs variance into the Public Financial Management system.

Evaluation of Management Response

I appreciate that the Ministry is reconciling the Appropriation Account and Sub-PMG expenditure figures, however, there is still an imbalance to be reconciled.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Unallocated Reserve Transfers (UR)

Finding

I noted that of the $3 587 918 744 UR transfers disclosed in the Appropriation Account, only $1 521 194 771 was supported by release letters from Treasury and the remaining balance of $2 066 723 973 could not be supported.

This was contrary to the provisions of Section 35 6(a) of the Public Finance Management Act [*Chapter 22:19*] which requires the Accounting Officer to keep or cause to be kept proper records of account.

Risk/Implication

Financial Statements may be materially misstated if there are no source documents to support the figures disclosed.

Recommendation

The Ministry should ensure that the Unallocated Reserves figure disclosed in the Appropriation Account is supported by release letters from Treasury.

Management Response

The query is acknowledged. Treasury is yet to avail the outstanding supporting disbursement letters for the Unallocated Reserves.

1.1 ZUPCO Subsidy

Finding

I noted that the Zimbabwe United Passenger Company (ZUPCO) received subsidies from the Ministry during the year under review. ZUPCO would request for funding by submitting cash forecasts for the current month and acquittals for the previous month showing how the previous disbursement was utilised. However, a sample of the payment vouchers submitted showed that a total of $1 179 966 264 paid was not supported with acquittals for previous disbursement. Where monthly acquittals were done, there was no evidence to show that the figures had been validated before a new request was processed.

Payment Vouchers Without Acquittals

Month	Amount Paid $
May-20	116 073 962
Jun-20	200 000 000
Jul-20	300 579 328
Aug-20	363 312 974
Oct-20	200 000 000
Total	**$1 179 966 264**

Risk/Implication

Misuse of the subsidy if disbursements are not acquitted and validated.

Recommendation

The Ministry should enforce the presentation of acquittals and cash forecasts as part of the funding requests and also make follow ups to validate the reasonableness of the forecasts as well as the authenticity of the acquittals.

Management Response

The observation on acquittals and validation of the acquittals is noted. ZUPCO is currently submitting acquittals before accessing budget disbursement. In future the Ministry will send the Financial Advisory Unit or Internal Auditors to validate the acquittals.

1.3 Statelands

Finding

The strategic objective for the department responsible for Stateland is to allocate, manage and dispose urban Stateland. During the year under review, the Ministry could not avail the following for audit.

- Register of stateland for urban settlement
- Register of stateland allocated to land developers countrywide
- Database of farms handed over by the Ministry of Lands, Agriculture, Water, Climate and Rural resettlement
- Register of people allocated land for urban settlement during the year under review
- Register of stateland allocated to cooperatives and other organisations countrywide

Section 100 (4) of the Public Finance Management (Treasury Instructions), 2019 states that Accounting Officers should ensure appropriate and up to date records for both fixed assets and inventories are kept at Head Office and within Departments and master asset registers should be maintained at Head Office.

Risks/Implications

The absence of a stateland database may result in inaccurate financial information on debtors being prepared.

The quantity of Land available for distribution may not be known with accuracy if records are not properly maintained.

The Ministry may double allocate land to Land Developers and/or Local Authorities if there are inadequate records.

Recommendations

The Ministry should put in place a clear record of a description of the original quantity of State lands, a description of the quantity of State lands allocated to Developers and Local Authorities, and a description of the quantity of the State lands available.

This would enhance accountability and reliability of the database and financial information provided by the Ministry.

Management Response

The observation is acknowledged. The database of farms handed over by the Ministry of Lands, Agriculture, Water and Rural resettlement to the Ministry is available. However, the rest of the requested information can only be accessed from beneficiary files. In order to enhance accountability and transparency the Ministry engaged Twenty Third Century on computerisation of stateland project which will facilitate the creation of registers and online applications by the public.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Receipts and Disbursements

Finding

The receipts and disbursement return submitted for the year under review, had an adjustment figure of $63 757 170 which was receipted manually but not receipted in the PFM system. This amount represented 90.7% of total receipts for the year. An explanatory note attached indicated that this was due to COVID-19 restrictions.

Risks/Implications

The receipts and disbursement return may be materially misstated.

Fraudulent cases may occur if all receipts are not captured into the system.

Recommendation

The Ministry should ensure that all revenue receipted is uploaded into the PFMS.

Management Response

The Ministry did not receipt 2020 revenue in the PFMS because of shortage of staff during the period under review. However, the full amount has since been captured in the PFMS and additional staff has been recruited and the Department is now under a Chief Accountant Revenue.

2.2 Outstanding Revenue

Findings

In my audit of outstanding revenue for the year under review, I noted that land developers had an outstanding amount of $163 883 980, as at the end of the year and this was due to ineffective debt collection strategies as there was no evidence of specific organized efforts to recover the outstanding moneys.

There was also no credible database of land developers as there were no individual files for each land developer. I was availed with files that contained various correspondences for each province only, hence no audit trail on Land developers' issues.

Further, amounts due from Land developers constituted 78.15% of the total outstanding revenue. An analysis of financial records supplied by the Ministry revealed that some land developers never paid anything since they were allocated land earlier than 2011 despite them collecting revenue from sale of the stands.

Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] requires the Accounting Officer to keep or cause to be kept proper records of account and Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 states that Officers responsible for collecting debts should take adequate steps to collect any sums due to the Government on due date and should not allow a debt to become extinguished through lapse of time.

Risks/Implications

There was limitation of scope due to absence of synchronized information relating to individual land developers.

Failure to collect outstanding revenue would lead to loss of state funds which are needed to boost the Government's operations.

Recommendations

The Ministry should ensure that a systematic filing system for individual land developers is put in place.

The Ministry should continue to pursue the recovery of the long outstanding revenue and effective measures should be put in place to monitor revenue collection.

The Ministry should ensure that land developers remit their annual payments timeously.

Management Response

The observation is acknowledged, meanwhile the Ministry has procured hardware and networking cabling for the computerization of the Stateland Management Systems and Twenty Third Century has also finalised its online application package.

Computerization of the Stateland Management System is set to begin before the end of year 2021 and it will address most of the queries raised by your Office.

The Ministry has carried out inventory on all allocations to Land Developers and have also written dunning letters to all developers with Memorandum of Understanding (MOAs) regarding outstanding debts. We are also in the process of reviewing offers to all developers who did not sign MOAs on case by case basis taking into consideration progress on development on the property and amount paid towards purchase price.

2.3 Lease Revenue Debtors

Finding

The Department of State Lands is responsible for the management of state land and should have a database for the state land. It is from this database that the lease debtors can be extracted. However, I noted that the lease debtors reflected in the financial statements were prepared without use of a database from the State Lands Department which makes it difficult to ascertain if all the debtors were accounted for.

Some of the figures reflected as outstanding were for the lease period from 2011 to 2015 only and this excluded amounts owed to date. There was no evidence of existence of a robust debt collection mechanism hence some debtors made only one annual lease payment in the first year. There was also no age analysis for outstanding debtors.

This was contrary to the provisions of Section 35 6(a) of the Public Finance Management Act [*Chapter 22:19*] which requires the Accounting Officer to keep or cause to be kept proper records of account.

Risks/Implications

Outstanding revenue maybe misstated hence affecting decision making by the Ministry basing on inaccurate financial information.

The Ministry may lose the time value of money due to delays in recoveries.

Recommendation

The Ministry should ensure that the debtors are disclosed accurately and efforts need to be put to recover money due to the State.

Management Response

The observation is acknowledged. Review of the current Stateland management systems will address all the outstanding issues.

2.4 Commercial Rental Debtors

Finding

The commercial rental debtors of $37 960 540 were outstanding for more than 10 years with some having not paid since 2011. Some debtors that had been handed over to the Office of the Attorney General for prosecution were still outstanding.

Section 42 (4) states that It is the duty of Receivers of Revenue to supervise and as far as possible enforce the punctual collection and disposal of revenue and other public moneys in accordance with the laws, regulations, instructions or agreements relating thereto and to take such action as may be necessary to ensure that revenue collections are safeguarded and properly brought to account in accordance with these instructions.

Risk/Implication

The Ministry may incur financial losses since some moneys may become uncollectable if they take too long to recover.

Recommendation

The Ministry should engage the Office of the Attorney General and expedite finalisation of the long outstanding cases that are before the courts.

Management Response

The Ministry is going to re-engage Attorney General's Office on the outstanding cases handed over to them by the Ministry. For all other outstanding debts, the Ministry will take appropriate action to recover.

3 PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

Out of the eight (8) findings made in my previous audit report, three (3) were implemented, two (2) were partially implemented and three (3) had not been addressed as indicated below:

3.1 Employment Costs

The employment costs reported by the Ministry did not agree with the Salary Service Bureau (SSB) payroll printout figure. The issue was investigated and resolved.

3.2 Direct Payments

The Ministry of Finance made direct payments of $6 169 441 to various service providers on behalf of the Ministry and only payments amounting to $3 889 550 were in the Ministry's budget support on the PFMS. The issue was resolved.

3.3 Receipts and Disbursements

The Receipts and Disbursements return submitted had an amount reflected as an adjustment figure of $12 592 094 which was neither explained nor supported. The issue was not resolved and has been included in this report.

3.4 State Lands Computerization

The record for stands at the Ministry's department of State lands housed at Mukwati Building was not computerised. The Ministry was using a manual system to record all the State land allocated to various Land Developers and Local Authorities and this involved a lot of paperwork. The issue was not implemented and has been included in this report.

3.5 Audit Committee

There was no evidence in the form of minutes of meetings or attendance register that the Audit Committee met and deliberated on its mandate. The issue was not resolved and has been included in this report.

3.6 Risk Management Policy

The Ministry did not have a documented and approved risk management policy. The issue was partially implemented as there is a draft policy now.

3.7 Devolution Expenditure

The Appropriation Account had expenditure amounting to $649 758 860 under Constitutional and Statutory Appropriations whilst the Consumed Budget as per the PFMS ledger revealed an amount of $649 556 860 resulting in an unexplained variance of $202 000. The issue was resolved.

3.8 Procurement of Fuel Coupons

The Ministry decentralized procurement of fuel coupons to provincial offices. A sample of the payment vouchers for the fuel procurement from various provincial offices showed absence of sufficient supporting source documents in the form of receipts, procurement minutes, comparative schedules and goods received notes. The issue was partially resolved as some of the supporting documents were provided for audit but some were still outstanding.

3.9 Revenue Statements

The Ministry submitted the Revenue Received return and the Outstanding Revenue return without following the prescribed format. The issue was resolved as the submitted returns were now in the prescribed format.

3.10 Outstanding Rent Receivable

There was a variance of $3 576 127 between outstanding rent receivable ledger balance and the Ministry's return. The issue was not resolved and has been incorporated in this report.

HOUSING AND GUARANTEE FUND 2018-2019

Objective of the Fund

The Housing and Guarantee Fund gives guarantees in respect of loans made by Building Societies and Finance Houses to approved applicants for the purchase or construction of dwellings; making loans for approved housing schemes; and acquiring and disposing of properties in terms of the Housing and Building Act [*Chapter 22:07*].

Qualified Opinion

I have audited the financial statements of the Housing and Guarantee Fund of the Ministry of National Housing and Social Amenities. These financial statements comprise the Statement of Financial Position as at December 31, 2019. Statement of Comprehensive Income, Statement of Cash Flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of the Statement of Comprehensive Income and Statement of Financial Position.

Statement of Comprehensive Income

Item	**$**
Income	202 199
Expenditure	116 012
Surplus	**$86 187**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current	3 254 257	—
Capital Reserve	—	2 988 929
Accumulated Fund	—	1 482 295
Current	2 768 367	1 551 400
Total	**$6 022 624**	**$6 022 624**

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of the Housing and Guarantee Fund as at December 31, 2019 and its financial performance and its Cash Flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Outstanding Rentals

Finding

For the second year running, the Fund has outstanding rentals of $732 549 which increased from the previous year's figure of $634 064 due to ineffective dunning procedures. This was Contrary to the provisions of Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 which states that officers responsible for collecting debts shall take adequate steps to collect any sums due to the Government and shall on no account allow a debt to become extinguished through lapse of time.

Risk/Implication

Failure to timeously recover amounts outstanding could lead to loss of revenue as the Fund may end up failing to recover the amounts. This will negatively affect the smooth operation of the Fund.

Recommendation

The Ministry should ensure that follow ups are made and services of the Civil Division should be sought to take legal action against defaulters.

Management Response

The observation is noted. The increase is as a result of cases of defaults referred to the courts for both eviction and rent arrears recovery. Courts process is long and sometimes delayed. On the other hand, the billing of property does not stop because there is a litigation process.

The revenue collection efforts were also hampered by reduction in manning levels due to COVID-19 induced restrictions in the second and third quarter of the year resulting in increase in outstanding revenues.

(ii) Trade and Other Payables

Finding

I noted that the trade and other payables amounted to $1 425 949 and this has increased from the 2018 figure of $1 352 962. This figure was made up of unidentified deposits that could not be determined as to which account they belonged to. The figure has accumulated since 2016 and no action was taken to allocate the deposits to their respective funds.

Risk/Implication

Use of these funds is delayed and may lose value as they remain sitting unallocated to the respective accounts.

Recommendation

Monthly reconciliation of deposits from various districts should be carried out to facilitate identification of nature of deposits.

Management Response

The Ministry has since engaged the services of mobile money transfers providers in revenue collections. These services also make it easier to track unknown deposits since they provide client details such as cell phone numbers, names, property addresses and cities. One money is already on live environment and the Ministry is in the process of road showing the facility to the generality of the clients.

However, below are other issues that were noted during the audit:

1 GOVERNANCE ISSUE

1.1 Advance to Parent Ministry

Finding

My examination of the Fund's records revealed that as at December 31, 2018, the Fund had an outstanding advance to its parent Ministry amounting to $388 381 in respect of payments to suppliers on procurement of goods and services. As at December 31, 2018 this amount was still outstanding.

Risk/Implication

The objectives of the Fund may not be fully met if resources are used to fund activities outside its Constitution. This would also expose the public funds to misuse.

Recommendations

The financial resources generated should be used to cater for activities that are in line with the objectives of the Fund as outlined in the Constitution.

Funds paid on behalf of the Parent Ministry should be fully recovered.

Management Response

The observation is noted. The Fund is being refunded the full amount of $388 381 from the 2021 Appropriation budget.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

No progress was made in addressing prior year audit findings as indicated below:

2.1 Unknown Deposits

The issue has not been addressed as the figure of $742 652 from the previous year had not been cleared.

2.2 Outstanding Rentals

The issue has not been addressed as arrear have not been recovered.

HOUSING AND GUARANTEE FUND 2017

Objective of the Fund

The purpose of the Fund is to administer a scheme, first introduced in 1953, whereby Government gives guarantees in respect of loans made by Building Societies and Finance Houses to approved applicants for the purchase or construction of dwellings; making loans for approved housing schemes; and acquiring and disposing of properties in terms of the Housing and Building Act [*Chapter 22:07*].

Qualified Opinion

I have audited the financial statements of the Housing and Guarantee Fund of the Ministry of Local Government, Public Works and National Housing. These financial statements comprise the statement of financial position as at December 31, 2017, statement of comprehensive income, statement of cash flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position.

Statement of Comprehensive Income

Item	Amount $
Income	337 034
Expenditure	42 843
Surplus	**$294 191**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	3 032 606	—
Capital Reserve	—	2 988 929
Accumulated Fund	—	1 251 262
Current	1 847 601	640 016
Total	**$4 880 207**	**$4 880 207**

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all, material respects the financial position of the Housing and Guarantee Fund as at December 31, 2017 and its financial performance and its Cash Flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) **Unknown Deposits**

Finding

I observed that trade and other payables figure disclosed in the financial statements was made up of unidentified deposits amounting to $610 310 whereas the cash book had a figure of $568 554 giving rise to a variance of $41 756. Reconciliations of deposits from various districts were not being carried out due to possibly inadequate supervision. I therefore, could not place reliance on the correctness of the trade payables disclosed in the financial statements.

Risk/Implication

Trade and other payables may be misstated.

Recommendation

Monthly reconciliation of deposits from various districts should be carried out to enhance reliability of financial statements.

Management Response

The Ministry is seized with the matter and soon announcements will be aired through various radio stations and the national television instructing all tenants who may have deposited money for either a property or stand into various bank accounts to approach the Ministry's accounts departments with the deposit slips for issuance of a proper receipt.

(ii) Expenditure on Non-Current Assets

Finding

The Fund incurred vehicle running costs worth $7 785 although the Fund did not have motor vehicles. Included in the vehicle running costs was a figure of $3 390 which was paid to National Housing Fund although there was no evidence to show that National Housing Fund had carried out activities on behalf of the Housing and Guarantee Fund. I could not therefore rely on the financial statements submitted for audit.

Risk/Implication

The expenditure disclosed in the financial statements may be overstated thereby understating the net worth of the Fund.

Recommendation

There is a need to capture transactions as they occur and produce financial statements that show the true state of affairs at any given time.

Management Response

Management is yet to respond.

(iii) Revaluation of Property

Finding

Properties disclosed in the financial statements were last revalued in 2010 despite the changes in currencies and inflation which occurred between then and the time of compiling the financial statements. I therefore, could not satisfy myself on the reliability and authenticity of the figure of stands and buildings- rented housing properties disclosed in the financial statements. There was no policy on revaluation of properties owned by the Fund.

Risks/Implications

The value of properties disclosed in the financial statements may be misstated.

Government properties may be disposed of at a loss, if revaluations are not done timeously.

Recommendation

A policy on revaluation of property should be put in place in order to place realistic values of Fund's properties. Correct property values will aid in coming up with realistic rentals.

Management Response

The revaluation of Fund properties is ongoing and the valuation of the Manicaland properties was completed.

Evaluation of Management Response

Manicaland properties were not raised as an issue but the issue was on all HGF properties with special reference to the preparation of 2017 financial statements.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Rent Collection, Recording and Reconciliations

Finding

I noted with concern that District and Provincial officials were not remitting cash schedules and bank deposit slips in respect of rent collections to Head Office timeously as some of the transactions took almost two (2) years to be receipted by Head Office. This was contrary to section 46 (28) of the Public Finance Management (Treasury Instructions), 2019.

Risks/Implications

Financial statements may be materially misstated.

Fraud may occur without detection if there are inordinate delays in updating accounting records.

Recommendation

Cash schedules and records of transfers should be submitted to Head Office for updating of cashbook and ledgers.

Management Response

The observation has been noted, and corrective action will be taken.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The three (3) findings in my previous report had not been addressed as indicated below

2.1 Land Compensation –Expansion of Urban Areas

The issue of land compensation for land purchased around urban areas for expansion of urban areas although still outstanding will be addressed under the Land Compensation Fund which was now a standalone Fund.

2.2 Late Submission of Financial Statements

The observation had not been implemented as the financial statements under review were submitted after the statutory deadline.

2.3 Outstanding Rentals

The issue has not been implemented as arrear rentals increased by $52 528 from the previous financial year.

NATIONAL HOUSING FUND 2017

Objective of the Fund

The National Housing Fund assists with the development of housing schemes and ancillary services in terms of the Housing and Building Act [*Chapter 22:07*].

Disclaimer of Opinion

I have audited the financial statements of the National Housing Fund of the Ministry of Local Government, Public Works and National Housing. These financial statements comprise the statement of financial position as at December 31, 2017, statement of comprehensive income, statement of cash flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position:

Statement of Comprehensive Income

Item	Amount $
Income	8 017 223
Expenditure	253 778
Surplus	**$7 763 445**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	104 996 939	—
Capital Reserve	—	94 809 024
Accumulated Fund	—	34 818 547
Current	27 947 865	3 317 233
Total	**$132 944 804**	**$132 944 804**

I do not express an opinion on the financial statements of the National Housing Fund. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Non-Preparation and Submission of Revenue Returns at Province and District Levels

Findings

Contrary to Treasury Instruction 0705 which requires Accounting Officers to keep full and proper accounts for all transactions affecting Funds under their custody, Gweru Provincial Office, Gwanda Provincial Office, Beitbridge District, Mangwe District, Umzingwane District, Inyathi District, Lupane District, Tsholotsho District, Umguza District and Karoi District were not maintaining records of revenue and debtors' returns. As a result, I could not verify the correctness of provincial revenue and debtors' reconciliation returns which were used to prepare the financial statements. This may have been caused by inadequate supervision.

Furthermore, the figures in the financial statements and those submitted by Masvingo Provincial Office for consolidation could not be verified as there were differences. The financial statements revealed a total amount of $546 668 while total amount obtained during audit showed $459 367 giving an unexplainable variance of $87 301.

Risk/Implication

The revenue and receivables figures disclosed in the financial statements could be materially misstated.

Recommendation

Head Office should work together with all Province and District Offices and ensure that revenue records and receivables returns are properly maintained at the Provinces to corroborate and support information sent through to the Head Office and included in the financial statements. In situations where there are variances, these should always be reconciled.

Management Response

The observation has been noted. Meanwhile, the Ministry has advised all Provincial and District Offices to properly maintain all records of revenue and receivables returns.

(ii) Non-Disclosure of Properties in the Financial Statements

Findings

An audit examination of property files for Karoi District revealed that the Fund did not disclose 20 houses and 23 substructures for Claudia Township under Garikai /Hlalani Kuhle housing Scheme in both the provincial records and financial statements for the year ended December 31, 2017.

In addition, the property files and registers for Gwanda, Beitbridge, Mangwe, Maphisa, Umzingwane, Tsholotsho, and Umguza districts revealed differences in the number of properties recorded in district properties registers and the number of properties disclosed in the financial statements for the year ended December 31, 2017.

Furthermore, a sample of Excel ledgers for Gweru Urban debtors revealed that six (6) property holders on stand numbers 8626, 8629, 8631, 8637, 8641 and 8646 were not disclosed in the financial statements.

This was contrary to Treasury Instruction 0705 which requires Accounting Officers to keep full and proper accounts for all transactions affecting Funds under their custody. I therefore, could not quantify the exact indebtedness of the property holders. This was caused by lack of adequate supervision and improper record maintenance.

Risk/Implication

Debtors' figures and the Fund's property values will be misstated in the financial statements if properties are not fully and accurately disclosed.

Recommendations

The Ministry should ensure that there is adequate supervision and proper record maintenance.

Fund Officials should fully and accurately disclose all stands and houses under the Fund in the financial statements in accordance with Treasury Instruction 0705 in order to safeguard the resources of the Fund.

Management Response

<u>Gwanda</u>

Audit observed a discrepancy in statistics where information from Head Office understated the number of properties under the Garikai/Hlalani Kuhle project in Gwanda where it was less 35 houses and 366 stands.

At Provincial level the entire Garikai/Hlalani Kuhle project properties have been recorded. These properties are inclusive of underdeveloped stands that were pegged and housing structures built to various stages under Garikai/Hlalani Kuhle project. For Gwanda the Garikai/Hlalani Kuhle project has got a total of 261 housing units which were built to various levels ranging from footing, slab, window, roof, two roomed and 5 roomed demonstration houses, and there were 366 undeveloped stands inclusive of residential, church, recreational and commercial (shops) stands.

<u>Beitbridge</u>

The District has got 156 core houses, 4 National Housing Fund (NHF) houses, 110 Garikai Phase 1 houses and 73 Garikai Phase 2 houses. The District shall continue to liaise with Head Office through the Provincial Office to facilitate the updating of records.

<u>Mangwe</u>
The District will make a follow up with the Head Office to reconcile the difference.

<u>Maphisa</u>

The District shall liaise with the Provincial Office to facilitate the updating of records at Head Office.

<u>Umzingwane</u>

The District has got 106 houses which comprise of 100 for Garikai/Hlalani Kuhle scheme and 6 NHF. The District shall ensure that Head Office has updated its records through the Provincial Office.

<u>Gweru</u>

The examined sample for Garikai properties on sale had incomplete houses, it was noted on valuation schedule that they were not supposed to pay rentals. The funds they had paid prior to valuation were said to be part of payment towards purchase of properties so some beneficiaries according to that schedule had overpaid and need

rent from Government. However, proper records of properties and valuations shall be put in place.

(iii) Rented Properties and Properties on Course of Sale (Stands and Houses)

Finding

There was an unexplained variance of $3 006 147 between the transfers to Agreement of Sale for Stands and Housing Units and Properties on course of Sale. The transfers to Agreement of Sale had an amount of $431 657 while properties on course of sale had a figure of $3 437 804. Ordinarily, the figure transferred from Agreement of Sale to Properties on Course of Sale should be similar. This was due to failure to carry out reconciliations.

Risk/Implication

The financial statements may be misstated.

Recommendation

There is need for adequate supervision to ensure that Fund officials reconcile Transfer to Agreement of Sale for Stands and Housing Units to the Properties on Course of Sale in order to safeguard against misstatement of the financial statements,

Management Response

Once again amounts under Stands and Buildings refer to leased properties owned by the Fund. They are transferred from stands and buildings once agreement of sale is entered into. They can be sold for a profit or loss. Therefore, these amounts do not necessarily tally as raised in the observations.

Furthermore, some sales such as Mufakose Flats, Zambezi Flats and Zengeza are as a result of sales or agreement of sale concluded during the Zimbabwean dollar currency but not fully discharged in Zimbabwe dollar but had a new assessed value in US dollar and are therefore, not as a result of transfer from stands and buildings.

The amount disclosed under properties on course of sale indeed increased from $1 589 475 (2016) to $3 437 804 (2017). The bulk of that movement was caused by disposal of Tafara flats. Mufakose flats sales had an increase of $4 857 and Tynwald stands recorded sales of $81 190 during the 2017 financial year.

Evaluation of Management Response

The Stands and Buildings are reduced by transferring the figures to Agreement of Sale/Properties on Course of Sale. The discrepancy of $3 006 146 remains unresolved/*not reconciled. The Ministry Officials should have provided JVs to support the response even for sales which were concluded during Zimbabwe dollar era.*

(iv) Discrepancies in Rent Debtor and Revenue Balances

Findings

An examination of the debtors' records maintained by Gwanda, Beitbridge, Mangwe, Maphisa, Umzingwane, Umguza, Inyathi and Karoi Districts revealed variances amounting to $17 844 between the figures on the respective rent cards and those disclosed in the financial statements.

Furthermore, material disparities were noted on total potential revenue for all Kwekwe District NHF housing schemes figures when compared with the Midlands Provincial Office records and the Financial Statements submitted for audit. I therefore, could not confirm the correctness of the amount of uncollected rentals in the above mentioned districts and amount of the total rentals for the year ended December 31, 2017 in Midlands Province. The provisions of Treasury Instruction 0705 require every Accounting Officer or officer administering a Fund to ensure that full and proper accounts are maintained by the officers under their control. The potential revenue as shown by the Kwekwe District records (that is, number of NHF houses by approved monthly rates) was $162 120 whereas the Gweru Provincial Office records (Excel Ledger cards) showed a figure of $76 980 while the financial statements had a figure of $87 000.

This was caused by inadequate record keeping and checking of records.

Risk/Implication

The revenue and rent debtors' figures may be materially misstated in the financial statements.

Recommendations

The Fund Officials should ensure that records of revenue and receivables returns are properly maintained at Provincial and District levels and monthly rental debtors' reconciliations should be conducted in accordance with the requirements of Treasury Instruction 0705.

Management Response

The observation has been noted. The revenue collections will be reconciled on a monthly basis. Improved record keeping and close supervision shall be instituted.

(v) Rent Debtors and Rent Receipts from Rented Properties

Finding

The financial statements disclosed a debtors figure of $23 235 989 while movement in the Rent Debtors Account had a closing balance of $23 291 040. The variance of $55 051 could not be reconciled.

Risk/Implication

The financial statements may be misstated.

Recommendation

The Fund should reconcile the rentals collected and amount transferred to rent debtors during the year under review.

Management Response

The observation is noted. Efforts to reconcile rent receipts with advance payments received will be availed to audit.

Evaluation of Management Response

At the time of concluding the audit the reconciliations had not been availed for audit examination.

(vi) Cash on hand and at bank

Findings

The figure disclosed as cash on hand and at bank had a negative balance of $2 299 040. The negative balance reflected overdrawn accounts by the various centres. The overdrawn balances were in violation of Treasury Instruction 1344.

Furthermore, the cash and bank balances for Matabeleland North, Bulawayo Metropolitan and Manicaland provinces were not disclosed in the financial statements. I therefore, could not satisfy myself whether the balance reflected as cash on hand and at bank was true and fair.

Risk/Implication

The financial statements may be misstated.

Recommendations

The Fund should not have overdrawn bank accounts in compliance with Treasury Instruction 1344.

The three provinces which did not submit the cash and bank balances should avail these for audit inspection.

Management Response

The observation is noted. Corrective measures and necessary JVs were done to depict inter accounts transfer which is not a creation of new revenue. The issue was caused by problems associated by accruing revenues with CBZ or POSB whilst expenditures are transmitted through RBZ.

Evaluation of Management Response

No evidence on measures taken or JVs done were availed to audit at the time of concluding the audit.

However, below are other issues noted during the audit:

1 MANAGEMENT OF ASSETS

1.1 Transfer of Title Deeds

Findings

An audit examination of property files for Matabeleland South Province revealed that the Fund did not process title deeds for 105 houses for Gwanda District and 12 houses for Umzingwane District for the year ended December 31, 2017 despite beneficiaries claiming to have fully paid. This was due to a number of beneficiaries' files having missing documents which were required for clearance before the granting of title deeds such as lease agreements, agreements of sale and offer letters. This was because they had been taken to Head Office and were not returned to the Province.

Furthermore, the Fund was requesting for source documents of payments made through SSB. The exercise included SSB system verification of payments dating as far back as 1994 and receipts from the old SSB system. This was proving to be a challenge as the old system was said to have been taken over by events and could no longer be accessed.

Contrary to Clause 8 of the Agreement of Sale which states that transfer to the purchaser shall be tendered when the purchaser has fully paid any outstanding balance including interest, I also noted with concern inconsistencies and delays from a sample of eight (8) Magunje properties sold in Karoi District and were in the process of acquiring title deeds dating back to the early 1990s. I was not satisfied with the reason that requisite documentation like agreements of sale, offer letters, payment schedules and authorities to purchase were not in their files. This resulted in deserving bona fide beneficiaries failing to access their title deeds on time. This was caused by poor record maintenance and monitoring by the relevant Ministry Officials.

Risks/Implications

The Fund's assets may be misstated due to delays in transferring title deeds to the respective beneficiaries.

The intended beneficiaries might lose their properties if the process of acquiring title deeds is unduly prolonged.

The lack of adequate documentation in property files, may lead to difficulty in establishing whether occupants of the said properties were the bona fide beneficiaries of NHF housing scheme.

Recommendation

The Ministry should ensure that all appropriate contracts and agreements of sale are filed in the respective property files so as to speed up the processing of title deeds to deserving tenants and beneficiaries in compliance with Clause 8 of the Agreement of Sale.

Management Response

Gwanda
The transfer of title deeds is hindered by the dearth of information some of which as per the current requirements when processing a file for title deeds issuance cannot be obtained; as such information may not have been kept or required when the

property was being offered for sale. Historical records in the files are not able to match what is now required to pass a file for title deeds issuance, such as requiring that all proof of payment must be attached especially for properties sold in the 1990s where such record was not being kept. The Province recommend that the Secretary seeks condonation of expenditure so that title deeds can be issued to those files which indicate that payment was being done towards purchase. It is a mammoth task to obtain receipts or SSB schedules for all properties sold since 1994 and this can never be achieved. Efforts have been made and suggestions presented to the Director Valuation and Estates Management to solve the matter.

Umzingwane

It is true that from all the tenants who purchased NHF houses no one has received title deeds. This was caused by the following:

(i) No tenant applied for title deeds after fully paying for the property.
(ii) There was a knowledge gap in terms of the requirements on purchases of Government properties. Also the change in administration created some gaps as the handover and takeover processes were not properly done.

1.2 Sale of Government Properties

Findings

The following properties in Matabeleland South Province were sold without the knowledge and consent of the Ministry.

-Maphisa District stand numbers 411, 426 and 427
-Mangwe District stand numbers 1934, 1946 and 1947

In addition, stand numbers 410, 412, 463, 464 and 470 in Maphisa District were being rented out by tenants who did not sign any lease agreements with the Ministry.

Contrary to clause 13 of the Agreement of lease which states that the lessee shall not be entitled to cede or assign the lease, nor sub-let nor permit any other right of occupation to anyone without the lessors' written permission being obtained, I also noted that stand no. 529 in Shurugwi District was sold by the sitting tenant who did not have title deeds to the property as ownership had not been granted. This was caused by inadequate supervision and monitoring by Ministry Officials.

Risk/Implication

The Fund will lose revenue and or properties through misappropriation.

Recommendation

The Fund officials should regularly inspect houses to check whether houses are still being occupied by the beneficiaries who signed the lease agreement in adherence to the requirements of Clause 13 of the Agreement of Lease.

Management Response

<u>Maphisa</u>
The District always carried out inspections but most of the time the owners of the properties will not be around. Effort will be made to get in touch with the tenants of the properties and ensure that they comply with the requirements of the Lease Agreement.

The District will continue to invite the tenants and also to rectify to the issue of illegal occupation of the properties.

<u>Mangwe</u>
The beneficiaries were made to believe that they were the owners of the property during the allocation phase, hence they sold the properties.

<u>Shurugwi</u>
The District shall ensure regular inspections are made to check whether houses are still occupied by the beneficiaries who signed the lease agreements with the Government.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund had made some progress in addressing audit findings made in my previous report. Out of the three (3) recommendations, only one (1) was implemented, one (1) was partially implemented and one (1) had not been addressed as indicated below:

2.1 Disclosure of Infrastructure Development Bank (IDBZ) facility

There has been no change as yet as the financial statements for the year under review were not revealing the nature of the Fund's operation managed by IDBZ.

2.2 Inconsistencies in Assets Values

The matter on evaluation of assets has since been addressed as the accounts were adjusted and resubmitted.

2.3 Depreciation of Non-Current Assets

All the other asset items including NHF Office equipment were revisited and a resubmission of the financial statements was done. Communication equipment project was abandoned before the equipment was commissioned, hence no economic benefit ever accrued to the Fund.

VOTE 14. - HEALTH AND CHILD CARE

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry's mandate is to provide the highest standards of health care services to all Zimbabweans in line with the Primary Health Care approach as set out in the National Health Strategy.

Qualified Opinion

I have audited the financial statements of the Ministry of Health and Child Care for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve	Total Allocated	Expenditure	Net Under Spending
$6 459 100 000	$6 879 755 638	$13 338 855 638	$10 631 735 053	$2 707 120 585

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of Health and Child Care as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Compensation of Employees

Finding

The Appropriation Account submitted for audit had total compensation for employee costs amounting to $4 456 733 618 whilst the Salary Service Bureau (SSB) report showed $6 070 386 925. This resulted in an unreconciled variance of $1 613 653 307. This could have been due to inadequate coordination between the Ministry and SSB regarding monthly reconciliations. I therefore could not validate the correct cost figure for the year.

Risk/Implication

Errors and or fraudulent activities may fail to be detected if variances are not investigated.

Recommendation

The Ministry should coordinate with SSB in respect of compensation of employee costs and resolve all variances.

Management Response

When the Ministry migrated to Program Based Budgeting (PBB) the SSB wage bill was not in PPB format. To capture in PFMS there was a template used to estimate the costs for programs and sub-programs and this template was entirely different from SSB salary presentation hence the variance noted by the Auditors cannot be reconciled. The wage bills quoted as administration also include Head office staff who were in different programs and subprograms as well.

Currently the Human Resources Department is yet to finalise the PBB wage bill template. SSB has indicated that December 31, 2021 is their deadline for final PBB migration.

(ii) Direct Payments

Findings

According to Treasury records, direct payments amounting to $527 291 721 were processed for the Ministry during the year under review. The Ministry confirmed payments worth $444 172 016, however, payment vouchers and supporting documents such as purchase orders, invoices/receipts and goods received vouchers were not availed for audit examination. The remaining balance of $83 119 705 was not explained by the Ministry. As a result, I was not able to validate the accuracy and completeness of the expenditure disclosed in the Appropriation Account. This was as a result of lack of co-ordination between the Ministry and Treasury.

Risks/Implications

Failure to confirm and avail supporting documents impairs transparency and accountability of public funds.

The Appropriation Account may be materially misstated if all expenditure incurred is not traced, supported and validated.

Recommendations

The difference needs to be traced with Ministry of Finance to establish the nature of payments and then reconcile the amounts.

The Ministry should coordinate with Treasury in respect of direct payments to ensure that complete documents are obtained, analysed and accounting records are updated.

Management Response

The observation is noted. The Ministry has made investigations into the direct payments and managed to vouch for the $444 172 016 and $14 390 405.

The Ministry has requested for the additional information for the transactions worth $14 390 405. However, Ministry of Finance has gone ahead to post the transactions in the Ministry's General Ledgers.

(iii) Budget Provisions

Findings

The original budget for the Ministry for Program 3 was not uploaded correctly onto the PFMS. Original budget as per the Budget Estimates and Appropriation Act for Program 3 was
$5 789 063 000. The PFMS had $5 475 245 000 resulting in an understatement of
$313 818 000 which may have affected implementation of activities under the program.

Further to the above, supporting letters for Unallocated Reserves produced by the Ministry amounted to $6 892 040 390 which was at variance with Treasury records. Treasury records showed Unallocated Reserve transfers amounting to $6 879 755 638. The variance of
$12 284 752 remained unreconciled by the Ministry.

Risk/Implication

The budget provisions may be materially misstated.

Recommendation

The Ministry should obtain supporting documents for amounts allocated and co-ordinate with Treasury when there are errors in uploading budget amounts.

Management Response

Regarding the Budget Upload, the Ministry noticed an anomaly whereby the $313 818 000 may have been as a result of differences in Fund and Fund centre budget upload. The error can only be corrected on paper since the 2020 period has been closed.

The Ministry approached Treasury to reverse the Unallocated Reserves amounting to $6.4million.

Evaluation of Management Response

The issue of variance between UR supporting letters and Treasury records was not responded to.

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Virements

Finding

The Ministry processed virements worth $773 081 000 during the first six months of the 2020 financial year. Section 37 (3) of the Public Finance Management (Treasury Instructions), 2019 stipulates that Accounting Officers shall ensure that no virements are effected on their budget during the first six months of the financial year***.***

Risk/Implication

Failure to follow virement procedures results in unauthorised transactions.

Recommendation

Ministry should comply with virement procedures to ensure effective expenditure control.

Management Response

The Ministry acknowledges and accepts the position. However, over the years, budget allocations especially on salaries has been inadequate hence requiring virementing to allow us to settle the SSB Wage bill. This has been similar in some operational budget lines, especially for hospitals. Instruction to virement has often come from Treasury verbally. Efforts to get written instructions have been fruitless over the past year. The Ministry will continue to negotiate with Treasury to give us these written instructions.

1.2 Expenditure General Ledgers

Findings

Ministries are required to process and allocate expenditures according to the chart of accounts which provides specific General Ledger codes (GLs) for all cost categories. The Ministry in most cases posted sub program expenditure under one General Ledger (GL) for training allowances, that is GL2200800001 yet the expenditure related to other specific GLs. For example, expenditure amounting to $1 175 301 528 for Emergency Preparedness (Program 2 Sub Program 2) was posted in the general ledger for training allowances yet the expenditure related to procurement of ICT equipment, procurement of fuel, vehicle maintenance, travelling and subsistence, communication and information supplies etc.

Risk/Implication

Posting expenditure to incorrect GLs defeats transparency and rationale of the budget as a control tool.

Recommendation

Expenditure should be allocated to the appropriate ledgers to facilitate monitoring of each activity and proper accountability for resources.

Management Response

Emergency Preparedness is one of the Sub Units for the Ministry's Organogram and as such all operations for such Programme Units are accounted for in one GL. There was no breakdown that specific expenditure should be charged in certain GLs. All their activities are charged in that single GL that has been allocated for them in the budget.

The Ministry has encouraged all program managers to have their budgets broken down to the respective economic classes. This has been partially achieved in the year 2021 and expect to finalise implementation of such in the next budget year.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Rentals

Findings

The consolidated database for all houses that belong to the Ministry from which monthly rentals are supposed to be collected was not availed for my examination. I was only furnished with details of 26 houses which are in Harare (Hutano Flats). As a result, I was not able to ascertain whether all rentals due to the Ministry were collected and disclosed. This was as a result of failure to maintain a consolidated database. Section 12 of the Public Finance Management (Regulations), 2019 stipulates that the Accounting Officer shall manage revenue efficiently and effectively by developing and implementing appropriate processes that provide for the identification, collection, recording, reconciliation, and safeguarding of revenue and information about revenue.

I was not able to confirm whether five of the occupants were having their rentals paid through SSB. This was because, the Ministry does not have a system in place to monitor the administration of the flats.

Further to the above, rates charged for rentals did not reflect the prevailing economic conditions. For example, monthly rental for a two bedroomed house was $150 for cities, $112.50 for provincial towns and $75 for districts. The rates were based on a Government circular which was reviewed in November 2014 and came into effect on January 1, 2015.

Risks/Implications

Rental income may not be collected in its entirety and may be understated.

If rentals are not reviewed, the Ministry may not receive reasonable revenue. Also it will be difficult to meet the maintenance costs of the houses.

Recommendations

The Ministry should maintain a consolidated record of houses it owns in all cities, provinces and districts.

The Ministry should propose rental reviews whenever the value of rentals drops to uneconomic levels.

Management Response

The observations are noted. The Ministry has been maintaining housing registers at provincial level and head office was maintaining register for Hutano Flats. Forthwith the Ministry will consolidate the registers.

With regards to the five occupants the status is as follows; Flat No.13: Employee occupied the house in 2013 and is still occupying the flat; Flat No.17: Employee is now up to date with the rentals to cover these arrears since the occupant was erroneously omitted on SSB; Flat No.7: Employee is a student doctor; Flat No.23: A student doctor stationed at Gokwe. There was a time when he was away and the house was vacant and this was his second time occupying the residence; Flat No.26: Acting Director occupied the flat in June 2021.

The Ministry is guided by Ministry of Housing and Social Amenities on the price reviews of rental accommodation. The January 2015 circular is the one currently in effect.

2.2 Receipting and Banking

Findings

Total receipts disclosed on the Receipts and Disbursement return were at variance with the PFMS receipting and deposit cash books. Computations to support the receipts disclosed on the return that was availed for audit amounted to $17 702 484 whilst the return showed $17 810 283. The resultant variance of $107 799 remained un-cleared.

In addition, the sub-exchequer reconciliation submitted for audit showed that total deposits into the sub exchequer account amounted to $17 756 283. Out of the total deposits the Ministry only receipted $3 095 280 (17%). This may be attributed to weak internal controls whereby the Ministry is not carrying out reconciliations of the cashbook and the bank statements to ascertain whether all deposits are receipted and all receipts are deposited.

Risks/Implications

Receipts and Disbursements return may be misstated and irregular transactions of receipts not deposited remaining outstanding for too long may not be detected.

Revenue and debtors' amounts may also be misstated as recoveries may remain not updated.

Recommendation

Management should ensure that monthly bank reconciliations are done to trace all receipts and deposits outstanding.

Management Response

The amount of $17 810 273 represents deposits made into the CBZ and RBZ accounts for the year 2020. Bank statements are available for audit perusal. The amount of $3 095 280 are the receipts which have been captured into the system.

The variance of the figures is noted. Please take cognisance of the fact that when capturing of the receipts from the bank statement, the amount swept off to the main exchequer was the one captured which is lower than the deposited amount.

3 MANAGEMENT OF HUMAN RESOURCES

3.1 Filling of Vacant Posts

Findings

The Finance Director is responsible for the financial affairs of the Ministry and is directly accountable to the Accounting Officer. As such the incumbent is vital in the strategic and operational decision making process of the Ministry. However, I noted on May 5,2021 that the post for the Finance Director had been vacant since July 2019 and had not been filled.

Further to the above, the post of the Chief Internal Auditor had also been vacant since February 2020 and was still to be filled. Other vacant posts noted during the audit were that of the Deputy Director for Procurement and Director for Pharmacy.

In addition, audit was not availed with the 2020 staff establishment to validate all posts. However, during the audit I noted posts which had members in acting capacity for a period of more than one year. These were Deputy Director Administration, Director and Deputy Director for Hospital Planning, Director and Deputy Director for Human Resources and Director for Procurement.

Risks/Implications

Too many vacant posts affect service delivery and the public will be affected.

Effective corporate governance practices may not be practiced. For example, segregation of duties may not be practiced resulting in override of internal controls.

Work overload may cause anxiety resulting in reduced performance and job dissatisfaction.

Recommendation

Considering the size and nature of operations of the Ministry, filling of vacant posts should be treated with urgency so that operations and service delivery is efficient. Also this will ensure good practices of corporate governance.

Management Response

The Ministry has undergone restructuring and vacant posts that were available then were not filled pending the new structure.

The posts that were earmarked for filling in May 2021, were further delayed due to further consultation with Health Services Board. The process has been completed and the first batch of vacant posts are being advertised starting November 2021.

4 GENDER ISSUES

4.1 Mainstreaming of Gender Issues

Findings

I carried out an assessment on how well the Ministry has played its role with regards to elimination of Sexual and Gender-Based Violence (SGBV), harmful practices (HPs) and addressing related aspects of Sexual and Reproductive Health and Rights (SRHRs). Mainstreaming of gender issues is provided for in the Health Act [*Chapter 15:13*] and the Ministry's Strategic Plan (2016-2020). However, I noted that the Ministry had no policy or reference framework it was following to deal with gender issues. As a result, the gender equality perspective was not well integrated across departments.

I also noted that the performance management system in place did not incorporate gender issues as Key Result Areas (KRAs) and the Ministry's budget did not include allocations to support gender programs.

Risk/Implication

It will be difficult to fully achieve the goals of (SDG 5) gender equality if planning is not done on how to tackle gender issues.

Recommendation

The Ministry should work towards improving mainstreaming of gender issues in line with SDG5 and its strategic plan.

Management Response

The gender issues were not fully addressed as there was no proper handover by the former focal persons. The new team has started working on the matters with the inclusion of gender budget in the 2022 financial year. The focal persons will be constituted to drive the agenda on gender issues.

5 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of nine (9) findings, one (1) was fully addressed, four (4) were not addressed, three (3) were partially addressed and one (1) was not assessed as this required travelling to the provinces to confirm the progress.

5.1 Transfers

The issue of current and capital transfers variances between voluntary organisations and central hospitals disclosed in the prior year Appropriation Account and those confirmed as received by the respective institutions was addressed.

5.2 Budget Implementation

This issue was partially addressed as there was a slight improvement in the release of funds to key programmes.

5.3 Suspense Accounts

This was partly addressed as the Ministry's Temporary Deposit (TD) Account balance reduced from $274 206 to $139 579.

5.4 Creditors

The finding was partly addressed as the Ministry's Head Office is now maintaining creditors' records but it still does not have consolidated creditors' records to include provinces and districts. However, the Ministry's creditors increased significantly from $69 656 833 in 2019 to $501 853 722 in 2020.

5.5 Payroll Reconciliations

Unreconciled variances of employment costs between the SSB and the Ministry reported in 2019 remained un-cleared.

5.6 Unallocated Reserves

Variances of Unallocated Reserves between Treasury and the Ministry were not cleared.

5.7 Unsupported Expenditure

The issue of unsupported expenditure by Head Office and three health institutions I visited in 2019 remained un-cleared.

5.8 Motor Vehicles

Police reports and board of inquiry reports for two motor vehicles involved in accidents were still not availed for my inspection and the issue remained unresolved.

5.9 Expired Drugs

Audit did not manage to visit Masvingo and Mashonaland East Provinces to ascertain whether provisions of board of surveys and disposal of expired drugs were being complied with.

VOTE 15.- PRIMARY AND SECONDARY EDUCATION

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry's mandate is to provide quality, inclusive, relevant and competent driven infant, junior, secondary and non-formal education.

Opinion

I have audited the financial statements for the Ministry of Primary and Secondary Education for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year.

Voted Funds	Unallocated Reserve Transfer	Total Allocated	Expenditure	Net Underspending
$8 495 794 000	$10 725 965 325	$19 221 759 325	$16 292 361 066	$2 929 398 259

In my opinion, the Appropriation Account, Finance and Revenue statements and supporting returns present fairly, the state of affairs of the Ministry of Primary and Secondary Education as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 COMPENSATION OF EMPLOYEES

1.1 Variance on Compensation of Employees Cost

The Salary Services Bureau (SSB) records for Compensation of Employees for the Ministry had total expenditure of $14 043 010 108 whilst the Ministry's PFMS ledgers had total expenditure amounting to $14 742 510 514 resulting in a variance of $699 500 406. The variance was not reconciled. Treasury Circular B/1/88 dated June 5, 2018 requires Ministries to perform monthly reconciliations of billed amounts by SSB against Compensation of Employees expenditure shown in PFMS ledgers. There was no evidence that monthly reconciliations were performed in compliance with the Treasury Circular in order to validate correctness of the salary payments.

Risk/Implication

The employment costs reported for the financial year under review may be misstated and salaries and allowances may be paid for services not rendered.

Recommendation

The Ministry should ensure that employment costs billed by SSB are reconciled monthly against the employment cost figures shown in the PFMS ledgers so that any variances are investigated, traced and cleared in time in order to safeguard the financial resources of the Ministry.

Management Response

The Ministry has noted the observation of a variance of $699 500 406 which was as a result of the difference between SAP expenditure on compensation of employees figure and Salary Service Bureau (SSB) compensation of employees figure. It should be noted that the Ministry processes compensation of employees in the SAP system using the SSB schedules.

The Ministry has taken note of the need to do monthly reconciliations on the compensation of employees in compliance with Treasury Circular B/1/88 of June 2018.

1.2 Long Outstanding Amounts in Suspense Account

Findings

In my previous audit report, I made mention of the Ministry's failure to take recovery action on long overdue Disallowances, Surcharges and Temporary Deposits dating back to 2009. This was contrary to Section 66 (6) and 52(4) of the Public Finance Management (Treasury Instructions), 2019 which deal with the recovery of Disallowances, Surcharges and Temporary Deposits. The narrations given on recovery action was unsatisfactory as the Ministry had been committing itself to recover from SSB but no recoveries were being made. The table below analyses the movement during the year under review.

Category	Amount Outstanding $	Amount Recovered in 2020 $	Balance outstanding December 31, 2020 $
Temporary Deposits	871 065	92 878	778 187
Disallowances	2 608 859	726 806	1 882 053
Surcharges	4 128 968	1 093 547	3 035 421
Total	**$7 608 892**	**$1 913 231**	**$5 695 661**

Furthermore, the Temporary Deposits return had debit balances amounting to $92 878 whose origin could not be explained.

Risks/Implications

Failure to timeously recover outstanding Disallowances and Surcharges might render them irrecoverable which might also lead to loss of the much needed resources by Government.

The debit balances on Temporary Deposits may imply that there was an over refund or money was paid from temporary deposits for which there was no initial credit.

Recommendations

The Ministry should institute effective recovery methods. In cases where it is proved that recovering the amounts has failed, write off authority should be sought from Treasury.

The Ministry's management should ensure effective supervision of staff, checking of returns before submission to ensure completeness and that all records are updated.

Management Response

The Salary Service Bureau (SSB) is now depositing recoveries for disallowances/surcharges in bulk in the Ministry's Reserve Bank of Zimbabwe Sub-Exchequer Account. Previously these recoveries were deposited directly into the respective Provincial Education Director's (PED) Account which enabled quick clearance. The Ministry Head Office has to break down the bulk payments, receipts and allocate to the PED's Accounts. This area requires training of officers in light of the changes that have taken place in the Chart of Accounts and Debtors Management System in the PFMS.

The long outstanding temporary deposits balances will be cleared. The rise in temporary deposits from 2017 to date was due to backlog in Business Partner creation and invoicing resulting in receipts for deduction schedules remaining not cleared in the temporary deposits account.

The observation on debit balances amounting to $92 878 whose origin could not be explained has been noted. The Ministry has since written to the Provinces concerned and will seek guidance from the Projects Office to help the responsible Provinces on how to clear the debit balances.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Uploading Financial Information in the Public Finance Management System

Findings

The Ministry did not upload revenue amounting to $1 212 442 into the Public Finance Management System (PFMS). The aforesaid revenue was in respect of educational fees from Independent Colleges, purchase of tender documents, treasury orders, recovery of telephone charges and Public Service Commission penalties. Table below refers. I also noted that the Ministry was not issuing electronic receipts as required by section 43 of the Public Finance Management (Treasury Instructions), 2019.

Revenue items not uploaded into the PFMS

Revenue Item	Amount $
Education fees	1 135 108
Sale of Tenders	49 800
Treasury orders	13 366
Telephone	2 138
Public Service Commission Penalties	12 030
Total	**$1 212 442**

Risks/Implications

Revenue may be understated if financial information is not uploaded onto the Public Finance Management System.

There may be no proper accountability for funds if receipts are not properly issued.

Recommendation

The Ministry should upload all its financial information onto the PFMS to enhance accountability.

Management Response

The observation is acknowledged. This was due to some staff members who were at home during the financial year under review as a result of the Covid 19 restrictions. The Ministry is going to seek for the opening of the 2020 financial year period from the Accountant-General's Office so that the receipts are uploaded.

3 MANAGEMENT OF ASSETS

3.1 Contracts Management

Findings

On October 20, 2020, the Ministry entered into a contract with Michmart Investments (Pvt) Ltd for the supply and delivery of linen and kitchen utensils for the refurbishment of teacher's hostels at the Curriculum Development Unit. My inspection of the Contract performance on May 31, 2021 revealed that;

The contractor had not supplied two hundred and seventy (270) three quarter blankets valued at $695 588 and six (6) swivel chairs valued at $257 625 at the time of my audit.

The contractor delivered ten (10) wooden tables measuring 1.8 metres long instead of the ten 3 metres long ones specified in the Contract Agreement and the Ministry treated the delivery as in order.

Two executive tables measuring three (3) metres indicated as delivered on December 2, 2020 could not be located. No asset register was being maintained at the location to assist in the identification of the assets.

The above could have been a result of lack of management supervision as there was no indication that checks had been done by any other official beyond receipt of the goods.

Furthermore, the Ministry entered into a contract with Gatestone Investments (Pvt) Ltd for the supply and delivery of linen and kitchen utensils for the refurbishment of teacher's hostels at the Curriculum Development Unit and Technical Services Department. My inspection of the Contract performance on May 31, 2021 revealed that out of the Contract Price of $5 651 540, goods valued at $2 844 900 had not been delivered despite the estimated delivery lead-time being two (2) weeks from the date of signing the contract.

There was no evidence that the Contractor had communicated with the Ministry to relay any challenges confronted, and there was also no evidence of any inquiries from the Ministry to clarify the cause of the delay.

Risks/Implications

The longer it takes the contractor to deliver, the more the chances of failure to do so. In cases of price increases, the Ministry may then be requested to meet extra cost due to price variation.

The Ministry could have been short changed as it paid more for less.

The tables may not have been received at all or incorrect tables may be delivered if no checks are done upon delivery.

Recommendations

The Ministry should proceed in terms of the provisions of section 87 of the Public Procurement and Disposal of Public Assets Act [*Chapter* 22:23] which gives the Ministry an option to terminate the contract and the procurement of replacement performance where non-performance is an issue.

The Ministry should investigate and establish whether the tables were delivered and if delivered, their whereabouts.

The Ministry should validate correctness of items upon delivery.

Management Response

On following up with the contractor he indicated that prices had gone up and had the intention to request for price variation, which they did not do. The Ministry is going to engage the contractor in view of terminating the contract and progress will be submitted to Auditors.

The observation is noted. The contractor upon some follow-ups verbally indicated that the prices of the outstanding 270 three-quarter blankets and 6 swivel chairs had gone up. The contractor was requested to submit a written notification of the development, which is yet to be submitted.

The issue is being addressed with the contractor who agreed to supply 4x2.7m tables in order to meet the required meters which should be 10x3m=30m. The progress update will be submitted to the Auditors upon delivery of the tables.

The 2x3m executive tables were supplied in 6 pieces of 1.2m long and the total length is 7.2m, they were in the corridor.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of eight (8) findings reported in my previous year report one (1) was partially addressed, three (3) were fully addressed and four (4) had not been addressed as indicated below:

4.1 Risk Management Policy

The Ministry has produced and endorsed the Risk Management Policy through a stakeholder engagement process. What remained was to present the policy document to the working party for the Chairperson's signature before submission to Cabinet.

4.2 Appropriation Variances

Unreconciled variances between the Appropriation Account, Sub-Paymaster-General's Account and SAP were cleared.

4.3 Recruitment Procedures

The matter of files for teachers who were recruited during the year ended December 31, 2019 was addressed as the files for the recruited teachers were availed.

4.4 Uploading Financial Information in the Public Finance Management System

The amount of $393 453 had not been uploaded into the Public Finance Management System.

4.5 Audit Committee

The matter was resolved as the Committee is now in place.

4.6 Procurement of Goods and Services

The documents for the outstanding amount of $14 417 440 were submitted for audit.

4.7 Long Outstanding Revenue

The issue remained unresolved as the outstanding revenue of $2 455 872 had increase to $4 419 362.

4.8 Receipts and Disbursements

The outstanding balances on receipts and disbursements reconciliation were not cleared.

EDUCATION MATERIALS DISBURSMENT FUND 2019

Objective of the Fund

The Fund was established to acquire, design, produce and distribute, after appropriate research, of curricula material in order to improve the quality of teaching at educational institutions.

Qualified Opinion

I have audited the financial statements of the Education Materials Disbursement Fund for the Ministry of Primary and Secondary Education. These financial statements comprise the statement of financial position as at December 31, 2019, statement of comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a Summary of Statement of Comprehensive Income and Statement of Financial Position for the year.

Statement of Comprehensive Income

Item	Amount $
Income	260 896
Expenses	224 986
Surplus	**$35 910**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current Accumulated Fund	10 916 —	— 83 731
Current	367 040	267 743
Suspense	—	26 481
Total	**$377 956**	**$377 956**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of the Education Materials Disbursement Fund as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Maintenance of Accounting Records

Finding

Section 6 of the Constitution of the Fund states that the Secretary for Primary and Secondary Education shall cause to be maintained proper books of accounts for recording transactions of the Fund. Contrary to the above provision, the Fund did not maintain ledgers for trade payables. As a result, I could not verify the authenticity and accuracy of the trade payables figure of $267 743 recognised in the financial statements.

Risk/Implication

Failure to maintain accounting ledgers exposes the Fund's resources to abuse as no proper record will be available.

In the absence of ledgers, it will be difficult to place reliance on the figures in the financial statements.

Recommendation

Proper ledgers should be maintained for the Fund so that the figures recognised in the financial statements can be relied on.

Management Response

The observation has been noted.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

No progress was made in addressing prior year audit finding.

2.1 Updating of Accounting Officers Instructions.

The Accounting Officers Instructions have not been updated.

INDEPENDENT COLLEGES GUARANTEE FUND 2019

Objective of the Fund

The objective of the Fund is to provide funds to defray any expenses that may be incurred by the Secretary of Primary and Secondary Education in ensuring that acceptable standards of Education are maintained in all registered Independent Colleges and to refund wholly or partially to students any fees paid in the event of failure by colleges for whatever reasons to meet their obligations to students.

Opinion

I have audited the financial statements for the Independent Colleges Guarantee Fund of the Ministry of Primary and Secondary Education. These financial statements comprise the statement of financial position as at December 31, 2019, the statement of comprehensive income, statement of cash flows for the year then ended and notes to the financial statements which include a summary of accounting policies and other explanatory information.

Below is a summary of the Statement of Comprehensive Income and Statement of Financial Position for the year:

Statement of Comprehensive Income

Item	**Amount $**
Income	497 800
Expenditure	116 415
Surplus/Deficit	**$381 385**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current	105 896	
Current	2 919 404	
Accumulated Fund		2 882 985
Current Liabilities		142 315
Total	**$3 025 300**	**$3 025 300**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Independent Colleges Guarantee Fund as at December 31, 2019 and its performance for the year then ended.

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Mandate of the Fund

Finding

Paragraph 7 of the Draft Constitution of the Fund provides for the Fund to expend its financial resources to refund students in the event of failure by registered colleges to meet their obligations, to provide finance to registered colleges for the rehabilitation of buildings destroyed by natural causes and to purchase books and furniture destroyed by natural causes. No evidence was availed for audit examination to show that the financial resources of the Fund were used for such purposes.

Furthermore, the statement of comprehensive income for the year ended December 31, 2019 shows that $20 000 was used to commemorate International Literacy Day. This was not provided for in the Draft Constitution.

Risk/Implication

The Fund might not be in a position to fulfil its mandate if financial resources of the Fund are used to defray expenses which are outside its mandate.

Recommendation

The Fund should stick to its mandate of ensuring that acceptable standards are maintained in all the registered Independent Colleges through carrying out visits to colleges.

Management Response

The Fund was established for the purpose of:

1. Providing funds to defray any expenses that may be incurred by the Secretary in ensuring that acceptable standards of education are maintained in all registered colleges.

2. To refund wholly or partly to students any fees paid by them in the event of insolvency of any registered independent college to which such fees have been paid or in the event of failure by such colleges for whatever reason to meet its obligation to students (SI 371 of 1998).

To date, no claims have been made from registered colleges to that effect.

The commemoration of International Literacy is an event whereby out of school children, youths, young adults and learners from non-formal education colleges showcase their knowledge and skills they have acquired. The event ensures that acceptable standards of education are maintained in registered colleges hence it falls under the mandate of the Fund.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Accounts Receivable

Finding

An examination of the financial statements of the Independent Colleges Guarantee Fund revealed that accounts receivable increased from $1 785 240 in 2018 to $1 992 989 in 2019 which was indicative of ineffective debt recovery.

Risk/Implication

Debts might become irrecoverable if they remain uncollected for a long time which might impact negatively on the operations of the Fund.

Recommendation

The Fund should take appropriate measures to safeguard the resources of the Fund by ensuring that independent colleges timeously pay their dues.

Management Response

The increase in the accounts receivable balance was as a result of colleges not paying up their annual subscriptions after they had been registered. Capacity development workshops were conducted in the 10 Provinces during the period January 6-10, 2020 whereby college Principals and College owners were invited and educated on the need for them to pay their subscriptions annually. This was a way of trying to recover debts from the registered colleges.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund had made some progress in addressing audit findings made in my previous report. Out of the three (3) recommendations, two (1) were partially implemented and one (1) had not been addressed as indicated below:

3.1 Advances to Parent Ministry

Advances to Parent Ministry went down slightly from $426 681 to $401 226.

3.2 Investments

Investments with ZABG were considered irrecoverable. The money was still not yet received at the time of completing my audit.

3.3 Constitution of the Fund

The Constitution was still in draft form at the time of completing my audit.

VOTE 16.- HIGHER AND TERTIARY EDUCATION, SCIENCE AND TECHNOLOGY DEVELOPMENT

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry is responsible for the oversight, formulation and implementation of policies related to planning, training and development of human capital and the promotion of science, technology and innovation. It also facilitates cooperation in research and development, higher and tertiary education as well as in science and technology at local, regional and international levels.

Qualified Opinion

I have audited the financial statements for the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$2 234 609 000	$2 057 325 565	$4 291 934 565	$3 981 104 761	$310 829 804

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the Appropriation Account, Finance and Revenue statements and other supporting returns, fairly present the state of affairs of the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Unsupported Expenditure

Finding

Payment vouchers worth $21 808 769 did not have supporting documents such as invoices, receipts, delivery and goods received notes. Therefore, the nature of expenditure incurred and whether it was a proper charge to public financial resources could not be validated.

Risk/Implication

Fraudulent expenditure may be processed.

Recommendation

Management should ensure that adequately supported payment vouchers are availed for audit examination.

Management Response

The Ministry is in the process of collecting all the missing supporting documentation for all the payments made during the time since most of our staff was operating from home as a direct consequence of the COVID-19 pandemic. We regret that the vouching had not been completed by the time of the audit exit meeting.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Sub-Paymaster General's Account Reconciliation

Findings

The Appropriation account had total expenditure of $3 981 104 761 while the Sub-Paymaster General's (Sub-PMG) Account disclosed total payments of $3 110 928 407 resulting in an unreconciled variance of $870 176 354. I could therefore not validate whether the expenditure in the Appropriation Account was accurate.

The year-end reconciliation also showed total releases of $3 564 469 001 while the Public Financial Management System had a total of $3 383 562 786, giving a variance of $183 906 215.

Also there was no evidence that the Ministry prepared reconciliations of the Sub-PMG during the year under review. This was in violation of Section 61 of the Public Finance Management (Treasury Instructions), 2019.

Risk/Implication

Failure to perform monthly bank reconciliations might result in fraudulent transactions and errors going through the account undetected.

Recommendations

There is need to investigate the cause of the variance and take corrective action.

The Ministry is advised to carry out monthly Sub-PMG reconciliations so that any possible misstatements or errors are detected and corrected timeously.

Management Response

Year-end reconciliations are available. However monthly reconciliations were not done due to staff shortages as a result of staff scale down in compliance with COVID-19 restrictions.

Evaluation of Management Response

The year-end reconciliations were availed and verified. However, monthly reconciliations are an essential control activity that should have been done throughout the year by staff reporting for duty.

1.2 Acquittal of Capital Grants

Finding

The Ministry did not avail acquittals for Capital grants meant for the Public Sector Investment Programme amounting to $6 000 000 which were disbursed to Universities during the financial year under review. I could not confirm whether the funds were transparently expended in pursuit of the intended purposes.

Risk/Implication

The Capital Grants may not have been properly accounted for in the absence of acquittals showing usage.

Recommendations

The Ministry should ensure that the Capital Grants are acquitted to promote transparency and accountability.

Measures to be taken against institutions that default acquitting should be put in place.

Management Response

The acquittals are now available for audit inspection.

Evaluation of Management Response

The original amount not acquitted was $27 000 000 and of that, $21 000 000 was acquitted leaving a balance of $6 000 000.

1.3 Classification of expenditure

Finding

Expenditure amounting to $4 461 164 was processed from ledgers not provided for that nature of expenditure. Section 54 (1) of the Public Finance Management (Treasury Instructions), 2019 requires that all expenditure on voted services shall be classified under the appropriate sub heads and items as shown in the estimates and as directed by Treasury. I raised a similar issue in my report for the financial year ended December 31, 2019.

Risk/Implication

The accounting records may have inaccurate information which could be misleading to decision makers.

Recommendation

The Ministry should ensure that all expenditure is processed in the appropriate ledgers.

Management Response

The Ministry will take all the necessary steps in order to avoid misallocations when transferring funds.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Travel and Subsistence Advances

Findings

Unexpended Foreign Travel and Subsistence allowances amounting to US$17 406 dating back to the year ended December 31, 2019 were not repaid to the Consolidated Revenue Fund. In addition, local travel and subsistence allowances amounting to $4 571 911 issued during the year were not acquitted at the time of concluding the audit on October 20, 2021. There was no evidence to suggest that follow ups were done to have the repayments or acquittals done timeously.

This was in violation of Section 65 (15) and (19) of the Public Finance Management (Treasury Instructions), 2019. These sections require that travelling and subsistence advances be acquitted within thirty (30) working days of the completion of travel and any advance not fully expended shall be repaid within the same period.

Risks/Implications

Outstanding Travel and Subsistence Advances may not be recovered.

The Ministry may be advancing soft loans to staff.

Recommendations

The Ministry should ensure that Travel and Subsistence Advances are acquitted within thirty (30) days upon Officers' return to their work stations. Follow ups should be done so as to engage the staff members concerned and recover the unexpended advances.

Deductions should be effected on individuals' salaries for those in service.

Management Response

Deductions for all the outstanding foreign allowances were effected with the Salaries Services Bureau (SSB). Local travel and subsistence allowances were acquitted.

Evaluation of Management Response

No evidence was provided to confirm that deductions were effected with SSB. Local travel and subsistence allowances were partly acquitted. An amount of $2 645 373 remained outstanding.

3. MANAGEMENT OF ASSETS

3.1 Master Asset Records

Finding

Non-Financial Assets acquired during the year amounting to $14 622 852 were not recorded in the Master Assets Register. This was contrary to the provisions of Section 100 (4) of the Public Finance Management (Treasury Instructions), 2019 which provides that Accounting Officers shall ensure appropriate and up to date records for both fixed assets and inventories are kept at Head Office and within Departments.

Risk/Implication

Public assets may not be properly accounted for and could be lost without trace.

Recommendation

The Ministry should ensure that all acquired assets are recorded in the Master Assets Register to ensure proper accountability.

Management Response

Management is still to respond.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing prior year audit findings. Out of a total of nine (9) issues raised, five (5) were addressed, two (2) were partially addressed and two (2) were not addressed as indicated below:

4.1 Employment Costs

The issue was addressed as wages and salaries were not overstated and monthly wage bill reconciliations were done for both the 2019 and 2020 financial years.

4.2 Irregular Expenditure through diversion of Capital transfers

There was a partial implementation of my recommendations on the issue. The motor vehicle which was acquired using Capital Grants earmarked for the Zimbabwe Council for Higher Education (ZIMCHE) was transferred to the Council.

4.3 Unvouched Expenditure

There was no improvement during the financial year under review since there was recurrence of the issue.

4.4 Variances between confirmations and transfers to Universities

The issue was addressed as there were no variances between confirmations and the amounts which were captured in the Appropriation Account.

4.5 Misclassification of Expenditure

There was no improvement in the area since there was recurrence of misallocation of expenditure during the financial year under review.

4.6 Planning and Monitoring Documents

The issue was partially implemented as Performance Reports were availed for audit examination.

4.7 Combined Suspense and Revenue Balances

The issue was cleared during the financial year under review since the Ministry managed to separate revenue and suspense returns.

4.8 Processing of Payment Vouchers

The issue was cleared as payment vouchers had evidence of authorisations.

4.9 Non-compliance with Procurement Regulations

The Ministry took corrective action as there were no cases of service of vehicles with service providers without service contracts.

INDUSTRIAL TRAINING AND TRADE TESTING FUND 2018

Objective of the Fund

The objective of the Fund is to collect and administer fees to finance the development and maintenance of services, programmes and related activities for the Industrial Training and Trade Testing Department to improve efficiency and service delivery.

Qualified Opinion

I have audited the financial statements of the Industrial Training and Trade Testing Fund for the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development. The financial statements comprise the statement of financial position as at December 31, 2018, statement of comprehensive Income, statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year:

Statement of Comprehensive Income

Item	**Amount $**
Income	1 413 644
Expenditure	1 721 527
Deficit	**($307 883)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Assets	360 756	
Current Assets	281 645	
Suspense Account	6 647	
Accumulated Fund		616 445
Current Liabilities		32 603
Total	**$649 048**	**$649 048**

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Industrial Training and Trade Testing Department Fund as at December 31, 2018, its financial performance and its cash flows for the year then ended.

Basis for Qualified Opinion

(i) Classification of Financial Transactions

Findings

There were differences in the classification of accounting items in the financial statements presented by regional offices. The classification and ledger account description of goods and services, revenue and other revenue differed from one regional office to another. The absence of the Accounting Officer’s procedures manual and a standard chart of accounts made it difficult for regional offices to produce uniform financial statements. Therefore, accurate consolidated financial statements could not be produced.

The financial statements also included a suspense account balance of $6 646 and an imbalance of $472 in the Trade Payables Ledger disclosed as balancing figures at year end.

Risk/Implication

The consolidated financial statements may be materially misstated rendering them unreliable.

Recommendations

There is need to implement the government chart of accounts as required by section 12 of the Public Finance Management Act (Treasury Instructions), 2019, which requires all Government Ministries, Agencies, statutory and other funds to adopt the International Monetary Fund Government Finance Statistics (GFS) Chart of Accounts.

An Accounting Officer's procedures manual should be developed and implemented to provide guidance on accounting and preparation of financial statements.

The Ministry should develop detailed templates guiding the preparation of statement of financial position, statement of comprehensive income, statement of cash-flow and notes to the financial statements so that there is uniformity and consistency in reporting by regional offices.

The suspense amount and imbalance should be investigated and corrective action taken.

Management Response

The Ministry has forwarded the Government chart of accounts to all Colleges including Industrial Training and Trade Testing Department (ITTTD) Regional Centres to enable the consultants to adjust the system's line items accordingly. The draft Accounting Officer's Manual is still on hold pending a clear decision by Treasury on the possible transfer of all Statutory Funds to the Consolidated Revenue Fund and ride on SAP (System Application Products).

The observation on suspense amount is noted. Investigations will be undertaken to clear the amount.

(ii) Unvouched Expenditure

Findings

Payment vouchers worth $310 202 did not have supporting documents such as invoices, receipts, delivery and goods received notes. Therefore, the nature of expenditure incurred and whether it was a proper charge to public financial resources could not be validated.

Section 59 (2c) of the Public Finance Management (Treasury Instructions), 2019 states that; "On no account shall a payment be made on the basis of a quotation only. The supplier shall be requested to submit an original invoice for the amount claimed and this shall be attached to the voucher".

Risk/Implication

Fraudulent expenditure may be processed.

Recommendation

The Ministry should avail all adequately supported payment vouchers for audit examination.

Management Response

The receipts, delivery and goods received notes will be availed. In future, copies will be attached to payment vouchers.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Constitution of the Fund

Finding

Records availed indicate that in 2010 and 2013 the Ministry wrote to the Accountant-General requesting for a new Constitution for the Industrial Training and Trade Testing Fund. The said Constitution was to change the name of the Fund from Skilled Manpower, Trade Testing and Certification Fund to the current name. The Fund has since assumed the name; however, no evidence was produced authorizing the change of name.

Section 18(4) of the Public Finance Management Act [*Chapter 22:19*] provides that a copy of any replaced or amended Constitution should be laid before the House of Assembly on one of the ten days on which the House of Assembly sits next after that constitution was replaced. In the absence of the supporting documents to the changes, the provisions of the PFM Act seem not to have been complied with.

Risk/Implication

There is risk that the operations of the Industrial Training and Trade Testing Fund may be illegal.

Recommendation

The Ministry should make every effort to regularize the operations of the Fund by ensuring that the Fund has an approved Constitution.

Management Response

Management is still to respond.

1.2 Redemption of Debentures

Finding

Redemption of debentures worth $34 110 was reported as other income in the Statement of Comprehensive Income when it should have been reported as receipt from investments. This resulted in overstatement of other income.

Risk/Implication

The financial statements are misstated.

Recommendation

The Ministry should treat like items similarly.

Management Response

The observation is noted. The error will be corrected by way of prior year adjustments in the financial statements for the financial year ended December 31, 2019. The Ministry is going to engage its staff and advise them on how to account for investments in the financial statements in future, in addition to attending to various notable challenges on our routine visits to regional offices.

1.3 Installation of Pastel Accounting Software

Findings

I noted that the Bulawayo Regional Office acquired a Pastel Software Package in 2017. However, a Service Level Agreement (SLA) availed for audit examination was defective as it was not signed, not dated, had no timeframes for progress on implementation of the project and minimum performance targets were not stated.

Furthermore, I observed that Masvingo regional office acquired a Pastel Evolution accounting software amounting to $7 351 in 2017. The software was meant for the recording of financial transactions and the generation of financial statements for the Fund. At the time of my audit in February 2020, the Pastel Evolution accounting software was still not in use despite payment of license fees as the server acquired was said to be not compatible with the Pastel Evolution system.

Risks/Implications

The arrangement between Bulawayo regional office and the service provider makes it difficult to enforce the contract and seek remedial action in case of breach of terms of the contract, in the absence of a binding contractual agreement.

The delayed installation of Pastel Evolution accounting package deprived the Masvingo regional office of the anticipated benefits as the software was lying idle after more than two years from date of purchase. There was fruitless and wasteful expenditure.

Recommendations

The Ministry's Legal Department should assist in developing of a Service Level Agreement that ensures that all parties to the contract are accountable.

The Ministry should ensure that Masvingo regional office expedites the installation of Pastel Evolution accounting package for easy management of accounting records and production of financial statements.

Management Response

Advice will be sought from the Ministry's Legal Department on how to craft the Service Level Agreement.

Financial constraints crippled the Masvingo regional office's implementation of the Pastel Accounting package. However, the Office recently received some funds for the project to start. The consultant has since been engaged.

The server initially acquired by Masvingo regional office was not compatible with the Pastel Evolution system. A new server was acquired and set up in 2020 and is currently in use.

1.4 Statement of Cash Flows

Findings

The Treasury circular on preparation of year end returns requires the use of the indirect method in preparation of the statement of cash flows. Contrary to this provision, the consolidated statement of cash flows submitted for audit was prepared using the direct method. Furthermore, statements of cash flows prepared by some Industrial Training and Trade Testing Fund regional offices were prepared using either the direct or indirect method and / or a mixture of both methods. This made it difficult to verify the accuracy of the consolidated statement of cash flows which had a net cash decrease of $171 526. Notes to the statement of cash flows were also not provided.

Risk/Implication

The consolidated statement of cash flows may be materially misstated and less useful in assessing effectiveness of cash management.

Recommendation

It is recommended that the Ministry trains its staff in using the indirect method of preparing the statement of cash flows as recommended by Treasury.

Management Response

The observation is noted. The Ministry directed all regional offices to prepare the statements of cash flows using the direct method as agreed at a workshop of accountants held in Kariba at the beginning of year 2020.

Evaluation of Management Response

The Ministry did not provide justification for training its accountants on the direct method of statement of cash flows instead of the indirect method stated in the Treasury Circular on the preparation of year-end returns.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Donations

Finding

The Fund's Head Office received cash donations amounting to $34 500 during the year under review. However, Treasury authority to accept the donations was not sought contrary to provisions of Treasury Instruction 1103. It was stated that the donations were meant to cover expenses for an urgent meeting for senior officials which had been arranged at short notice. The following table shows the donations received.

Donations received without Treasury concurrence

Date	Receipt Number	Details	Name	Amount $
05/03/2018	001063	Donation	Liquid Telecommunication	11 000
08/01/2018	000405	Donation	CBZ	3 500
08/01/2018	000404	Donation	IDBZ	5 000
16/01/2018	341621	Donation	ZB Bank	15 000
Total				**$34 500**

Risk/Implication

Donations may not be accounted for properly exposing them to risk of being converted to personal use or benefit.

Recommendation

The Ministry should approach Treasury to regularise the donations.

Management Response

The observation is noted. Corrective action will be done in future.

3 MANAGEMENT OF ASSETS

3.1 Property, Plant and Equipment

Findings

Property, Plant and Equipment in the consolidated financial statements was understated by a total amount of $17 995 contrary to good accounting practice. Computer equipment worth $9 995 for Masvingo regional office was expensed at purchase instead of being capitalized. This also resulted in the overstatement of operational expenses by the same amount.

Risks/Implications

Users of financial statements may make wrong decisions based on inaccurate financial statements and the net worth of the Fund may not be fairly stated.

The recognition of capital expenditure as operational expenses resulted in an overstatement of expenditure and understatement of assets.

Recommendations

The understatements should be investigated and corrective action taken.

The incorrect accounting treatment of PPE should be corrected.

Management Response

Corrective measures will be taken.

Evaluation of Management Response

The Ministry did not make adjustments to the financial statements to correct the understatement of Property, Plant and Equipment.

3.2 Management of Motor Vehicles

Findings

The Fund acquired a motor vehicle, a Toyota Landcruiser, registration number ADX 6387 on September 9, 2015 at a total cost of $100 449. I was unable to verify the existence and ownership of the motor vehicle as it was not availed for my inspection. The motor vehicle was shown in the Fund's assets records.

A Toyota Hilux 310 D4D, registration number ADY 7351 was acquired on January 8, 2016 at a cost of $39 641 and was allocated to a senior official in the Ministry although it was a pool vehicle. The senior official eventually transferred to the Zimbabwe Manpower Development Fund and moved with the vehicle. At the time of concluding my audit the vehicle was still in the custody of the senior official and in the Fund's records. I was not provided with any evidence as to whether the vehicle had been converted to a personal issue or condition of service vehicle.

The Ministry did not convene a board of Inquiry for an accident damaged vehicle, registration number ADY 7352. This was in contravention of Section 12 (1) of the Public Finance Management Act [*Chapter 22*:*19*] states that;" If it comes to the notice of an accounting officer that there is any deficiency in, or destruction of or damage to, State property, he or she shall cause an investigation to be held into the circumstances of such deficiency, destruction or damage, as the case may be ". The vehicle was involved in an accident on May 01, 2016. On physical inspection I noted that the vehicle which is at Harare Polytechnic, was a non-runner and a complete write-off. It had been bought for $39 642 and was still in the Fund's records in the absence of recommendations from a board of inquiry.

Although the above-mentioned vehicles were not used to meet the objectives of the Fund, their depreciation amounts were charged to the Fund thereby overstating depreciation charge for the period under review.

Risks/Implications

Service delivery in respect of the operations of the Fund may be compromised.

Audit trail and facts of the cases may be compromised if boards of inquiry take long to be convened and finalized.

Financial statements may not be fairly stated and users may make wrong decisions based on inaccurate financial statements.

Recommendations

The Ministry should institute an investigation to determine the circumstances surrounding the motor vehicle with registration number ADX 6387 and corrective action taken so that it is properly accounted for.

The Ministry should recover the motor vehicle, registration number ADY 7351, in the absence of authority indicating that the motor vehicle had been converted to a condition of service vehicle.

Boards of inquiry should be held timeously in line with the provisions of Section 12 (1) of the Public Finance Management Act [*Chapter 22:19*] so that appropriate action can be taken.

Management Response

The vehicle, a Toyota Landcruiser, registration number ADX 6387 was withdrawn from a former Minister and allocated to another serving Minister as highlighted in minute reference DM/Im/23/03/18 dated 23 March 2018 from CMED.

The vehicle, a Toyota Hilux 310 D4D, ADY 7351 was issued to a senior official for personal use with effect from 31 December 2017 according to the Public Service Commission (PSC) minute reference CHO 1130 minute dated 26 June 2018.

A committee was set up to look into the accident of motor vehicle ADY 7352 and is still to meet and conduct the inquiry.

Evaluation of Management Response

Vehicles ADX 6387 and ADY 7351 were still in the Fund's asset records although management response indicate that the vehicles are no longer with the Ministry.

3.3 Recording of Assets

Finding

The Fund acquired assets amounting to $47 222 and these were not recorded in the Ministry's Master Assets Register. Section 100(1) of the Public Finance Management (Treasury Instructions), 2019 states that Accounting Officers shall ensure appropriate and up to date records for both fixed assets and inventories are kept at Head Office and within Departments. Master asset registers shall be maintained at Head Office and departmental asset registers at departmental level".

Risk/Implication

Public assets may not be properly accounted for.

Recommendation

The Ministry's Master Assets Register should be updated with the assets which were not recorded.

Management Response

The observation is noted. All mentioned assets shall be recorded in the Master Asset Register. The department will also be advised to update all new assets in the Ministry's Master Asset Register.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make any progress in addressing three (3) audit findings made in my previous report as indicated below:

4.1 Practical and Theory Trade Tests Revenue

The overstatement of revenue relating to Practical and Theory Trade Tests by $18 721 was not reversed.

4.2 Other Income

The figure of $36 003 reported as Other Income which included refunds to students, change from payment vouchers and travel and subsistence acquittals, had not been adjusted as this had an effect of overstating income.

4.3 Expenditure Validation

The format for ledgers had not yet been changed to show detailed information in respect of each financial transaction.

VOTE 17.- WOMEN AFFAIRS, COMMUNITY, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The mandate of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development is to promote women empowerment, gender equality and equity, community and cooperative development as well as promote small and medium enterprises development.

Opinion

I have audited the financial statements of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$503 820 000	$143 605 853	$647 425 853	$570 663 046	$76 762 807

In my opinion, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of Women Affairs, Community, Small and Medium Enterprise Development for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 MANAGEMENT OF ASSETS

1.1 Motor Vehicles

Finding

My examination of the asset register indicated that 42 motor vehicles belonging to the Ministry were unserviceable out of a total fleet of 79 motor vehicle. This represents 53.2% of Ministry’s motor vehicle fleet. This is contrary to the provisions of Section 106 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to dispose public assets that are unserviceable, obsolete or surplus in accordance with the provisions of the Public Procurement and Disposal of Public Assets Act.

Risk/Implication

Motor vehicles may be cannibalised or misappropriated.

Recommendation

The Ministry should dispose all non-running motor vehicles in compliance with standing regulations.

Management Response

The observation is noted. The Ministry has about ten vehicles sent to garages for repairs and waiting for funds to pay the service providers. Some garages were taking too long to source for spare parts for the vehicles.

The Ministry is currently working with CMED on evaluation of vehicles to be disposed of.

1.2 Losses of and Damage to State Property

Finding

The return submitted for audit inspection indicated that one (1) laptop 5CD02KR9 was stolen and another one (1) 5CD302LFJ was damaged during the year under review. However, there was no evidence that Boards of Inquiry (BOI) were held in respect of these incidences. This was in violation of Section 12 (1-3) of the Public Finance Management Act [*Chapter 22:19*] which requires Boards of Inquiry (BOI) to be carried out to determine circumstances under which assets were damaged and recommend corrective measures to prevent the recurrence of the same.

Risk/Implication

If boards of inquiry are not convened the Ministry's responsibility for loss and damaged would not be determined.

Recommendations

The Ministry should ensure that all the relevant documentation like police reports are available so that Boards of Inquiry are done for proper accountability of State Property.

Necessary recoveries should be made if any party is found to be responsible for the loss.

Management Response

The Accounting Officer gave the approval to convene a board of inquiry on May 5, 2021 for the HP Pro Book Laptop serial number 5CD02KR9. A committee comprised of 4 members is in place. However, delays to hold the board were a result of the unavailability of police report and Covid-19 restrictions.

The board of inquiry is provisionally scheduled for the first week of November 2021.

Evaluation of Management Response

The Ministry did not respond to the audit finding on the HP Pro book laptop 5CD302LFJ which was damaged.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing audit findings raised in my previous audit report. Out of the two (2) findings, one was fully addressed while the other one was partly addressed as indicated below:

2. 1. Variances in Salary Bills

The reconciliation for the variance of $1 355 606 had been done, only a balance of $90 360 remained.

2.2 Direct Payments

The receipt for direct payment made to Telone for $198 363 was submitted for audit.

VOTE 18.- HOME AFFAIRS AND CULTURAL HERITAGE

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry is responsible for promoting a secure and conducive environment through maintenance of law and order, migration management, timely registration and issuance of secure identification documents, regulation of gaming board and entertainment activities and provision of forensic science services.

Qualified Opinion

I have audited the financial statements for the Ministry of Home Affairs and Cultural Heritage for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Revenue and Finance statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total	Expenditure	Net Under spending
$2 397 160 000	$7 452 892 263	$9 850 052 263	$8 317 292 840	$1 532 759 423

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the Appropriation Account, Finance and Revenue statements and supporting returns, fairly present the state of affairs of the Ministry of Home Affairs and Cultural Heritage as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Compensation of Employees

Finding

The Ministry reported compensation of employees costs amounting to $6 903 827 001 while the bills from the Salary Service Bureau had $6 161 614 785, giving a variance of $742 212 216. The Ministry did not reconcile the two figures as required by the Ministry of Finance minute reference B/1/88 dated June 5, 2018 which called upon all line Ministries to perform monthly reconciliations. I therefore could not authenticate the actual compensation of employees costs for the year and whether the variance was payment to bona fide employees of the Ministry.

Risks/Implications

The Appropriation Account may be misstated and overpayments may not be detected if reconciliations are not done monthly. Also, ghost workers may be paid in the process.

Recommendation

The Ministry should liaise with SSB and reconcile the compensation of employees cost figures.

Management Response

Total bills received from SSB for Police Services for the year ended December 2020 amounted to $6 578 517 540 (not $5 911 231 653) and these figures are reflected in the wages file submitted for audit. The reported employment costs for the Police Service was $6 592 062 829 as per PFMS print out giving a variance of $13 435 289. The variance arose from the following transactions:

No.	Description	Amount $
1	Payment of 2019 Foreign students arrears bills	13 341 828
2	Foreign exchange differences & other adjustments	227 770
3	Omitted entry (payment voucher 1900035909)	(24 308)
	Total	$13 545 290

Evaluation of Management Response

The part reconciliation is appreciated, however the reconciliation should be done at Ministry level rather than at program level so that a clear picture of what transpired during the year can be seen. I make reference to the Ministry of Finance minute reference B/1/88 dated June 5, 2018 which called upon all line Ministries to perform monthly reconciliations.

(ii) Inadequately Supported Payments

Findings

The Ministry of Finance and Economic Development made direct payments to both domestic and foreign service providers on behalf of the Ministry of Home Affairs and Cultural Heritage amounting to $376 019 364. The payments were not supported by vouchers and receipts as confirmation that the service providers or suppliers provided the services and received the money.

Furthermore, the direct payments made on behalf of the Ministry of Home Affairs were left as open items in the Public Financial Management System (PFMS). When items are left open in the system then figures can be changed at any time by someone with a profile that can adjust system figures and the transactions would not be complete for the expenditure to be fully captured.

Risks/Implications

Failure to obtain the receipts from service providers may result in double payments.

Expenditure items may be fraudulently adjusted if left open indefinitely and the completeness will be compromised.

Recommendations

The Ministry should obtain all receipts for the direct payments made by the Ministry of Finance on its behalf.

The Ministry should ensure that no item of expenditure is left open in the system as this may increase data integrity vulnerabilities.

Management Response

The Ministry is in the process of obtaining all telegraphic transfer confirmations from Treasury and once these are obtained, suppliers will be contacted to provide the receipts.

(iii) Accounting for Farming Activities

Finding

The Police Service is operating sixteen farms throughout the country with a total hectarage of 11 906. The farms were allocated by Government to the Minister of Home Affairs and Cultural Heritage. For the second year in succession, I have to report that the Ministry did not produce financial records showing how the Police Service farming activities were being accounted for. I was therefore not able to validate whether all expenditure incurred and revenue generated had been properly accounted for and reported at the end of the year.

Risk/Implication

State property and activities may not be fully accounted for if systems are not in place to ensure transparency and effective reporting.

Recommendation

The farms and properties under the Police Service should be disclosed in the assets registers of the Ministry and activities and proceeds properly reported in line with the Public Finance Management Act [*Chapter 22:19*] and other laws and regulations.

Management Response

The sixteen farms are Police Service Funds amenities operating under the ZRP Board of Trustees. Operations of the farms are guided by Police Standing Orders Volume One and periodic Circulars. They are managed by the respective Provincial Commanders where they are located. Financial Statements are reviewed by the Police Internal Audit before submission to the Police General Headquarters. Due to COVID-19 pandemic, the Police Internal Auditors managed to visit five farms whose financial statements for the period under review were submitted to the external auditor. Visits to the remaining provinces were in progress.

Evaluation of Management Response

There is need to re-look at the operations to ensure that Corporate Governance issues are addressed as well as full accountability.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Departmental Assets

Findings

The Ministry's assets were not captured in Public Financial Management System (PFMS). Section 100 (1) of the Public Finance Management (Treasury Instructions), 2019, requires

Accounting Officers to ensure that all public assets under their control received from whatever source are recorded promptly and accurately in the appropriate manual registers. The assets should also be captured immediately in the PFMS.

Furthermore, I noted that the assets bought by the Ministry were not tagged with unique codes for ease of identification. This is contrary to Section 100 (6) of the Public Finance Management (Treasury Instructions), 2019, which requires Accounting Officers to ensure that all Government assets are clearly and visibly marked with a mark of Government identification.

The above anomalies may be attributed to non-enforcement of internal controls and guidelines.

Risks/Implications

Failure to maintain a separate non-current asset register compromises the accountability of non-current assets as they may be exposed to abuse or misappropriation.

In case of theft, it will be difficult to identify the assets of the Ministry.

Recommendations

Management should ensure that all assets are captured in the PFMS in compliance with Section 100 (1) of the Public Finance Management (Treasury Instructions), 2019, requirements to ensure completeness and recordings.

All Ministry assets should be tagged or coded and have the asset numbers captured in the asset register for ease of identification.

Management Response

The observation is noted. The assets are yet to be captured in the PFMS. The Ministry has contacted the Ministry of Finance and Economic Development to get appropriate training to staff on the PFM system.

The Ministry contacted the Ministry of Finance to get the new coding system. The coding of assets will commence as soon as the new coding system is received.

1.2 Construction of District Registry Offices

Finding

The Department did not complete the construction of 2 District Registry Offices during the period under review. This was despite the release of $3 500 000 for Hwedza and Murehwa for the construction and completion of the projects. The Ministry indicated that further releases to enable the Ministry to complete the project were received in December and no meaningful progress could be done. As at December 31, 2020 Hwedza was 55% complete while Murehwa was 95% complete however work has been suspended due to lack of resources.

Risk/Implication

The partially completed work might be disturbed by the vagaries of weather if left uncompleted for too long.

Recommendation

The Department should prioritise work that has already commenced and complete it before embarking on new projects.

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Management Response

The Department did not manage to complete the construction of the projects due to inadequate releases of funds by Treasury. The two projects needed $22 000 000 but only $3 500 000 was released. The two district offices were due for completion in 2021.

1.3 Non-submission of Annual Report to Parliament by the Police Service Commission

For the second year running, I have to report that the Police Service Commission did not submit its annual report to the Minister of Home Affairs and Cultural Heritage for tabling in Parliament. This was a violation of section 58 of the Police Act [*Chapter 11:10*]. The matters dealt with by the Commission during the year ended December 31, 2019 and 2020 were thus not presented to the Minister and Parliament for scrutiny. There was no evidence from the documents availed for audit that the Commission was reminded by the Ministry to submit the report to Parliament for scrutiny.

Risk/Implication

Evaluation on the performance of the Commission might be difficult to ascertain in the absence of the annual report.

Recommendation

The Accounting Officer should facilitate the compilation and submission by the Police Service Commission of the annual report to the Minister of Home Affairs and Cultural Heritage and to Parliament for scrutiny.

Management Response

The Police Service Commission discharges its mandate as provided for by the law independently from the Ministry. Therefore, the submission of the Annual Report by the Police Service Commission to the Minister of Home Affairs and Cultural Heritage and its subsequent tabling in Parliament is beyond the scope of the Ministry.

Evaluation of Management Response

The Minister of Home Affairs and Cultural Heritage is the administrator of the Police Act wherein the need to submit the stated Annual report is mentioned. There is need for the Accounting Officer to liaise with the Secretary to the Commission so that the report is presented to the Minister for tabling in Parliament.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make any progress in implementing recommendations made in my previous report. All the four (4) findings had not been addressed as indicated below:

2.1 Non-Submission of Statutory Returns

The audit recommendation was not implemented as the Results Based Management Documents for the Ministry were not submitted for audit.

2.2 Revenue Received

The issue of Plumtree Border Post Immigration Control failing to access bank statements for monies deposited amounting to $115 584 and providing breakdown of the difference of $2 883 804 between the collections and payments to exchequer remained unresolved.

2.3 Accounting for Farming Activities

The Police Service had not yet produced all financial records showing how the farming activities from the sixteen farms throughout the country with a total hectarage of 11 906 were being accounted for.

2.4 Outstanding Revenue

The Ministry's outstanding revenue amounting to $1 187 029 remained outstanding and there was no evidence that the Ministry had engaged the Civil Division of the Attorney General's Office to enable recovery.

REGISTRAR GENERAL RETENTION FUND 2019

Objective of the Fund

The Fund was established to facilitate the provision of funds to the Registrar General

Adverse Opinion

I have audited the financial statements of the Registrar General Retention Fund. These financial statements comprise the statement of financial position as at December 31, 2019, statement of comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	Amount $
Income	77 495 398
Expenditure	29 771 277
Surplus	**$47 724 121**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current Assets	19 399 627	-
Current	37 297 773	-
Accumulated Fund	-	56 697 400
Total	**$56 697 400**	**$56 697 400**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Registrar General Retention Fund as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Adverse Opinion

(i) Ledgers

Findings

There were no ledgers to support total income of $77 495 398 which was reported in the financial statements. Furthermore, expenditure amounting to $3 173 158 was not posted in the Public Financial Management System. I was, therefore, not able to verify the accuracy of these figures or their source. Section 36(5) of the Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to ensure that all proposed expenditure for their Ministries is in line with the budget and all transactions are captured on the PFMS.

The Department received applications for refunds of Passport fees amounting to $4 243, however nothing was refunded due to the absence of the ledger specifically designed for that purpose in the system.

Risks/Implications

Financial statements may be misstated.

There may be overstatement of income if there are no ledgers to support origin of figures and when some expenditure recordings are not complete.

Recommendations

Management should make sure that ledgers are maintained to ensure completeness of records and timeous processing of refunds to restore public confidence and enable recipients to use the money before it loses value.

Management Response

The observation is noted. There are no ledgers to support our income of $77 495 398 because our revenue is recorded manually. This figure was obtained from monthly revenue returns. However, efforts to record our revenue on SAP system are under way.

Expenditure amounting to $3 173 158 was incurred before implementation of the PFMS. However, the expenditure was posted as a bulk figure per line item.

Refunds of revenue amounting to $4 243 could not be processed because our revenue is not on the PFM system. The refunds will be processed as soon as the process is automated.

(ii) Valuation of Assets

Finding

For the fourth year in succession, I could not validate the figure for depreciation amounting to $332 436 for motor vehicles and $3 246 994 for office furniture, disclosed in the financial statements. This was due to absence of ledger accounts to support the depreciation amounts. In addition, the depreciation rate of 20% for motor vehicles when applied to the cost submitted in the financial statements, did not agree with the value of $332 436 which was disclosed.

Risk/Implication

The account balances in the financial statements could be misstated.

Recommendation

Figures disclosed in the financial statements should be supported by documentation and where necessary by notes to financial statements.

Management Response

The observation is acknowledged. There are no ledgers to support the amount of depreciation for motor vehicles and office furniture amounting to $332 436 and $3 246 994 respectively. This is because our assets are not on SAP system, efforts to introduce our assets on SAP are being made.

1. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The fund is still to address audit findings raised in the previous audit report. As indicated below.

1.1 Computerisation of Revenue Collection

The Department had not yet fully computerised the revenue collection system.

1.2 Prior Year Adjustment

Prior year adjustment amounting to $485 642 in the financial statements could not be adequately explained.

1.3 Unexplained Loss on Disposal of Motor Vehicles

There is still no explanation for the loss on disposal of motor vehicles disclosed in the financial statements amounting to $121 318.

ZIMBABWE REPUBLIC POLICE RETENTION FUND 2019

Objective of the Fund

The Fund was established to facilitate the provision of funds to the Zimbabwe Republic Police for the effective and efficient execution of the organization`s constitutional mandate.

Opinion

I have audited the financial statements of the Zimbabwe Republic Police Retention Fund for the Ministry of Home Affairs and Cultural Heritage. These financial statements comprise the statement of financial position as at December 31, 2019, statement of profit or loss and other comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	Amount $
Income	7 092 722
Expenditure	10 329 405
Deficit	**($3 236 683)**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current Accumulated Fund	10 310 962	3 997 199 8 186 688
Current Assets	1 872 925	-
Total	**$12 183 887**	**$12 183 887**

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Fund as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Master Assets Register

Finding

A Computerised Master Assets Register was not maintained during the year. I could not therefore verify whether reconciliations between the Manual Master Asset Register, the Ledger and the PFM system Master Assets Register was being done regularly. This is contrary to Treasury Instruction (TI) 100 (1) and (5) which stipulate among other things that Accounting Officers should ensure that all public assets under their control are recorded promptly and accurately in the appropriate manual registers and captured immediately on the PFM system Master Assets Register.

Risks/Implications

Assets may not be properly accounted for if accurate registers are not maintained.

Room for misappropriation of assets can be created.
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Assets may incorrectly be classified in the Master Assets Register and Ledger.

Recommendation

A delegated official, independent of officials ordering or receiving goods, should ensure that all assets received are recorded timeously in the Manual Master Assets Register, the Ledger, the PFM system Master Assets Register and on Inventory Lists placed in Offices.

Management Response

The PFMS Master Assets Register for the ZRP Retention Fund is currently not in place because of circumstances beyond management control. Following Treasury circular number 9 of 2018 on Government change of policy on retention of funds by Government Institutions, the Fund had challenges in the transformation from Pastel Evolution to PFM System up until September 16, 2020. Due to the cited challenges, it was therefore not practical to maintain a PFMS Master Assets Register.

Evaluation of Management Response

There is still need to maintain the PFMS Master Assets Register to enhance control of Government Assets.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund had made progress in addressing the audit finding made in my previous report as indicated below.

2.1 Depreciation Charges

The Fund had improved as depreciation charges were now tallying with depreciation rates which were being applied.

VOTE 19.- JUSTICE, LEGAL AND PARLIAMENTARY AFFAIRS

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry is responsible for the delivery of justice throughout the country and upholding the Constitution of Zimbabwe, as well as rehabilitation of offenders through maintenance of Legal Services to the state, reviewing and reforming the laws of Zimbabwe, providing legal research and formulation of legal policies.

Qualified Opinion

I have audited the financial statements for the Ministry of Justice, Legal and Parliamentary Affairs for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers/ Warrants	Total Allocated	Expenditure	Net Underspending
$815 799 000	$2 214 170 607	$3 029 969 607	$2 715 397 128	$314 572 479
Constitutional and Statutory Appropriation				
$2 600 000	$3 892 983	$6 492 983	$5 809 362	$683 621

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the Appropriation Account, Finance and Revenue statements and other supporting returns, fairly present the state of affairs of the Ministry of Justice, Legal and Parliamentary Affairs as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Variances on Compensation of Employees Costs

Finding

Salary Services Bureau (SSB) records for compensation of employees costs had a total of $1 401 046 214 whereas the Appropriation Account disclosed a total amount of $1 337 790 875 resulting in an unreconciled variance of $63 255 339. The financial statements may have been understated by the stated variance. No evidence was produced to show that monthly reconciliations were being done to validate SSB payments against Ministry staff records. Treasury Circular B/1/88 dated June 5, 2018 requires Directors of Finance of line Ministries to perform monthly reconciliations of billed amounts by SSB against employment cost expenditure shown in Public Financial Management System ledgers.

Risks/Implications

Salaries may be paid for services not rendered.

The compensation of employees costs reported for the financial year under review may be misstated.

Recommendation

Management should put in place a proper supervision mechanism to ensure that compensation of employees costs billed by SSB are reconciled monthly against the employment cost figures shown in the PFMS ledgers and staff employed.

Management Response

The audit observation is noted. The total variance of $63 255 339 was as a result of omissions in capturing of wage bills for the months of July and December 2020 in the Public Financial Management System. However, the total amount has since been cleared with assistance from SSB. $60 626 234 was for programme 3 and $2 629 105 was for programmes 1, 2 and 4.

Evaluation of Management Response

Compensation of employees costs in the Appropriation Account were not adjusted to include the expenditure which was processed outside the Public Financial Management System.

(ii) Set-offs

Finding

Set-offs amounting to $504 032 were made with service providers against their tax obligations. However, supporting source documents such as goods receipt vouchers, supplier invoices, account statements and reconciliations nor receipts to show that the services paid for were provided, were not availed for audit examination. I was therefore unable to determine whether the paid amounts formed a proper charge to the Ministry.

Risk/Implication

Duplicate payments may be made if obligations are settled without supporting documents.

Recommendation

All set-offs should be supported by source documents to reduce the risk of duplicate payments.

Management Response

Treasury made set-offs without the Ministry's knowledge hence it is difficult for the Ministry to obtain source documents.

Evaluation of Management Response

The Ministry should engage Treasury to obtain the source documents used to process the set-offs.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Inadequately Supported Expenditure

Findings

The Ministry incurred expenditure amounting to $10 202 515 which was not fully supported by invoices/receipts, goods received notes and contract documents. I therefore, could not satisfy myself whether the payments made were a proper charge against public funds. This was contrary to the provisions of Section 59 (2) (c) of the Public Finance Management (Treasury Instructions), 2019 which states that; "On no account shall a payment be made on the basis of a quotation only. The supplier shall be requested to submit an original invoice for the amount claimed and this shall be attached to the voucher".

Risks/Implications

In the absence of adequate supporting documents, payments may be made for services not provided resulting in improper expenditure.

Without adequate supporting documents, the accuracy and validity of expenditure incurred becomes questionable.

Recommendation

The Ministry should ensure that all source documents are attached to relevant vouchers when making payments to suppliers of goods and services to prevent fraudulent payments and to enhance accuracy and validity of expenditure.

Management Response

Supporting vouchers are now available for inspection.

Evaluation of Management Response

The supporting vouchers were not availed when a follow-up was made.

1.2 Unallocated Reserve Transfers

Finding

The Ministry disclosed unallocated reserve transfers from Ministry of Finance and Economic Development of $2 218 283 699. This differed with a balance of $2 214 170 607 in the Unallocated Reserve Register at Treasury resulting in a variance of $4 113 092 that was not reconciled. However, the Ministry could not avail documents to support the additional transfers disclosed. I raised a similar issue in my prior year audit report.

Risks/Implications

The Ministry may improperly increase budget allocations if budget amounts are not validated.

Users of financial statements may make wrong decisions based on inaccurate financial statements.

Recommendation

The Ministry should take action to reconcile the difference in Unallocated Reserve transfers by engaging Treasury.

Management Response

The audit observation and recommendation are agreed upon. The Ministry is investigating the increase of the budget with the Treasury budget section to establish the additional $4 113 092 unallocated reserves in the Public Finance Management System.

Evaluation of Management Response

The Ministry adjusted and re-submitted the Appropriation Account reflecting transfers as per Treasury records. It should however, pursue with Treasury the issue of the additional $4 113 092 to establish its origin.

1.3 Service Level Agreements/Contracts

Finding

The Ministry engaged various service providers without entering into valid contracts or service level agreements during the financial year under review. A total of $32 479 276 was paid for the services which included service and hire of vehicles. Section 81 (1) of the Public Finance Management (Treasury Instructions), 2019 places the responsibility for signing contracts with the Accounting Officers or persons delegated by them in writing.

Risk/Implication

It will be difficult to monitor or enforce performance in the absence of valid service level agreements/contracts.

Recommendation

The Ministry should have valid contracts with its various service providers.

Management Response

The audit observation is noted. Elite Car Hire did not sign our contract hence Ministry terminated the contract and services. CMED was engaged on the basis that it is a quasi-government institution hence no running contracts were entered into. Regularization is being made to normalize contractual obligations.

Evaluation of Management Response

The Ministry did not comment on absence of contracts for services provided by Toyota Zimbabwe, Mwendo Africa, Sazil Investments, Impact Auto, Auto World and Inifitty Hire.

1.4 Non-submission to Parliament of Annual Report by the Prisons and Correctional Service Commission

Finding

As raised in my prior year audit, the Prisons and Correctional Service Commission did not submit its annual report to the Minister of Justice, Legal and Parliamentary Affairs for tabling in Parliament. The matters dealt with by the Commission during the previous year were thus not submitted to the Minister and Parliament for scrutiny in contravention of section 18 of the Prisons Act [*Chapter 7:11*].

Risk/Implication

The matters dealt with by the Commission during the previous year were thus not submitted to the Minister and Parliament for scrutiny.

Recommendation

The Accounting Officer should facilitate the compilation and submission by the Prisons and Correctional Service Commission of the annual report to the Minister of Justice, Legal and Parliamentary Affairs and to Parliament for consideration to facilitate tabling.

Management Response

The audit observation is noted. The Ministry has engaged the Prisons and Correctional Service Commission to compile and submit their annual report to the Minister and shall be availed for your inspection when ready.

1.5 Alignment of the Prisons Act to the Zimbabwe Constitution Amendment (No. 20) Act 2013

Finding

The Prisons Act [*Chapter 7:11*] was not aligned to the Zimbabwe Constitution Amendment (No. 20) Act 2013 six years after the Constitution was promulgated. This was despite the fact that the Ministry's mandate includes the reviewing and reforming the laws of Zimbabwe, providing legal research and formulation of legal policies. I raised this issue in my prior year audit report.

Risk/Implication

The use of outdated or unaligned laws may have a negative impact on the implementation and enforcement of the regulations.

Recommendation

There is a need to align the Prisons Act to the Constitution.

Management Response

The audit observation and recommendation are concurred with. The alignment of the Prisons Act to the Constitution is in progress.

1.6 Gifts, Legacies and Donations

Findings

The Ministry received donations in various forms amounting to $939 097 which were not disclosed in the Gifts, Legacies and Donations return, contrary to the requirements of section 115 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires all donations accepted and received to be disclosed in the financial statements. This resulted in the understatement of Gifts, Legacies and Donations disclosed.

Furthermore, the Ministry did not maintain donations registers contrary to the provisions of section 114 (3) of the Public Finance Management (Treasury Instructions), 2019 which requires such a register to be maintained by the Ministry to facilitate proper accountability for such.

Risks/Implications

Users of financial statements will be misinformed and may make wrong decisions basing on inaccurate financial records.

Failure to record all donations received in the register and return does not promote proper accountability and may result in misappropriation of donations.

Recommendation

All donations received should be recorded in the register opened for that purpose and disclosed in the financial statements to enhance proper accountability.

Management Response

The audit findings and recommendations are concurred with. The Ministry has taken charge of all gifts, legacies and donations by recording these appropriately in registers. The records are available for inspection.

Evaluation of Management Response

A new return including the omitted donations was not submitted and the donations register was not submitted for verification of management response.

1.7 Sub-Exchequer Bank Reconciliation

Finding

The Ministry submitted an incorrect sub-Exchequer bank account reconciliation statement showing a total of $245 561 150 deposited into the bank account. The amount was not reconciled to the Public Financial Management System cashbook balance of $312 558 091. Without the reconciliations, I could not establish the correct amount of revenue received which should have been transferred to the sub-Exchequer account.

Risk / Implication

Failure to prepare reconciliations for the Sub-Exchequer account may result in errors not being detected and corrected and this distorts the revenue figures.

Recommendation

The Ministry should prepare proper reconciliations for the Sub-Exchequer account so that errors can be detected and corrections made timeously.

Management Response

The audit observation is noted. Configuration of Sub-Exchequer Account in PFMS for all the Ministry's Revenue sub-collection centres is underway by the PFMS consultant and in future these observations shall not recur. Reconciliations are in progress with the Consultant's assistance and when completed shall be availed for your inspection.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Revenue Received, Outstanding Revenue and Receipts and Disbursements

Findings

I was not provided with supporting documents for the revenue amounting to $320 831 782 collected from Company Registrations, Trademarks and Patents, Stamp Duty, Refund of Miscellaneous Payments from Votes and Other revenue sources.

The Ministry's investments in Innscor, which declared and paid dividends of $12 258 during the period under review, were not disclosed in the revenue received return.

I could also not rely on the Receipts and disbursements return since it excluded the dividends received from investments mentioned above.

The proceeds from the investments in Pamberi/Qhubekani by the Ministry and the non-disclosure of the profits during the period under review meant that the Ministry's outstanding revenue return was unreliable.

I raised similar issues in my prior year audit report.

Risks/Implications

The users of financial statements may make wrong decisions based on inaccurate information.

Revenue received and outstanding will be understated if the investments are not known.

Dividends may be received by individuals instead of the state.

Recommendations

Adequate supporting documents should be produced for audit examination to enhance transparency and accountability.

There is a need to disclose all the revenue earned and received by the Ministry in the returns.

Please follow up on the issue of the dividend declared and paid but which was not disclosed in the returns submitted for audit as well as checking on proceeds from companies run by the Ministry.

Management Response

The audit observation has been noted. The supporting documents are being collected from the sub-collecting centers and will be availed for your inspection. A dividend of $12 258 was declared by Innscor and accounted for and disclosed in the Fund financial statement for the year ended 31 December 2020. Pamberi Qubekani Investments declared a dividend from grain harvested amounting to $1 427 200 from 44.6 tonnes which was used to feed inmates at Mazowe Prison Farm.

2.2 Public Financial Assets

Findings

In my 2019 report, I raised that the Ministry had some investments in Colcom prior to 2017. Innscor Company acquired 100% shareholding of Colcom Ltd in 2017. The Ministry received 11 048 shares from Innscor for its shareholding in Colcom. The shareholding by the Ministry and the value of the said shares was not disclosed in the Public Financial Assets return. Further, the share certificate for the holding in Innscor was not produced for audit inspection. The Ministry disclosed Colcom shares instead of Innscor shares and their certificates.

Risks/Implications

Shareholding in the company may not be accounted for if share certificates are not available and the shares may be converted to private ownership.

The dividends from the company may not be deposited into the Exchequer nor followed up if there is no proper record of the investment.

Recommendations

The share certificate for the holding in Innscor should be produced for audit examination.

There is need to investigate whether the dividends were paid and how they were accounted for since they are not reflected in the financial statements.

Management Response

The audit observation has been noted. Application for a duplicate certificate has been made and shall be availed for audit inspection. The dividends were paid into the Fund's bank statement and were disclosed in the financial statement submitted for audit examination.

Evaluation of Management Response

Accounting for the dividends in the Fund's financial statements does not replace the requirement to disclose the Ministry's investments in the Public Financial Assets return.

3 MANAGEMENT OF ASSETS

3.1 Motor Vehicles

Findings

The Ministry purchased fourteen (14) Toyota Hillux vehicles valued at $79 990 207 (US$978 632) in December, 2020. The supplier delivered 11 vehicles on February 12, 2021 and the other three (3) vehicles valued at $17 140 759 remained undelivered at the conclusion of the audit. I was not furnished with explanations as to why the vehicles remained undelivered and there was no evidence of follow up with the supplier on the outstanding vehicles.

Furthermore, the contract with the supplier did not indicate clearly the delivery period.

Risk/ Implication

Lack of supply timelines in the contract can be used by the supplier as a shield against possible litigatory action for delaying the supply.

Recommendations

The Ministry should ensure that their legal personnel scrutinize contracts before they are signed.

The Ministry should follow-up on the delivery of the outstanding three vehicles.

Management Response

The audit observation is noted. The Procurement Management Unit has been advised not to enter into contracts before scrutiny by the Legal Advisors in the Ministry to avoid recurrence of such contracts.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing the issues raised during the previous year. Out of the five (5) issues raised, two (2) were partially addressed while three (3) were not addressed as indicated below:

4.1 Agricultural Inputs and Yield for Mazowe Prison Farm

Supporting documents for the agricultural inputs for the 2018/2019 and 2019/2020 agricultural season for Mazowe prison farm which had an area of 890 hectares were not availed for audit examination.

4.2 Variances in Expenditure Balances

The variance between the Appropriation Account and the Public Financial Management System figure of $167 606 was not reconciled.

4.3 Service Delivery

The Prisons and Correctional Service did not send lists for unconvicted prisoners to the High Court during the quarter starting on October 1, 2019 from eight of the ten provinces.

Records produced by the High Court revealed that the list was submitted by Mashonaland Central and Matabeleland North provinces.

The matter was partly addressed as the Ministry submitted a list of prisoners on remand for 6 months and above

4.4 Investments in Agribusiness through Formation of a Private Company

The Ministry formed and registered a Company in May 2007 without informing Treasury and there was no evidence from the records at the Ministry to show that the company ever declared and paid dividends to the Ministry since its formation. The shareholding in Pamberi/Qhubekani Investments whose share capital at its formation was $40 000 was also not disclosed in the Public Financial Assets return.

The issue was still outstanding. The Ministry's Internal Audit carried out a due diligence on the Company and noted that Treasury had still not been informed about the formation of the company.

4.5 Payments to Service Providers

There have been some improvements in the procurement process since the Ministry is now using the Procurement Management Unit to procure its goods and services.

VOTE 20.- INFORMATION, PUBLICITY AND BROADCASTING SERVICES

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry is responsible for the dissemination of information locally and globally to uphold and promote Zimbabwe's founding values, identity and its interests worldwide.

Opinion

I have audited the Financial Statements for the Ministry of Information, Publicity and Broadcasting Services for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$409 799 000	$156 000 000	$565 799 000	$528 391 518	$37 407 482

In my opinion, the Appropriation Account, Finance and Revenue statements, fairly present the state of affairs of the Ministry of Information, Publicity and Broadcasting Services for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit.

1. GOVERNANCE ISSUE

1.1 Sub-Pay Master General Account

Finding

My analysis of the bank statement and the reconciliation statement for the Ministry revealed that the total expenditure reflected in the Sub-PMG was $527 699 794, whilst the Appropriation Account had $528 391 518. The variance of $691 724 was not explained.

Risk / Implication

If there is unexplained variance in the total expenditures, this require investigation and the reported financial statements may be misstated.

Recommendation

The variance should be investigated so that the reported accounts show a true and fair position.

Management Response

Management has noted the audit observation of the variance of $691 723 in the PFMS and the Sub-PMG expenditure accounts. The investigation of the accounts is in progress in order to correct the misstatement. The delay was due to Covid-19 restrictions.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Price Variation on Motor Vehicles Purchase

Finding

According to General Conditions of Contract (GCC) 29.1 of the Contract of Sale signed between the Ministry of Information, Publicity and Broadcasting Services and four vehicle suppliers during 2020, ‘’the price for each vehicle acquired shall be fixed for 60 days from the tender closing date. The price adjustments will only be allowed after 60 days and the increase shall not exceed 20 percent. Any variation contrary to the above that may be as a result of changes in statutory requirements, changes in the macroeconomic environment or a shift in government policies will be agreed to by both parties through an addendum to the contract’’.

I noted that the Ministry paid an amount of $28 334 774 (149%) above the contract value of $19 044 519 for the supply of 12 vehicles. The Ministry paid a further amount of $26 047 176 (82%) above the contract value of $31 573 531 for the supply of other 17 vehicles. Both payments were made on September 25, 2020 after the lapse of 60 days. There was no evidence availed to audit in the form of an addendum to the contract with details to justify the increases in excess of the 20% allowed in the contract. Refer to Table below for further details.

Excess Payments on Purchased Vehicles

Supplier	Tender Closing Date	Vehicles Acquired	Contract Value $	Payment Date	Amount Paid $	20% Price Increase $	Excess Payment $	Excess %
1	15/05/20	12	19 044 519	25/09/20	47 379 293	3 808 904	28 334 774	149
2	15/05/20	17	31 573 531	25/09/20	57 620 707	6 314 706	26 047 176	82
Total		**29**	**$50 618 050**		**$105 000 000**	**$10 123 610**	**$54 381 950**	

Risk / Implication

There is a likelihood of wasteful expenditure or fraud being committed if suppliers are paid amounts more than what is in the contract of sale without an adjustment by way of an addendum.

Recommendations

The Ministry should recover the excess payments and adhere to the contract agreement.

The Ministry should always pay as per the contractual requirements so as to ensure effective use of public funds.

Management Response

The changes in prices of motor vehicles were caused by late release of funds by Treasury, lapse of the 60 days bid validity resulted in price changes, Covid-19 pandemic affected production of motor vehicles, flow of freight and clearing process locally and regionally since lockdowns were effected.

Evaluation of Management Response

While it is appreciated that there was a delay in the release of funds to the suppliers of the motor vehicles, the Ministry did not provide justification for increases above the 20% stated in the contract agreement. Further, there was no addendum for the first supplier while the addendum to the second supplier did not provide details for the price increase.

2.2 Non Delivery of Purchased Vehicles

Finding

According to General Conditions of Contract (GCC) 19.1 of the Contract of Sale entered into between the Ministry and Vehicle Suppliers during 2020, the date for completion of the delivery of vehicles or the period within which the delivery was expected to be done was 4 weeks from the date of issue of the purchase order.

Audit noted that on June 3, 2021, the Ministry had not yet taken delivery of a total of 24 out of 29 vehicles paid for to Solution Motors (7) and Motor City (17) despite that the dates for completion of delivery of vehicle agreed in the Contract of Sale with both suppliers lapsed on October 23, 2020. Refer to Table below for further details.

Non Delivery of the Acquired Vehicles

Supplier	Number of Vehicles Acquired	Date of Issue of Purchase Order	Date for Completion of the delivery of Vehicles	Date Delivery was Taken	Period of Delay to Take Delivery (days)	Number of Delivered Vehicles	Number of Vehicles Delivery Not yet Taken
Solution Motors	12	25/09/20	23/10/20	28/12/20	66	5	7
Motor City	17	25/09/20	23/10/20	-	-		17
Total	**29**					**5**	**24**

Risk / Implication

The vehicle purchased may be concealed if delivery takes too long.

Recommendation

If the suppliers are facing challenges, the Ministry should seek legal recourse for the breach of contract of sale by the suppliers who are not delivering the vehicles so as to avoid further delays.

Management Response

Delivery of motor vehicles was delayed due to some technical challenges faced by the suppliers. Unfortunately, it was beyond the Ministry`s control although negotiation and persuasion approaches were used to have the vehicles delivered. Communication between the Ministry and the suppliers is going on frequently. The

Ministry is finally expecting delivery of some vehicles after the ZIMRA inspection is complete.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry partially addressed the only audit finding raised in the previous report as follows:

3.1 Public Financial Assets – Loan Repayment and Recording

In the previous year, the loan to ZBC amounting to $5 000 000 was not properly recorded and accounted for. The Ministry managed to make corrections to the Public Financial Assets and Revenue returns. However, the Ministry is yet to recover the outstanding loan and interest accrued on the loan.

VOTE 21.- YOUTH, SPORT, ARTS AND RECREATION

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry is mandated to formulate, review and implement policies strategies and programmes to promote the development and empowerment of youth and transformation of sports, arts and recreation sectors into vibrant industries for employment creation.

Opinion

I have audited the financial statements for the Ministry of Youth, Sport, Arts and Recreation for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$323 900 000	$407 625 351	$731 525 351	$629 311 875	$102 213 476

In my opinion, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of Youth, Sports, Arts and Recreation as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Risk Management Policy

Finding

As previously reported, the Ministry did not have a documented and approved risk management policy and no formal risk assessments were done to cover key processes in the year under review. A risk management policy is a set of procedures and controls to identify and mitigate the possible risks in the operation and financial activities of the entity.

Section 162 (1) of the Public Finance Management (Treasury Instructions), 2019 states that Accounting Officers should carry out a risk assessment of their Ministries' operations on an annual basis and take deliberate steps to identify, quantify, assess and come up with mitigation measures for the risks identified.

Risks/ Implications

Failure to formulate a risk management policy might result in the Ministry not identifying and responding to material risks or threats effectively.

The absence of effective risk management processes may expose the Ministry to numerous risks which could negatively impact on its performance.

Recommendations

The Ministry should have an approved risk management policy and register that will guide in mitigating risk exposures.

The Ministry should institute risk management processes to safeguard government funds and assets.

Management Response

The Ministry is engaging a consultant to assist the Ministry in coming up with a well formulated risk policy which addresses all material risks or threats. The process was however delayed by the COVID-19 containment measures. The process will now go ahead with the relaxation of the COVID-19 lockdown measures.

2 MANAGEMENT OF ASSETS

2.1 Master Asset Register

Finding

There was no evidence that the Ministry was maintaining a Master Asset Register contrary to the provisions of Section 100 (1) of the Public Finance Management (Treasury Instructions), 2019 which states that Accounting Officers should ensure that all public assets under their control are recorded promptly and accurately in the appropriate manual registers. Therefore, the validity of the Asset certificate submitted for audit could not be confirmed.

Risks/ Implications

The absence of an asset register may create an opportunity for asset misappropriation.

If assets are not properly managed and controls instituted, pilferages may not be detected timeously for corrective action to be taken.

In the absence of a record of assets, losses, damages and valuations could be difficult to account for.

Recommendation

A Master Asset register should be maintained in order to keep track of details of each asset and to ensure accountability of all assets under the control of the Ministry.

Management Response

The Master Asset Register is available for inspection from Administration Office. However, updating for the 2020 financial year was hampered by the Covid-19 induced restrictions.

The exercise was supposed to culminate in the consolidation of the former two Ministries of Youth and Sport and Recreation.

Evaluation of Management Response

A Master Asset Register is a consolidated record of the assets that are controlled by the Ministry and since the consolidation has not yet been finalized the said Master Asset Register is incomplete and is considered as Departmental Asset Register.

2.2 Delivery of Motor Vehicles

Finding

As reported in my previous year`s report, I am concerned that out of fourteen motor vehicles purchased by the Ministry in December 2017 valued at $617 863 from Cannon Motors (Pvt) Ltd T/A AMC Nissan, two Nissan NP 300 single cab motor vehicles have not yet been delivered to the Ministry. Consequently, this has negatively impacted the Ministry in carrying out its mandate as there is a shortage of motor vehicles.

Risks/ Implications

Failure by the supplier to deliver the vehicles would prejudice the State and results in wasteful expenditure.

Service delivery by the Ministry will be compromised.

Recommendation

The Accounting Officer should enforce fulfilment of contract by Canon Motors (Pvt) Ltd through follow up with the Attorney General`s Office.

Management Response

The matter is still with the Attorney General's Office as previously reported and the Ministry is still waiting for feedback.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Recovery of Debts

Findings

As previously reported, the Ministry has not been effective in the management of debt as there were long outstanding amounts of $571 226 at the time of concluding the audit in June 2021. The amounts have been outstanding for over ten (10) years. Refer to the table below.

Long Outstanding Amounts (Over ten Years)

Item	Outstanding Amount $
Outstanding Disallowances	143 100
Outstanding Revenue	383 813
Outstanding Departmental Surcharges	44 313
Total	**$571 226**

Further, the arrangements made for recovery in some instances were indicated as Ministry to follow up progress and this has been the case since 2010. Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 states that Officers responsible for collecting debts should take adequate steps to collect any sums due to the Government on due date and should not allow a debt to become extinguished through lapse of time.

Risk/ Implication

The Ministry may incur financial losses due to debts that get extinguished through lapse of time if recoveries are not done on time.

Recommendations

Outstanding debts should be regularly monitored and robust mechanisms should be put in place to ensure quick recovery.

Arrangements made for the recovery of the outstanding amount should be specific and action oriented.

Management Response

The Ministry is reviewing the position of disallowances and surcharges deemed to be irrecoverable, for write-off recommendation. On Outstanding Revenue, the recovery of outstanding amounts for prior years was being hampered by the fact that most of the outstanding amount is for tuition fees for students from disadvantaged backgrounds who face challenges in paying.

3.2 Outstanding Temporary Deposits

Finding

There was no evidence that regular reviews were being carried out to clear the long outstanding Temporary Deposits in the Ministry. The Temporary Deposits return revealed that there were cases of long outstanding Temporary Deposits amounting to $62 355 comprising of $23 781(2017) and $38 574 (2018) respectively.

Section 52(4) Public Finance Management (Treasury Instructions), 2019 states that at least once in each financial year Temporary Deposits must be reviewed and any money on hand and unclaimed for a period in excess of six months should be paid into revenue.

Risk/ Implication

If Temporary Deposits remain outstanding for a long time, the money may be exposed to abuse or misappropriations.

Recommendations

Long outstanding Temporary Deposits should be reviewed and cleared as provided for in Treasury Instructions.

Management should check work performed by subordinates to ensure that clearances are done on time.

Management Response

Long Outstanding Temporary Deposits amounting to $62 355 are being worked on with a view to clear them in liaison with SSB and Pensions Office who are assisting

with breakdowns for the individual deposits for 2017 and 2018. The breakdowns will assist in identifying the respective disallowances and surcharges awaiting clearance.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

4.1 Risk Management Policy and Non Delivery of Motor Vehicles

The issues remained outstanding and has been raised in this report.

VOTE 22.- ENERGY AND POWER DEVELOPMENT

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry is responsible for providing adequate and sustainable energy supply through formulating and implementing effective policies and regulatory framework.

Opinion

I have audited the financial statements for the Ministry of Energy and Power Development for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under Spending
$419 200 000	$41 185 910	$460 385 910	$289 558 391	$170 827 519

In my opinion, the Appropriation Account, Finance and Revenue Statements and other supporting returns fairly present the state of affairs of the Ministry of Energy and Power Development for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Asset Register

Findings

The Ministry acquired non-financial assets amounting to $481 201 during the year under review and these assets were not recorded in the master assets register. This was contrary to the provisions of Section 100 (1) of Public Finance Management (Treasury Instructions), 2019 which states that Accounting Officers should ensure that all public assets under their control received from whatever source are recorded promptly and accurately in the appropriate manual registers. The assets should also be captured immediately on the PFM system. The table below refers.

Assets acquired

Date	Quantity	Description	Amount $
28/09/2020	1	HP Laptop Probook Core i7	155 210
29/09/2020	1	Microsoft Surface Pro 6 Tablet	227 191
29/09/2020	1	Samsung Galaxy S10 128gb	98 800
Total			**$481 201**

Furthermore, the master assets register was not being updated. As a result, the accuracy of the asset certificate submitted for audit could not be validated.

Risk /Implication

The Ministry could lose its assets if they are not recorded in the assets register for proper accountability.

Recommendation

All acquired assets should be recorded promptly in the assets register in compliance with section 100(1) of Public Finance Management (Treasury Instructions), 2019 in order to safeguard the assets of the Ministry.

Management Response

The observation is noted. The Ministry acquired non-financial assets amounting to $481 201 during 2020. The assets were received by the Minister. This was an oversight and the Ministry has since recorded the assets in the master asset register.

1.2 Contingent Liabilities

Findings

Contingent Liabilities are loans advanced to Parastatal Bodies and private sector companies by independent lenders and are guaranteed by the Government. The power to guarantee rests with the Ministry of Finance. Government as guarantor of the loans, is obliged to settle the loan in the event that the borrower fails to fulfil the obligations.

Contingent Liabilities amounting to $1 151 250 354 for matured loans had not been paid up by the Government for the year under review. Some of the matured loans date as far back as 2001. Audit's concern is that the uncleared loans continue to accrue interest which is an additional financial burden to the State. The Accounting Officer of the Ministry has raised the issue with the Ministry of Finance and Economic Development and the last communication from the Ministry of Finance dated November 19, 2020 states that the debt of US$31 160 000 should remain in the books of the Ministry under NOCZIM Debt Redemption Fund. The same issue was raised in my previous report and there was no change. The Table below refers:

Contingent Liabilities

Authority That Borrowed	Purpose of Loan	Amount $
ZESA- foreign loans	-Refurbishment of sub-stations -Power station upgrading -Construction of sub-stations	801 181 425
ZESA- Interest on loans	Same as above	318 908 929
NOCZIM	Construction of Mabvuku Depot	31 160 000
Total		**$1 151 250 354**

Risks/Implications

The Government debt might accumulate to unsustainable levels and could result in litigation.

Government programmes may be adversely affected as more resources may have to be channelled towards servicing contingent liabilities.

Recommendation

The Ministry should continue to engage Treasury regarding the NOCZIM debt of $31 160 000 as well as the $1 120 090 354 for ZESA to avoid further escalation of interest charges.

Management Response

The audit observation is noted. Treasury in its communication dated 15 August 2019 responding to the Ministry follow up on the matter pointed out that "As you are aware, Government has been accumulating external payment arrears of which these contingent liabilities are included. Against this background, the said liabilities should remain on the parastatals books pending the resolution of the country`s debt". However, the Ministry will continue engaging Treasury on the issue until its finalised.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Expenditure not Adequately Supported

Finding

The Ministry incurred expenditure amounting to $1 082 287 which was not adequately supported as receipts were not attached to payment vouchers to confirm that the payments were received for voucher number PV40/20 and PV190/20. This was contrary to Section 71 (1) of Public Finance Management (Treasury Instructions) 2019. As a result, I was unable to determine whether the expenditure was a proper charge to public funds.

Risk/Implication

Dual payments could be processed without detection if receipts and other relevant supporting documents are not attached to payment vouchers.

Recommendation

The Ministry should ensure that all payments made are fully supported and authorised in compliance with Section 71 (1) of Public Finance Management (Treasury Instructions), 2019 in order to safeguard the resources of the Ministry.

Management Response

The observation is noted. Various services were rendered to the Ministry by Power Speed and in addition to the payment vouchers that were said not to have receipts there are others not mentioned. However, all the documents were paid at once. As for the other outstanding invoices the Ministry was still looking into the collection of these.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Outstanding Revenue

Finding

An examination of the Outstanding Revenue return revealed an outstanding amount of $30 250 379 as at December 31, 2020 and 99,9% of the amount was in respect of interest and penalties on Public Financial Assets**.** I am concerned about the huge outstanding debt and the non-recovery of revenue. Section 49 (1) and (2) of Public Finance Management (Treasury Instructions), 2019 states that as a general rule, Receivers of Revenue are responsible for the collection of their own revenue and debt shall take adequate steps to collect any sum due to Government on due date and shall on no account allow a debt to become extinguished through lapse of time. The same issue was raised in my previous audit report.

Risk/Implication

If financial resources due to the Government are not collected, programmes will be deprived of the much needed scarce resources to execute mandates.

Recommendation

The Ministry should ensure that all revenue due to Government is recovered timeously in compliance with section 49 (1) and (2) of Public Finance Management (Treasury Instructions), 2019.

Management Response

The audit finding is noted. The bulk of the amount of outstanding revenue is from ZESA in the form of interest outstanding on loans advanced to the power utility by the Government in past years. The Ministry will continue to pursue the issue with the Parastatal so that ZESA honours its obligations.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing audit findings raised in my previous audit report. Out of the two (2) findings, one (1) was addressed and the other one (1) had been partially addressed as indicated below:

4.1 Budget Support from Parastatals under the Ministry

The issue was resolved as the Ministry did not request any budget support from the Parastatals for the year under review.

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4.2 Double Benefit

The issue of employees who were benefitting twice through being issued with fuel coupons and at the same time receiving transport allowances was partly addressed as transport allowance was ceased for one person and the other two were still benefiting twice.

VOTE 23.- INFORMATION COMMUNICATION TECHNOLOGY AND COURIER SERVICES

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry's mandate is to develop a knowledge-based society with ubiquitous connectivity by exploiting the potential of Information Communication Technologies (ICT) for sustainable socio-economic development.

Opinion

I have audited the financial statements for the Ministry of Information Communication Technology and Courier Services for the financial year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve	Total	Expenditure	Net Under spending
$114 560 000	$93 055 311	$207 615 311	$166 389 523	$41 225 788

In my opinion, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of Information Communication Technology and Courier Services for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Sub-PMG Reconciliation

Findings

An examination of the Public Financial Management System expenditure report and the Appropriation Account revealed that the expenditure for the year of $166 389 523 was at variance with the total expenditure on the Sub Paymaster General return of $147 306 974 by $19 082 549. At the time of concluding my audit, a variance of $155 397 remained unreconciled. I therefore could not rely on the Sub Paymaster General return for the year ended December 31, 2020.

Risk/Implication

The expenditure for the year may be misstated or unreliable.

Recommendation

The Ministry should investigate the imbalance in order to enhance accountability and reliability of the financial statements.

Management Response

The Appropriation Account and the Sub-Paymaster General Account reconciliation was done and the variance is at $155 368. The Ministry will continue to investigate the cause of the variance as this may have been caused by unreversed expenditure, which was unfunded at the end of the year.

1.2 Unallocated Reserves

Finding

The information Treasury uploaded in the PFMS was at variance with the documentation provided to the Ministry. The total for unallocated reserves transferred to the Ministry was $93 055 311 according to the PFMS. This amount agreed with the amount allocated by Treasury as unallocated reserves. However, variances were noted in the amounts transferred to subheads and programmes. Table below refers:

Variances in Unallocated Reserves

PROGRAMME 1	**Audited UR Amount according to PFMS extracts $**	**UR Amount according to Treasury Schedules $**	**Variances $**
I.A Compensation of employees	9 712 896	7 880 127	1 832 769
I.B Use of Goods and Services	30 086 178	43 317 178	(13 321 000)
I.C Current grants	6 100 000	-	6 100 000
PROGRAMME 2			
II.A Compensation of employees	4 637 033	6 469 802	(1 832 769)
II.B Use of Goods and Services	13 231 000	-	13 231 000
II. Loans		6 100 000	(6 100 000)
TOTALS	**$63 767 107**	**$63 767 107**	**-**

Risk/Implication

Budget provision through Unallocated Reserves may be misstated thereby distorting the budget amounts available for use by the Ministry.

Recommendation

The Ministry should coordinate with Treasury in accounting and utilisation of Unallocated Reserves to ensure consistency and accuracy of recordings.

Management Response

The observation has been noted. However, the prerogative of uploading budget transfers from Vote (5) Unallocated Reserve (UR) Transfer into the PFMS solely rests with the Ministry of Finance and Economic Development. They are also responsible for issuing UR letters to line ministries and other government agencies.

Some of the UR letters from Treasury were incorrect. However, the global figure of $93 055 311 did not change. The desk officer has been requested to issue the correct

UR letters that correspond with the amounts uploaded in the system. The accounts were prepared according to the information that was captured into the system by Treasury.

1.3 Payment Vouchers not Passed for Payment

Findings

Section 59 (14) of the Public Finance Management (Treasury Instructions),2019 requires that cash vouchers be properly certified as correct and passed for payment before the payment is processed. Contrary to this provision, payments amounting to $3 116 212 for Central Computing Services were processed without either being certified correct and/or passed for payment**.**

Risk /Implication

Unauthorised payments may be processed.

Recommendation

The Ministry should ensure that all vouchers are properly passed for payment and institute appropriate supervision mechanisms to curb potential unauthorised payments.

Management Response

The observation has been noted. This was an oversight and was compounded by the minimal supervision due to the negative effects of the COVID-19 pandemic where at times officers would be at home for long periods due to lockdown measures pronounced by the government.

1.4 Double Payment of Advance

Finding

An examination of payment documentation and bank statement revealed that two (2) officers from Central Computing Services received double foreign travel advances for a trip to India. The officers were paid a total amount of $90 000 instead of $45 000. The first $45 000 was paid on May 29, 2020 and the second payment was made on June 05, 2020. This may have been caused by lack of supervision and verification.

Risk/Implication

Officers receiving double advances for one trip double dip and this may result in financial loss to the Ministry.

Recommendations

A recovery should be effected against the two officers to the value of $45 000 each.

There is need to enhance supervisory and verification of all transactions to ensure proper charge to the Vote. In addition, reconciliations should be performed and reviewed regularly.

Management Response

The observation has been noted. This was an error on the part of our banker. Disallowances are going to be raised against the officers.

2 MANAGEMENT OF ASSETS

2.1 Failure to Update Master Asset Register

Finding

I noted that the manual master asset register was not up-to-date. Assets worth $16 057 339 bought in 2019 and 2020 were not recorded in the register. This was contrary to the requirements of section 100 (1) of the Treasury Instructions which require that all assets be recorded promptly and accurately upon receipt in manual asset registers.

Risk /Implication

It may not be possible to verify the accuracy of the Public Finance Management System (PFMS) Asset Register in the absence of accurate manual records.

Recommendation

The Ministry should update the master asset register timely and regularly so that all assets of the Ministry are accounted for.

Management Response

The observation is noted. Efforts will be made to update the manual master assets register.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of four (4) issues raised the previous year, one (1) was addressed and three (3) remained unresolved.

3.1 Audit Committee

There was no evidence that the Audit Committee met during the year.

3.2 Sub-Paymaster General Account

The variance amounting to $39 231 805 between payments made from the sub-paymaster general account and expenditure in the PFMS was not resolved.

3.3 Public Financial Assets

The loan agreement between the Ministry and Tel-One was availed for audit.

3.4 Direct Payments

Proof of payment for direct payments made in the 2019 Appropriation year were not availed for audit.

VOTE 24.- NATIONAL HOUSING AND SOCIAL AMENITIES

APPROPRIATION ACCOUNT 2020

Mandate of the Ministry

The Ministry's mandate is to provide and facilitate the delivery of affordable and decent housing to the nation.

Opinion

I have audited the financial statements for the Ministry of National Housing and Social Amenities for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$246 403 000	$323 500 000	$569 903 000	$540 863 296	$29 039 704

In my opinion, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Ministry of National Housing and Social Amenities as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 MANAGEMENT OF ASSETS

1.1 New Vehicles

Finding

The Ministry bought nine new vehicles at a cost of $41 416 773 on November 21, 2020. At the time of concluding my audit in September 2021, the Ministry had received only six (6) vehicles and the outstanding three had no specific date of delivery. The supplier sighted shortage of foreign currency as the major cause of delay in delivery. The Ministry had to outsource two (2) vehicles on hire and rental arrangements in order to mitigate transport operational challenges.

Section 96 (10) of the Public Finance Management (Treasury Instructions) 2019, requires Accounting Officers to ensure that procedures relating to sub-contracting, remedies for breach of contract, liquidated damages for delay and contract termination are dealt with in a manner that ensures observance of the terms of the contract agreements and compliance with the provisions of the procurement regulations.

Risks/Implications

Failure by the supplier to deliver the vehicles would prejudice the State the use of the vehicles in implementing national programs.

Public funds in form of payments made might result in nugatory expenditure if redress is not sought in time.

Recommendations

The Accounting Officer should enforce fulfilment of the contract, so that delivery of the three (3) motor vehicles is done without further delay.

The Ministry should make an effort to have the issue concluded by the Office of Attorney General.

Management Response

The Ministry is expecting the remaining vehicles from the supplier anytime from now as per the commitment letter from the supplier. The vehicles are at the supplier's bonded warehouse. Identification and inspection of the remaining vehicles has been done. The delay in delivery was due to foreign currency shortage.

1.2 Security Items

Finding

An inspection of security items held by the Ministry revealed that airtime juice cards, fuel coupons, requisition books, provisions inventory registers and spare keys to several offices of the Ministry were being kept in an office that was not secure enough. Fuel coupons and airtime juice cards were kept in a metal cash box that had a broken lock. The cash box would then be locked up overnight.

Section 104 (2) of the Public Finance Management (Treasury Instructions), 2019 requires stocks of fuel coupons to be kept in safes or strong rooms under the control of the responsible officer. Supplies held for immediate use should be treated as cash and controlled accordingly.

Section 47(1) further states that money should not be left in cash boxes or drawers even if locked. Loose cash and cash boxes should be lodged in a safe or strong room at every possible opportunity.

Risk/Implication

Failure to properly safeguard security items subjects them to losses through theft.

Recommendation

Management should ensure that security items are kept under strict lock and key arrangement. Safes or strong rooms should be acquired or installed if not available.

Management Response

The observation is noted. The Ministry is in the process of acquiring a strong room.

VOTE 25.- JUDICIAL SERVICES COMMISSION

APPROPRIATION ACCOUNT 2020

Objective of the Commission

The mandate of the Commission is to administer justice in accordance with the laws of Zimbabwe.

Opinion

I have audited the financial statements of the Judicial Service Commission for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers/ Warrants	Total Allocated	Expenditure	Net Under spending
$292 533 000	$451 877 111	$744 410 111	$719 144 488	$25 265 263
Constitutional and Statutory Appropriations				
$37 700 000	$75 000 000	$112 700 000	$112 700 000	-

In my opinion, the Appropriation Account, Finance and Revenue Statements and other supporting returns fairly present, the state of affairs of the Judicial Service Commission for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit:

1. REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Non-recovery of Surcharges

Findings

There was non-recovery of surcharges which stood at $91 059 at the end of the financial year. Out of this amount $9 265 had been outstanding since 2011. The arrangements made for the recovery indicated that the members were on Salary Service Bureau deduction schedule although no such recoveries were being done. There were also indications that some of the members had retired but were still to complete the Pension retirement forms.

Risk/Implication

Delays in recovering money due to the State may result in non-recovery of the outstanding amounts.

Recommendation

Officers responsible for recovering government money should take adequate steps to recover the revenue and shall on no account allow debt to be extinguished through lapse of time.

Management Response

For debtors whose terminal benefits were awaiting processing, these have since been processed. Where recovery of outstanding amounts failed to liquidate the entire debt, the Commission has since forwarded the same debtors to the Civil Division of the Attorney-General's Office who are assisting with the recovery. In respect of employees on Salary Service Bureau (SSB) schedule whose deductions are not being effected the Commission has since tasked the Salaries and Staff Welfare Officer who has since engaged SSB to commence the recovery. The Commission hopes that all debtors will be current within the next three calendar months.

GUARDIAN'S FUND 2019

Objective of the Fund

The purpose of the Fund is to provide for the custody and control of moneys due to minors, mentally disordered or defective persons and absent heirs whose whereabouts are not known in terms of Sections fifty-one, sixty-one, eighty, ninety, ninety-two, ninety-three, ninety-nine and one hundred of the Administration of Estates Act [*Chapter 6:01*]

Opinion

I have audited the financial statements of the Guardian's Fund for the Master of the High Court. These financial statements ccomprise the statement of financial position as at December 31, 2019 statement of comprehensive income, statement of cashflows for the year then ended and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**Amount $**
Income	498 680
Expenditure	365 387
Excess	**$133 293**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Accumulated Fund	—	12 397 664
Non-Current	17 196	—
Current	521 295	1 477 349
Investments	13 336 522	—
Total	**$13 875 013**	**$13,875,013**

In my opinion, the financial statements present fairly, in all material respects the financial position of the Guardian's Fund as at December 31, 2019, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit.

1 GOVERNANCE ISSUE

1.1 Maintenance of Records - Ledgers for Wards/Minors

Finding

I noted that the dates of birth of wards/minors were in some instances wrongly captured in the system. This had an effect on the individual account of a minor as an account can be declared inactive as a result of the error, so much that the account will not be credited with interest which is supposed to be earned thereby depriving the minor of the much needed financial support. This also distorts the overall balance of the account. This could be attributed to lack of coordination between those in the registry and accounts section. When registry staff receive information they are supposed to relay the same to those in accounts so that they in turn update their records.

Copies of manual loose leaf ledgers in the individual files should reflect the same balances that are in the electronic ledgers at any point in time. However, this was not the case as most entries in the electronic ledgers relating to interest were not updated in the manual ledgers. The manual ledgers could save as a fall-back position in the event of system failure hence the need to have updated manual records running parallel to the electronic system.

Risk/Implication

If these errors are not detected and corrected on time they could result in wrong individual account balances as interest will not be credited and thus affecting the final balance due to the recipient.

Recommendation

Supervisory controls should be enhanced so that independent checks and verification of important information are done on a routine basis. Those responsible for inputting information should reconcile the manual and computerised system records so that both records reflect the same information.

Management Response

The observation has been noted. When funds are received without full details of beneficiaries, a receipt has to be issued and a file opened. However, a file can only be captured in the system with details that includes date of birth, hence a random date of birth is then created with the beneficiary as a major to avoid awarding of interest to non-deserving accounts. Upon receiving the full beneficiary details, the account statements and ledgers should then be corrected to reflect the correct details.

All the errors raised on the schedule have been rectified and the fund has embarked on an exercise to reconcile all Guardian's Fund records and individual ledgers with those in the GF System. The Fund will carry out a similar exercise every year to avoid re-occurrence of such errors. The Fund has an off-site backup system that automatically updates twice a day.

Evaluation of Management Response

Rectification of errors reportedly done after the fieldwork will be verified during the next audit.

VOTE 26.- PUBLIC SERVICE COMMISSION

APPROPRIATION ACCOUNT 2020

Mandate of the Commission

The mandate of the Public Service Commission is to promote the protection, development and attainment of human rights and freedoms.

Opinion

I have audited the financial statements of the Public Service Commission for the financial year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$1 509 660 000	$2 176 263 389	$3 685 923 389	$3 437 989 213	$247 934 176

In my opinion, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Public Service Commission as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However**,** below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Sub-Paymaster General(Sub-PMG) Account

Finding

The Appropriation Account and the Public Financial Management System reflected total expenditure of $13 046 788 182 whilst the Paymaster General Account Reconciliation had $11 896 923 163 as payments by the Commission resulting in an imbalance of $1 149 865 019. The Commission did not reconcile the two amounts and therefore the accuracy and completeness of the expenditure figure for the year could not be ascertained.

Risks/ Implications

The presence of differences between expenditure figures in the Appropriation Account and the Sub-PMG's Account may compromise the reliability of the financial statements.

There is a likelihood that payments made in the system might not have been processed at the bank or could have been reversed.

Recommendation

The Commission should reconcile the figures to ensure that all expenditure processed is fully accounted for enhancing accuracy and reliability of the financial information.

Management Response

The observation is noted. However, the variance of $1 149 865 019 was expenditure incurred and not captured in the SAP on account of obligatory payments outside the system. These payments related to entities that do not have vendor numbers. The Ministry is in liaison with Treasury in order to obtain vendor numbers for Zimbabwe Women's Micro Finance Bank and Ethiopian Airways which do not have vendor numbers. There are pensioners who have accounts with Women's Micro Finance Bank.

1.2 Risk Assessments

Finding

During the review of the Commission's risk assessment, I noted that there was no evidence that the organization carried out a formal risk assessment in 2020. This is in contravention of Section 162 of Public Finance Management (Treasury Instructions), 2019 which specifies that accounting officers shall carry out a risk assessment of their Ministries operations on an annual basis.

Risk/Implication

The absence of a formal risk assessment will lead to failure to identify critical risk affecting the organization and the establishment of controls to mitigate those risks, which poses going concern challenges.

Recommendation

The General Manager Internal Audit should ensure that annual formal risk assessment is carried out, to make sure that the identification, quantification and assessment of risks and establishment of mitigation measures for the risk identified.

Management Response

The Public Service Commission takes Risk Management issues seriously and as such has in the year under review created a Risk Management Unit on its structure headed by the General Manager Internal Audit and Risk Management. A formal Risk Management Policy was crafted and now awaits approval. Risk Management Templates were produced to facilitate formal Risk assessments. Risk Champions have been identified and appointed in each Agency of the Commission. Risk Management Training for SSB and Pensions Office Senior Management has already been conducted.

2 COMPENSATION OF EMPLOYEES

2.1 Variance on Compensation of Employees Cost

Finding

Total employment costs paid by the Salary Service Bureau (SSB) were 9% of what the Commission paid which was 91%. The total employment costs reported by the Commission amounted to $2 732 262 069 which did not agree with the total on the SSB payroll print out figure of $221 446 282 resulting in an unreconciled variance of $2 510 815 787 for the same period. As a result, I could not confirm the accuracy of the expenditure on compensation of employees costs disclosed in the financial statements.

Risks/Implications

It may be difficult to state with certainty the exact employment costs incurred by the Ministry during the financial year under review.

Also without reconciliations, it may be difficult to confirm whether bonafide employees were paid.

Recommendation

The Commission should engage the Salary Service Bureau in order to reconcile the variance of $2 510 815 787 between its accounting records and records maintained by SSB.

Management Response

The Ministry reconciled the figures with SSB and the variance of $23 215 209 was as a result of COVID-19 allowances paid in foreign currency (USD) for the months June, July and August 2020. The allowances were captured in SAP using the exchange rates prevailing at the time. The other difference was in respect of payments for employer obligations like PSMAS and NSSA. The reconciliation schedule is available for inspection.

Evaluation of Management Response

There is still need for the management to furnish audit with supporting documents of other related employment costs. There is need to have all costs processed through SSB to ensure completeness and effective control as the figure at SSB is only 9% of what the Commission paid which is 91%.

2.2 Monthly Paysheets

Finding

The Commission did not sign and acquit monthly pay sheets as evidence that the people paid were bonafide employees.

The Public Service Commission Human Resources Procedures Manual paragraph 6.1.6 requires certification that members on the pay sheet were bona fide employees during the month shown and that the members were appropriately remunerated. The signed copy of the acquittal pay sheet should then be filed.

Risk/Implication

Erroneous and inappropriate remunerations may be made if checks and balances are not performed monthly.

Recommendations

The Commission should perform monthly acquittal of pay sheets to comply with HR Procedures Manual paragraph 6.1.6.

The pay sheets should be acquitted in retrospect to validate the correctness of payments done.

Management Response

Paysheets for Senior Management 2020 were only acquitted by the General Manager, Internal Human Resources to maintain confidentiality since the department had no substantive manager in post for the period under review. However, the issue has been noted and going forward the General Manager, Finance will be engaged to acquit paysheet for senior managers.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Commission made some progress in addressing audit findings raised in my previous audit report. Out of the five (5) findings, two (2) were implemented and three (3) had not been addressed as indicated below:

3.1 Sub-PMG Reconciliation

The issues remained outstanding and have been raised in this report

3.2 Unallocated Reserve Transfers

The issues on variances remained outstanding and have been raised in this report

3.3 Purchase of 20 buses

The issue has been resolved as the procurement procedures were followed and the Procurement Unit is now in place.

3.4 Vacation leave days

The issues have been addressed

3.5 Acquittal of Monthly Pay Sheets and Reconciliation

The issues remained outstanding and have been raised in this report

VOTE 27.- COUNCIL OF CHIEFS

APPROPRIATION ACCOUNT 2020

Mandate of the Council

The Council of Chiefs' mandate is to capacitate Traditional Leadership institutions to effectively drive rural development as well as promoting and preserving cultural values of their communities.

Opinion

I have audited the financial statements of the Council of Chiefs for the financial year ended December 31, 2020. These financial statements comprise of the Appropriation Account, other supporting statements and notes to the Account.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers/ Supplementary Estimate	Total Allocated	Expenditure	Net Under spending
$25 200 000	$131 222 641	$156 422 641	$127 221 087	$29 221 087
Constitutional and Statutory Appropriations				
$57 200 000	$593 304 000	$650 504 000	$650 428 355	$75 645

In my opinion, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the Council of Chiefs for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues that were noted during the audit:

1. GOVERNANCE ISSUE

1.1 Sub-Paymaster General Account (Sub-PMG)

Findings

The Appropriation Account and the Public Financial Management System printout reflected total expenditure of $777 629 908, while the Sub-Paymaster General Account (PMG) showed an amount of $777 178 406 resulting in an imbalance of $451 502. The two figures were not reconciled. Therefore, the accuracy and completeness of the expenditure figure for the year could not be ascertained.

Risk/Implication

The presence of material differences between expenditure figures in the Appropriation Account and the Sub-PMG may compromise the reliability of the financial information.

Recommendation

There is need to reconcile the figures in the Public Financial Management System consumed budget and expenditure shown in the PMG to ensure that all expenditure processed outside the system is fully accounted for to enhance accuracy and reliability of the financial information.

Management Response

The observation is noted. The variance was a result of allowances for the Chiefs for the year which were paid directly to Salary Service Bureau by Treasury hence they did not go through the vote's Sub PMG Account.

Evaluation of Management Response

The variance needs to be reconciled and supported with adequate documentation.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Travelling and Subsistence

Finding

The Council of Chiefs processed bulk transactions as travelling and subsistence for the Traditional leaders amounting to $960 862 into the Provincial Temporary Deposits accounts. No acquittals for the funds were availed for audit. As a result, I could not verify if these funds were properly accounted for.

This was contrary to the provisions of Section 65 (15) of Public Finance Management (Treasury Instructions), 2019 which states that travelling and subsistence advances should be acquitted or paid into the Consolidated Revenue Fund within thirty (30) working days of the completion of travel or where a travelling and subsistence advance has not been fully expended.

Risk/Implication

Without the advance application and acquittals, it will be difficult to determine whether the monies were used for the purposes intended.

Recommendations

Management should strengthen the internal control system by ensuring that Travelling and Subsistence allowances are acquitted correctly, recorded and processed.

All advances should be processed and deposited in individual accounts.

Management Response

The observation is noted. The acquittal for funds transferred to Provinces for various activities for the Council of Chiefs are available at Provincial Offices for audit inspection.

2.2 Outstanding Temporary Deposits

Findings

The Temporary Deposit return submitted had a closing balance of $273 364 525 as at December 31, 2020 relating to bank accounts held in the eight provincial offices. This amount comprised $212 294 644 for traditional leaders' allowances and $61 069 882 for various projects which included state occasions, donations, lotteries and gaming, Tugwi Mukosi Compensation, Heroes Funds, Lucern Project Funds and some funds for the Civil Protection Unit.

I was not able to substantiate the amounts in the Temporary Deposit return as neither the source documents, registers nor journals were availed for audit inspection. It was also difficult to ascertain when the deposits had been done into the accounts. This was against the provisions of Section 52(3) of the Public Finance Management (Treasury Instructions), 2019 which says financial records in respect of temporary deposit accounts should be maintained in accordance with instructions issued by the Accounting Officer.

Risk/Implication

If the return does not reflect specific correct information about amounts outstanding in the Temporary Deposit account, their clearance may be a challenge and erroneous transactions can be processed without detection.

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Recommendations

Management should ensure that records for temporary deposits are maintained as this will enhance accountability.

Further, the amount being held therein are substantial and they need to be cleared.

Management Response

The observation is noted. However, records and source documents for the temporary deposits are maintained at Provinces and Districts.

Evaluation of Management Response

Documents submitted were not sufficient to verify the dates when the funds were deposited into the Temporary deposit account.

3 COMPENSATION OF EMPLOYEES

3.1 Traditional Leaders Allowances

Findings

Allowances for village heads were deposited into the Provincial and District Temporary Deposits Bank Account and were then later transferred into individual Netone or Ecocash mobile accounts. However, monthly reconciliations for these transactions were not availed for audit. As a result, I could not confirm if the traditional leaders' allowances were consumed by the intended beneficiaries.

Furthermore, the traditional leaders' allowances were not being paid timeously as evidenced by a total of $212 294 644 that was still being held in the temporary deposit account as at December 31, 2020.

Risks/Implications

The Funds meant for allowances may be misappropriated without trace if reconciliations are not performed.

Delays in paying the allowances deprive use by the intended beneficiaries.

Recommendations

The reconciliations of the allowances should be done to determine how the funds were acquitted.

Management should process traditional leader's allowances as soon as funds are made available to avoid instance of unnecessary delays.

Management Response

The observation has been noted. The source documents for reconciliations, paysheets and schedules for payments made by the service providers are kept at each District Office in all the Provinces. All the information is now at Head Office for audit inspection.

Evaluation of Management Response

There is need for the Ministry's Head Office to validate information before submission of returns for audit.

4 MANAGEMENT OF ASSETS

4.1 Asset Returns

Finding

The Council of Chiefs did not submit the Departmental Asset Certificate. A Departmental Asset Certificate is meant to confirm whether all assets were properly accounted for.

Furthermore, the Losses of and Damages to Government property and Gift, Legacies and Donations returns were also not submitted. This was contrary to the provisions of Section

109 (8) of the Public Finance Management (Treasury Instructions), 2019 which stipulates that a return summarising losses of and damage to Government property and losses of public moneys as at 31st December each year should be submitted to the Auditor-General and Accountant-General with the Financial Statements for each year.

Section 115(1) of the Public Finance Management (Treasury Instructions), 2019 also provides that all gifts, donations or sponsorships received during the course of the financial year should be disclosed as a note to the financial statements of the Ministry.

Risks/Implications

There is a risk that the Ministry's assets may not be properly accounted for if physical checks are not done.

Non-submission of the losses of and damages to state property and the gifts and donations returns also does not promote transparency and accountability of assets.

Recommendations

The Ministry should ensure that Departmental assets are physically compared with the records at least once during the financial year and that records are properly maintained and certification to this effect should be done by submitting the return.

The Council of Chiefs should submit all returns as required by section 155(1) of Public Finance Management (Treasury Instructions), 2019.

Management Response

The observation is noted. The returns will be submitted for the 2021 financial year.

5 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

No progress was made in addressing audit findings made in my previous report as indicated below.

5.1 Sub-Paymaster General's Account

The Appropriation Account and SAP printout reflected total expenditure which had a variance of $1 687 321 with the Sub-Paymaster General Account (PMG) figure. The issue had not been addressed as the figures had not been reconciled.

5.2 Procurement Procedures

The issue of four vehicles bought at a cost of US$499 999 instead of US$202 000 had not been addressed.

VOTE 28.- ZIMBABWE HUMAN RIGHTS COMMSSION

APPROPRIATION ACCOUNT 2020

Mandate of the Commission

The Zimbabwe Human Rights Commission (ZHRC) is a national human rights institution which was established under Section 242 of the Constitution of Zimbabwe Amendment (No.20) Act, 2013. It is an independent Commission whose main mandate is to protect, promote and enforce human rights.

Opinion

I have audited the financial statements of the Zimbabwe Human Rights Commission for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total	Expenditure	Net Under spending
$26 680 000	$12 055 185	$38 735 185	$29 173 678	$9 561 507

In my opinion, the Appropriation Account, Finance and Revenue statements, fairly present the state of affairs of the Zimbabwe Human Rights Commission as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Decentralisation

Finding

Section 22 of the Zimbabwe Human Rights Commission Act [*Chapter 10:30*] requires the Commission to establish a principal and offices at provincial, district and other administrative levels as it considers fit for the better performance of its functions. I noted that the Commission managed to set-up only two (2) offices in Harare and Bulawayo since its inception in year 2014. Hence, it was costly for the Commission to attend to human rights cases outside Harare and Bulawayo. This was caused by property value disparities on the market that complicated the Commission’s purchase decisions.

Risk/Implication

The Commission may lose its “A” class Status on the Global Alliance for National Human Rights Institutions (GANHRI) since decentralization is a key consideration on the impending review.

Recommendation

The Commission should lobby Treasury for resources to expedite the decentralization process.

Management Response

The observation is noted and the management is looking into the issue.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Unsupported Expenditure

Finding

Section 59 (14) (a) (i) of the Public Finance Management (Treasury Instructions), 2019 requires officers to issue a certificate that supplies were received in good condition. However, a sample of payment vouchers examined amounting to $505 414 revealed that the Zimbabwe Human Rights Commission (ZHRC) did not attach certificates to prove whether the goods delivered met the expected quality standards. Consequently, I could not validate whether the goods received met the Commission standards.

Risk/Implication

If payments are made to service providers and goods not inspected on delivery, sub-standard goods may be delivered.

Recommendation

The Zimbabwe Human Rights Commission (ZHRC) should ensure that all payments are sufficiently supported with the requisite source documents to ensure proper accountability.

Management Response

The observation is noted. In future, management will ensure that Internal Goods Received Vouchers are done and attached to the payment vouchers.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Commission made some progress in addressing audit findings raised in my previous audit report. Out of the two (2) findings, one (1) was implemented and one (1) was partially addressed.

3.1 Maintenance of Asset Records

The Commission was still in the process of updating the departmental and inventory control registers.

3.2 Tender Splitting

There were no incidences of tender splitting observed during the financial year under review.

VOTE 29. - NATIONAL PEACE AND RECONCILIATION COMMISSION

APPROPRIATION ACCOUNT 2020

Mandate of the Commission

The Commission's mandate is to provide sustainable peace, equality, reconciliation, national healing, cohesion, unity and the peaceful resolution of disputes and conflicts in Zimbabwe.

Opinion

I have audited the financial statements of the National Peace and Reconciliation Commission for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve	Total Allocated	Expenditure	Net Under spending
$31 200 000	$7 926 400	$39 126 400	$35 528 156	$3 598 244

In my opinion, the Appropriation Account, Finance and Revenue statements and other supporting returns fairly present the state of affairs of the National Peace and Reconciliation Commission as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit.

1 GOVERNANCE ISSUES

1.1 Classification of Expenditure

Findings

The Commission debited an amount of $ 200 000 relating to rentals in the compensation of Employees General ledger thereby distorting the expenditure for compensation of employees.

Section 12 of the Public Finance Management (Treasury Instructions), 2019 requires the adoption of the classification system. The Chart of Accounts places payments to hotels under hospitality. The Commission improperly classified expenditure paid to hotels and other institutions amounting to $825 739 as traveling and subsistence expenses instead of Hospitality expenses.

Risk/Implication

Improper classification of expenditure may result in the production of unreliable or grossly misstated Appropriation Accounts.

Recommendations

The commission should enhance its internal controls to ensure that expenditure is properly classified.

The Compensation of Employees General ledger should only be debited with expenditure related to employment costs as required by Section 54 (2) of the Public Finance Management (Treasury Instructions), 2019.

The Commission should adhere to the correct classification of accounts as prescribed by the chart of accounts as required by Section 12 of the Public Finance Management (Treasury Instructions) Regulations, 2019.

Management Response

The observation is noted. The Commission will ensure that such an anomaly will not happen again.

The Commission was of the view that the explanatory notes for Government Finance Statistics (GFS) 2014 Chart of Accounts covers expenses incurred towards payment of accommodation and meal expenses for officials travelling on business within Zimbabwe.

1.2 Goods Received Notes

Finding

The National Peace and Reconciliation Commission did not raise goods received notes for goods received from suppliers amounting to $381 160. Goods received notes provides proof that the receiving officer inspected the goods to check that they match the purchase order and are in good order. Section 95 (3) of the Public Finance Management (Treasury Instructions) 2019 requires officers receiving goods and services to sign goods received notes.

Risk/Implication

If goods received are not inspected for correctness of quantity and quality incorrect quantities, inferior or damaged goods may be received.

Recommendation

The Commission should ensure that goods received notes are raised and confirm that goods received are of right quantity and quality to safe guard Government interest.

Management Response

The Commission is using a register as a control mechanism to record all items received. The register is available for inspection.

2. MANAGEMENT OF ASSETS

2.1 The Master Asset Register

Findings

The Commission did not maintain an up to date Master Asset Register. Section 34 (2) of the Public Finance Management (General) Regulations, 2019 requires Constitutional Entities to maintain asset registers. Asset records were kept on soft copy in Microsoft Excel document which was unsecured and prone to manipulation.

The Commission incurred expenditure of $3 449 998 on the partitioning of offices in Harare and Bulawayo. The Commission capitalised the costs of partitioning over the current tenure of the lease terminating on December 31, 2023. The partitioning costs were not recorded in the Master Asset Register of the Commission. The recording of the partitioning costs will assist the Commission in tracking the costs over the lease period and recover any net realisable value.

Risk / Implication

Failure to maintain an up to date Master Asset Register may result in assets being stolen or misappropriated without detection.

Recommendation

The Commission should maintain an up to date Master Asset Register and capture all the assets that are owned by the entity.

Management Response

The observation is noted. The partitioning works will be included in the Master Asset Register once they are complete and a certificate is issued by the Ministry of Local Government and Public Works. The works are still underway for Harare offices which were stalled by both COVID 19 lockdown and shortage of wall paper material locally. The works are expected to be completed by December 31, 2021.

2.2 Recovery and Disposal of Accident Damaged Vehicle

Findings

A Nissan NP 300 Vehicle number AFG 2365 was damaged in a traffic accident on October 7, 2020. The Executive Secretary convened a Board of Inquiry which, determined that the third party was blamed for the accident. However, the Commission has not engaged the third party for compensation on the loss valued at $780 000.

The Board of Inquiry came up with various recommendations that have not been implemented including the following:

- That pool vehicles belonging to the Commission get insurance.
- Drivers under go defensive driving training course.
- All vehicles be mounted with bull bars.

The measures recommended by the Board of Inquiry if implemented were going to save the Commission a lot of money and provide recourse in the event that the Commission's vehicles are involved in accidents.

The Commission procured 11 vehicles in 2020, two vehicles of which, were involved in accidents that caused extensive damages. In all the cases the Commission met the full costs of the damages amounting to $1 020 000.

The Commission has since set up a Disposal Committee to dispose-off the accident damaged vehicle (AFG 2365). Audit was not furnished with the evaluation report from

CMED indicating that the vehicle was damaged beyond repair and was considered for a write off.

Risks/Implications

The Commission may suffer financial loss if the third party is not engaged to compensate for the damages caused by the accident.

Failure to implement Board of Inquiry recommendations may result in loss of the Commission's property without recourse.

The vehicle may be disposed of at less than its market value if the Commission proceeds to dispose the vehicle without an evaluation report of the accident damaged vehicle.

Recommendations

The Commission should engage the third party for compensation of damages caused by the accident.

The Commission should implement recommendations that were made by the Board of Inquiry.

Evaluation reports of damaged vehicles should first be obtained before disposal or repairs of the accident damaged vehicles.

Management Response

The third party is of no fixed aboard and is still on the run. The police are pursuing him. Once arrested the Commission will initiate processes for compensation. As for insurance, the Commission tried to insure its vehicles but as the fleet grew it became unsustainable and it was stopped.

The Commission is engaging Traffic Safety Council of Zimbabwe with a view of having all its drivers trained for defensive driving. The training could not be conducted during the second and third quarters due to COVID 19 restrictions. Internally, the Commission now makes it mandatory for drivers to go through Government Authority training with CMED before they are allocated vehicles.

Bull bars are a necessity to safeguard Commission vehicles. The Commission is doing all it can to mobilise resources to ensure that bull bars are mounted on all its vehicles.

The current position of the Commission with regards to the damaged vehicle (AFG2365) is to have it towed to Harare and have it repaired. Disposal only becomes an option if it is not possible to repair the vehicle.

VOTE 33. – ZIMBABWE GENDER COMMISSION

APPROPRIATION ACCOUNT 2020

Mandate of the Commission

The mandate of the Commission is to promote gender equality and equity as well as addressing the gap between policy and legislation and lived realities of women, men, girls and boys in Zimbabwean society.

Opinion

I have audited the financial statements of the Zimbabwe Gender Commission for the year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue statements, and other supporting returns.

Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve	Total	Expenditure	Net Under spending
$25 900 000	$7 139 000	$33 039 000	$28 151 813	$4 887 187

In my opinion, the Appropriation Account, Finance and Revenue Statements fairly present, the state of affairs of the Zimbabwe Gender Commission for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUE

1.1 Results Based Management (RBM) Documents

Finding

The Commission did not submit for audit inspection approved Results Based Management documents (such as the Integrated Performance Agreement, Monitoring Plan and Quarterly Reports) in violation of Section 32(3)(a) of the Public Finance Management Act [*Chapter 22:19*] which requires such documents to be submitted for audit. I was therefore not able to measure the performance of the Commission in terms of service delivery rendered to the public and other stakeholders during the period under review.

Risk/Implication

It might be difficult to monitor the implementation of the Commission's plans, goals and objectives in the absence of key RBM documents.

Recommendation

The Commission should submit approved RBM documents for audit examination every year to enable an assessment of the extent to which the Commission would have gone in attaining targeted key deliverables.

Management Response

The observation has been noted. The process of coming up with the Results Based Management Documents was affected by Covid 19 lockdowns. However, the Commission is waiting for the dates from the Office of the President and Cabinet for the training workshop on transition from Results Based Management to Program Based Budgeting and appraisals.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Supporting Documents

Findings

Purchase Orders from user departments were not attached to vouchers which were processed and paid by the Commission. The Procurement Officer was signing the request for services portion of the form. This was done in violation of Section 71 of the Public Finance Management (Treasury Instructions), 2019 which gives responsibility for initiating the procurement of goods, non-consultancy services and works, to User Departments.

I further noted that most payments made for procurement of goods and services were inadequately supported as authorised internal requisitions, invoices, system generated purchase orders, and payment vouchers were not attached as required by Section 71 (1) of the Public Finance Management (Treasury Instructions), 2019. No proper payment vouchers were prepared for total expenditure amounting to $2 734 284 obtained from documents that were processed for payment. This was a violation of procurement regulations.

Risk/Implication

Failure to adequately support payments could result in the processing of fraudulent transactions which may result in financial loss.

Recommendations

Requisitions for procurement of goods and services should originate from the user departments and there should be segregation of duties in the procurement department.

Internal controls should be enhanced so as to improve financial systems as well as the control environment.

Management Response

The observation has been noted. Measures have been put in place to make sure that purchase orders are attached to documents.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the three (3) findings, one (1) was implemented, one (1) was partially implemented and one (1) had not been addressed as indicated below:

3.1 Employment Costs

The Commission identified the source of the variance in employment costs and corrected the issue. During the period under review, reconciliations were carried out.

3.2 Audit Committee

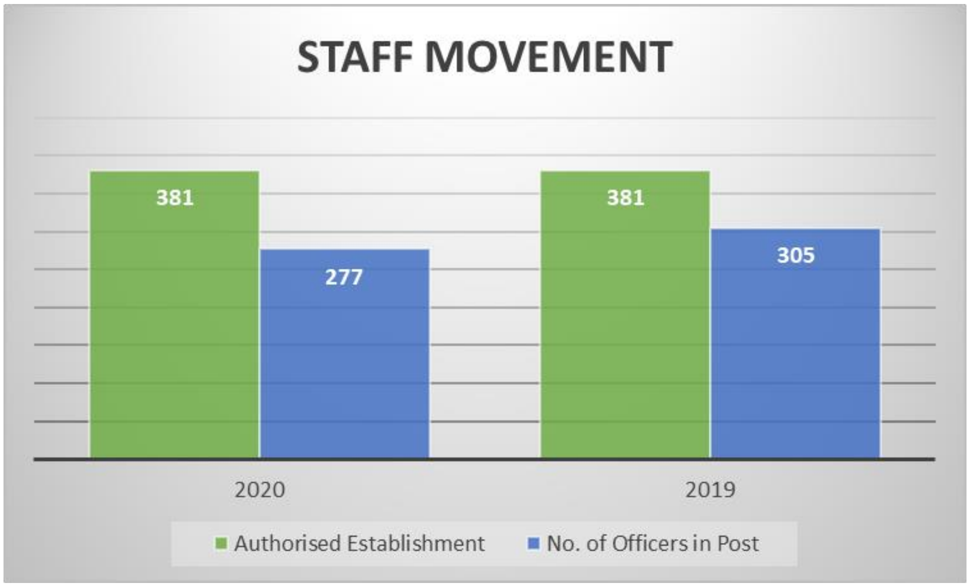
The Commission did not have a functional Audit Committee; the issue is still to be fully addressed.

3.3 Key Vacant Post

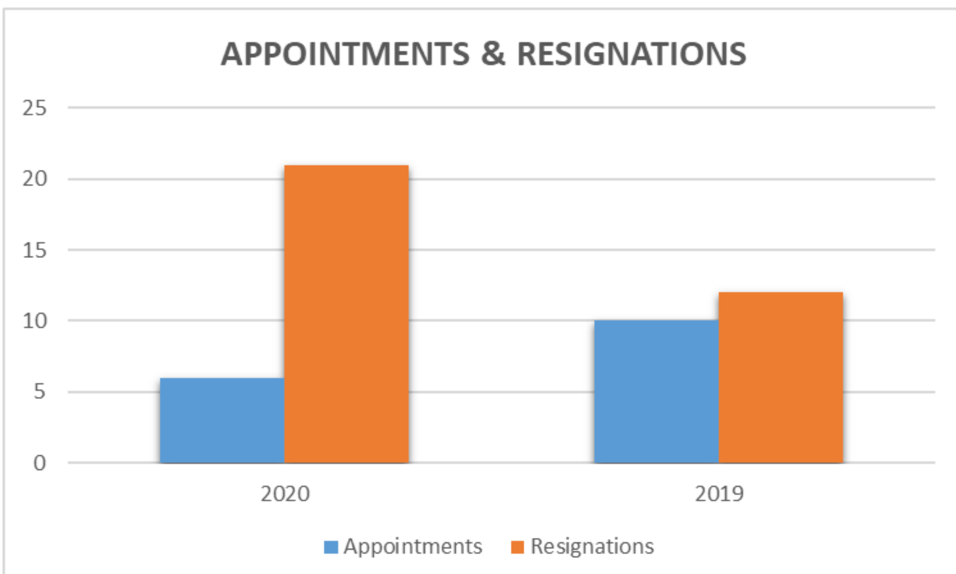
The post of the Internal Auditor which was vacant during the previous audit had not been filled although interviews had been conducted.

ANNEXURES

ANNEXURE A: STAFF LEVELS AND MOVEMENTS



NEW APPOINTMENTS AND RESIGNATIONS IN THE YEAR 2020 COMPARED WITH 2019



ANNEXURE B: OPINIONS PER ACCOUNT COMPARED TO PREVIOUS YEAR

Vote No.	Name of Account	Current year opinion	Prior year opinion
1.	**Office of the President And Cabinet**	Unqualified	Unqualified
	District Development Fund 2019	Qualified	Qualified
	State Enterprise Restructuring Agency 2019	Unqualified	Unqualified
2.	**Parliament of Zimbabwe**	Qualified	Qualified
3.	**Public Service, Labour and Social Welfare**	Qualified	Unqualified
	Children on the Streets Fund		Unqualified
	Child Welfare Fund 2019	Unqualified	Unqualified
	Community Recovery Fund		Unqualified
	National Drought Fund 2019	Unqualified	Unqualified
	Older Persons Fund 2019	Unqualified	Unqualified
	Yvonne Eustasie Parfitt Homes for the Aged Fund	Unqualified	Unqualified
	Training Loan Fund		
4.	**Defence and War Veterans**		Qualified
	Defence Procurement Fund		Qualified
	National Heroes Dependents Assistance Fund		Unqualified
	War Veterans Fund		Qualified
5.	**Finance and Economic Development**	Qualified	Unqualified
	Statement of Contingent Liabilities 2019	Qualified	Adverse
	Statement of Receipts and Disbursements 2019	Qualified	Adverse
	Schedule of Outstanding Revenue 2019	Qualified	Qualified
	Schedule of Revenue Received 2019	Qualified	Qualified
	Statement of Revenue Written-off 2019	Unqualified	Unqualified
6.	**Audit Office**	Unqualified	Unqualified
7.	**Industry and Commerce**	Unqualified	Unqualified
	Standard Development Fund 2019	Unqualified	Unqualified
	Trade Measure Fund 2019	Unqualified	Unqualified
8.	**Lands, Agriculture, Water, Climate and Rural Resettlement**	Qualified	Unqualified
	Land Compensation Fund 2019	Unqualified	Unqualified
	Meteorological Services Fund 2018	Qualified	Qualified
	Water Fund 2019	Unqualified	Unqualified

	Pig Levy Fund	Unqualified	Disclaimer
9.	**Mines and Mining Development**	Unqualified	Unqualified
	Mining Industry Load Fund (MILF) 2019/2020	Unqualified	Unqualified
	Special Gold Unit (Minerals Unit) 2019/2020	Unqualified	Unqualified
10.	**Environment, Tourism and Hospitality Industry**	Unqualified	Qualified
11.	**Transport and Infrastructural Development**	Qualified	Qualified
	Department of Roads Fund		Qualified
12.	**Foreign Affairs and International Trade**	Qualified	Qualified
13.	**Local Government, Public Works and National Housing**	Qualified	Qualified
	National Housing Fund 2017	Disclaimer	Disclaimer
	Housing and Guarantee Fund 2017	Qualified	Qualified
14.	**Health and Child Care**	Qualified	Qualified
15.	**Primary and Secondary Education**	Unqualified	Unqualified
	Independent College Guarantee Fund 2019	Unqualified	Qualified
	Education Materials Development Fund 2019	Unqualified	Unqualified
16.	**Higher and Tertiary Education, Science and Technology Development**	Qualified	Qualified
	Industrial Training and Trade Testing Fund 2018	Qualified	Unqualified
17.	**Women Affairs, Community, Small and Medium Enterprise Development**	Unqualified	Qualified
18.	**Home Affairs and Cultural Heritage**	Qualified	Qualified
	Zimbabwe Republic Police Retention Fund 2018	Unqualified	Qualified
	Registrar General Retention Fund	Adverse	Adverse
19	**Justice, Legal and Parliamentary Affairs**	Qualified	Qualified
20.	**Information, Publicity and Broadcasting Services**	Unqualified	Unqualified
21.	**Youth, Sports, Arts and Recreation**	Unqualified	Unqualified
22.	**Energy and Power Development**	Unqualified	Qualified
23.	**Information Communication Technology and Courier Services**	Unqualified	Unqualified

24	**National Housing and Social Amenities**	Unqualified	---------
25.	**Judiciary Services Commission**	Unqualified	Unqualified
	Guardian Fund 2019	Unqualified	Unqualified
26.	**Public Service Commission**	Unqualified	Unqualified
27.	**Council of Chiefs**	Unqualified	Qualified
28.	**Zimbabwe Human Rights Commission**	Unqualified	Unqualified
29.	**National Peace and Reconciliation Commission**	Unqualified	Unqualified
30.	**National Prosecuting Authority**	Unqualified	Accounts not received for Audit.
33.	**Zimbabwe Gender Commission**	Unqualified	Unqualified
34.	**Zimbabwe Land Commission**	Unqualified	Audit in Progress.

ANNEXURE C: BUDGET UTILISATION

Vote	Name	Total Allocated Amount $	Expenditure Amount $	Variance Amount $
1.	Office of the President And Cabinet	8 047 049 167	8 001 392 283	45 656 884
	Constitutional and Statutory Appropriations	13 500 000	9 448 620	4 051 380
2.	Parliament of Zimbabwe	2 620 504 482	1 885 505 238	734 999 244
	Constitutional and Statutory Appropriations	2 600 000	2 626 423	(26 423)
3.	Public Service, Labour and Social Welfare	2 971 698 846	2 373 981 593	597 717 253
	Constitutional and Statutory Appropriations	1 300 000	1 413 612	(113 612)
5	Finance and Economic Development	9 892 980 327	8 098 202 846	1 794 777 481
	Constitutional and Statutory Appropriations	5 603 822 000	3 114 194 332	2 489 627 668
6.	Audit Office	151 930 000	93 683 143	58 246 857
	Constitutional and Statutory Appropriations	1 300 000	804 535	495 465
7.	Industry and Commerce	378 259 959	205 486 277	172 773 682
8.	Lands, Agriculture, Water, Climate and Rural Resettlement	39 031 329 995	32 788 022 886	6 243 307 109
9.	Mines and Mining Development	296 005 632	255 692 869	40 312 763
10.	Environment, Tourism and Hospitality Industry	480 354 438	232 656 803	247 697 635
11.	Transport and Infrastructural Development	16 756 814 384	14 109 818 230	2 646 996 154
12	Foreign Affairs and International Trade	2 751 788 742	1 512 068 097	1 239 720 645
13.	Local Government, Public Works and National Housing	5 344 027 231	5 257 059 121	86 968 110
	Constitutional and Statutory Appropriations	2 932 000 000	1 044 010 880	1 887 989120
14.	Health and Child Care	13 338 855 638	10 631 735 053	2 707 120 585
15.	Primary and Secondary Education	19 221 759 335	16 292 361 066	2 929 398 269
16.	Higher and Tertiary Education, Science and Technology Development	4 291 934 565	3 981 104 761	310 829 804
17.	Women Affairs, Community, Small and Medium Enterprise	647 425 853	570 663 046	76 762 807

	Development			
18.	Home Affairs and Cultural Heritage	9 850 052 263	8 317 292 840	1 532 759 423
19	Justice, Legal and Parliamentary Affairs	3 040 569 607	2 721 206 490	319 363 117
20.	Information, Publicity and Broadcasting Services	565 799 000	528 391 518	37 407 482
21.	Youth, Sports, Arts and Recreation	731 525 351	629 311 875	102 213 476
22.	Energy and Power Development	460 385 910	289 558 391	170 827 519
23.	Information Communication Technology and Courier Services	207 615 311	166 389 523	41 225 788
24	National Housing and Social Amenities	569 903 000	540 863 296	29 039 704
25.	Judiciary Services Commission	744 410 111	719 144 488	25 265 623
	Constitutional and Statutory Appropriations	112 700 000	112 700 000	-------
26.	Public Service Commission	3 685 923 389	3 437 989 213	247 934 176
27.	Council of Chiefs	156 422 641	127 221 554	29 201 087
	Constitutional and Statutory Appropriations	650 504 000	650 428 355	75 645
28.	Zimbabwe Human Rights Commission	38 735 185	29 173 678	9 561 507
29.	National Peace and Reconciliation Commission	39 126 400	35 528 156	3 598 244
30.	National Prosecuting Authority	473 598 843	394 643 674	78 955 169
	Constitutional and Statutory Appropriations	1 300 000	918 560	381 440
33.	Zimbabwe Gender Commission	33 039 000	28 151 813	4 887 187
34.	Zimbabwe Land Commission	163 100 000	100 199 984	62 900 016
	Total	**$156 301 950 605**	**$129 291 025 122**	**$27 010 925 483**

ANNEXURE D: UNAUTHORISED EXCESS EXPENDITURE ON UNALLOCATED RESERVES

Original Vote and Unallocated Reserve Amounts				
Vote	**Name**	**Original Vote Amount $**	**Unallocated Reserve Amount $**	**Total Amount $**
1.	Office of the President And Cabinet	2 353 887 000	5 693 162 167	8 047 049 167
2.	Parliament of Zimbabwe	1 869 495 000	751 009 482	2 620 504 482
3.	Public Service, Labour and Social Welfare	2 370 562 000	601136846	2 971 698 846
5.	Finance and Economic Development	3 987 042 000	5 905 938 327	9 892 980 327
7.	Industry and Commerce	367 260 000	10 999 959	378 259 959
8.	Lands, Agriculture, Water, Climate and Rural Resettlement	11 163 481 000	27 867 848 995	39 031 329 995
9.	Mines and Mining Development	293 197 000	2 808 632	296 005 632
10.	Environment, Tourism and Hospitality Industry	425 100 000	55 254 438	480 354 438
11.	Transport and Infrastructural Development	3 089 800 000	13 667 014 384	16 756 814 384
12.	Foreign Affairs and International Trade	1 385 435 000	1 366 353 742	2 751 788 742
13.	Local Government, Public Works and National Housing	1 760 278 000	3 583 749 231	5 344 027 231
14.	Health and Child Care	6 459 100 000	6 879 755 638	13 338 855 638
15.	Primary and Secondary Education	8 495 794 000	10 725 965 335	19 221 759 335
16.	Higher and Tertiary Education, Science and Technology Development	2 234 609 000	2 057 325 565	4 291 934 565
17.	Women Affairs, Community, Small and Medium Enterprise Development	503 820 000	143 605 853	647 425 853
18.	Home Affairs and Cultural Heritage	2 397 160 000	7 452 892 263	9 850 052 263
19	Justice, Legal and Parliamentary Affairs	815 799 000	2 214 170 607	3 040 569 607
	Constitutional and Statutory Appropriations	2 600 000	3 892 983	6 492 983
20.	Information, Publicity and Broadcasting Services	409 799 000	156 000 000	565 799 000
21.	Youth, Sports, Arts and	323 900 000	407 625 351	731 525 351

	Recreation			
22.	Energy and Power Development	419 200 000	41 185 910	460 385 910
23.	Information Communication Technology and Courier Services	114 560 000	93 055 311	207 615 311
24	National Housing and Social Amenities	246 403 000	323 500 000	569 903 000
25.	Judiciary Services Commission	292 533 000	451 877 111	744 410 111
	Constitutional and Statutory Appropriations	37 700 000	75 000 000	112 700 000
26.	Public Service Commission	1 509 660 000	2 176 263 389	3 685 923 389
27.	Council of Chiefs	25 200 000	131 222 641	156 422 641
	Constitutional and Statutory Appropriations	57 200 000	593 304 000	650 504 000
28.	Zimbabwe Human Rights Commission	26 680 000	12 055 185	38 735 185
29.	National Peace and Reconciliation Commission	31 200 000	7 926 400	39 126 400
30.	National Prosecuting Authority	72 167 000	401 431 843	473 598 843
33.	Zimbabwe Gender Commission	25 900 000	7 139 000	33 039 000
	Total	**$53 566 521 000**	**$93 860 470 588**	**$147 426 991 588**
	Approved Unallocated Reserve		**$1 394 632 000**	
	Excess Unallocated Reserve		**$92 465 838 588**	

ANNEXURE E: APPROPRIATION ACCOUNT EXPENDITURE VARIANCES

Sub-PMG Figures more than the Appropriation Account Expenditure

Vote No.	Vote Name	Sub-PMG Account	Appropriation Account	Variance
11	Transport and Infrastructure Development	$14 188 543 939	$14 109 818 230	$78 725 709

Appropriation Account Expenditure Figures more than the Sub-PMG

Vote No.	Vote Name	Appropriation Account $	Sub-PMG Account $	Variance $
3	Public Service Labour and Social Welfare	2 375 395 205	2 074 147 900	301 247 305
13	Local Government and Public Works	6 301 070 001	5 828 539 210	472 530 791
16	Higher and Tertiary Education, Innovation, Science and Technology Development	3 981 104 761	3 110 928 407	870 176 354
20	Information, Publicity and Broadcasting Services	528 391 518	527 699 794	691 724
23	Information Communication Technology and Courier Services	166 389 523	147 306 974	19 082 549
26	Public Service Commission	13 046 788 182	11 896 923 163	1 149 865 019
27	Council of Chiefs	777 629 908	777 178 406	451 502
	Total	**$27 176 769 098**	**$24 362 723 854**	**$2 814 045 244**

ANNEXURE F: PAYROLL RECONCILIATIONS VARIANCES

SSB Figures more than the amount disclosed by the Ministry

Vote	Ministry	SSB Amount $	Ministry Amount $	Variance $
2.	Parliament of Zimbabwe	176 398 034	162 812 297	13 585 737
7.	Industry and Commerce	39 114 834	36 935 646	2 179 188
8.	Lands, Agriculture, Water, Climate and Rural Resettlement	1 443 375 913	1 343 991 254	99 383 648
11.	Transport and Infrastructural Development	131 444 087	127 509 045	3 395 042
13.	Local Government, Public Works and National Housing	360 612 086	354 699 074	5 913 012
14	Health and Child Care	6 070 386 925	4 456 733 618	1 613 653 307
19	Justice, Legal and Parliamentary Affairs	1 401 046 214	1 337 790 875	63 255 339
	Total	**$9 622 378 093**	**$7 820 471 809**	**$1 801 906 284**

Ministry Figures more than SSB Figures

Vote	Ministry	SSB Amount $	Ministry Amount $	Variance $
5	Finance and Economic Development	46 047 034	46 523 579	476 546
12	Foreign Affairs and International Trade	78 219 541	634 938 667	556 719 126
15.	Primary and Secondary Education	14 043 010 108	14 742 510 514	699 500 406
18.	Home Affairs and Cultural Heritage	6 161 614 785	6 903 827 001	742 212 216
26.	Public Service Commission	221 446 282	2 732 262 069	2 510 815 787
	Total	**$20 550 337 750**	**$25 060 061 830**	**$ 4 509 724 081**

ANNEXURE G: LONG OUTSTANDING REVENUE

Vote	Ministry	Nature of Debt	Total Amount of Debt $
1	District Development Fund 2019	Outstanding Travelling and Subsistence Advances	359 619
7	Standards Development Fund 2019	Levy Debtors	3 428 563
8	Lands, Agriculture, Water, Climate and Rural Resettlement	Land Levy	695 385 546
8	Meteorological Services Fund 2018	Airline Operators	2 332 219
13	Local Government and Public Works	Land Developers, commercial rental debtors	201 844 520
15	Primary and Secondary Education	Surcharges	5 695 661
	Independent Colleges Guarantee Fund 2019	Colleges annual subscription fees	207 749
16	Higher and Tertiary Education, Science and Technology Development	Outstanding Travelling and Subsistence Advances	4 571 911
18	Home Affairs and Cultural Heritage	Outstanding Revenue	1 187 029
21	Youth, Sport, Arts And Recreation	Outstanding Disallowances, Revenue, Surcharges	571 226
22	Energy And Power Development	Interest and Penalties on Public Financial Assets	30 250 379
25	Judicial Service Commission	Surcharges	91 059
	Total		**$945 925 481**