OAG ZIMBABWE
Office of the Auditor-General

REPORT

of the

Auditor-General

on

REVENUE AND FINANCE STATEMENTS AND FUND ACCOUNTS IN ARREAR AS AT DECEMBER 31, 2019

Presented to Parliament of Zimbabwe 2021

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

The Hon. Professor. M. Ncube
Minister of Finance and Economic Development
New Government Complex
Samora Machel Avenue
Harare

Dear Sir,

I hereby submit my Report on the audit of arrear Revenue and Finance Statements and Fund Accounts of Zimbabwe as at December 31, 2019 in terms of Section 309 (2) of the Constitution of Zimbabwe read together with Section 10 (1) of the Audit Office Act *[Chapter 22:18].*

Yours faithfully,

M. CHIRI,
AUDITOR-GENERAL.

HARARE
February 28, 2021.

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

CMED	Central Mechanical Equipment Department
COVID 19	Corona Virus pandemic
CRF	Consolidated Revenue Fund
DIMAF	Distressed Industries and Marginalized Firms
DMFAS	Debt Management and Financial Analysis System
DMO	Debt Management Office
ECGC	Export Credit Guarantee Corporation
EDDC	External and Domestic Debt Management Committee
EU	European Union
GAAP	Generally Accepted Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ISSAIS	International Standards of Supreme Audit Institutions
IDBZ	Infrastructure Development Bank of Zimbabwe
IMF	International Monetary Fund
MOU	Memorandum of Understanding
MTDS	Medium Term Debt Strategy
NDF	National Development Fund
NSSA	National Social Security Authority
OAG	Office of the Auditor-General
PAAB	Public Accountants and Auditors Board
PAC	Public Accounts Committee
PFMS	Public Finance Management System
PMD	Provincial Medical Director
PMG	Paymaster General Account
POSB	People’s Own Savings Bank
PSC	Public Service Commission
PSIP	Public Sector Investment Programme
RBZ	Reserve Bank of Zimbabwe
SAP	Systems Application Products in Data Processing
SI	Statutory Instrument
SME	Small and Medium Enterprises
SPD	Statement of Public Debt
SSB	Salary Service Bureau
T&S	Travelling and Subsistence
UNDP	United Nations Development Programme
UNICEF	United Nations Children Education Fund
VID	Vehicle Inspection Department
ZIMRA	Zimbabwe Revenue Authority
ZINARA	Zimbabwe National Roads Administration
ZINWA	Zimbabwe National Water Authority
ZRP	Zimbabwe Republic Police

TABLE OF CONTENTS

Page

Foreword……. …….………………….……………...……...……….……………...…(i)

Executive Summary …...……………….……….……..………..….…………..……..… (v)

Revenue and Finance Statements and Funds……………...………..................1-199

Annexes ………………………….....…....………………………………….............200

FOREWORD AND EXECUTIVE SUMMARY

SUMMARY OF CONTENTS

Page

Submission of Report on Arrear Accounts ……….....……………......…….….……….(i)

Duties of the Auditor-General.…………………….…….………….....…….……..….. (i)

Basis of Preparation of Public Accounts ....………………..……..…………….…….....(ii)

Conduct of the Audit and General State of the Public Accounts ...……..……......….(ii)

Audit Opinion ……………..……….....…...…………….…..……..………...…………..(iii)

Acknowledgements ………..………..……..………..……..………...….....…………...(iii)

Executive Summary……………………………………………………………..…....(v)

FOREWORD

1 SUBMISSION OF REPORT ON ARREAR ACCOUNTS

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, a report of my examination and audit of the public accounts of Zimbabwe.

In terms of Section 35 (12) of the Public Finance Management Act [*Chapter 22:19*] the Minister of Finance is responsible for submission to the House of Assembly audited consolidated financial statements.

The Constitution of Zimbabwe requires that all fees, taxes and borrowings and all other revenues of the State of Zimbabwe from whatever source arising (not being monies that are payable by or under an Act of Parliament into some other fund established for a specific purpose or may, by or under an Act of Parliament be retained by the authority) shall be paid into and form one Consolidated Revenue Fund. The administration and control over the Fund is exercised by the Treasury under the provisions of Section 17 of the Public Finance Management Act [*Chapter 22:19*].

This report includes those accounts that were not included in my report for the year ended December 31, 2018 (those that were in arrear as at that date) and were subsequently audited during 2019 - 2020.

2 DUTIES 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 has 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 provisions of the Public Finance Management Act [*Chapter 22:19*]. Central Government uses cash accounting basis for Appropriation Accounts and semi-accruals accounting for Funds. 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 sole responsibility to set such standards, in terms of section 44 (2) of the Public Accountants and Auditors Act.

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. The advent of the Corona Virus (COVID 19) which was declared a National Pandemic on March 20, 2020 by His Excellency, the President of the Republic of Zimbabwe, brought with it numerous challenges never witnessed before in the history of the audit profession.

COVID 19 PANDEMIC

The COVID19 outbreak was declared a pandemic towards the end of March 2020. The declaration coincided with the reporting of the accounts whose cutoff date was December 31, 2019. The pandemic caused a lot of disruptions to business operations due to policies and measures taken by Government to fight and control the spread of the disease. Such measures included lockdowns, curfews, social distancing, wearing of masks, constant washing of hands and downsizing of operations. Challenges faced while carrying out audits under COVID-19 conditions include, but not limited to the following:

- Progress of audits was affected as there were short working hours, delays in getting responses to audit queries and in some instances, no responses came through bringing about limitation of scope.
- identifying and responding to fraud and other risks, including uncertainties and difficult judgements on assets, provisions, solvency, going concern and disclosures
- addressing the impact of remote work arrangements, limitations on interactions with officers of the audited entity and accessing accounting records which were in manual form.
- the design and effective operation of key organisations' internal controls, and the impact on the nature, timing and extent of audit procedures;
- the audit work on stock counts, fixed asset counts, and system walk through, and the inability to conduct procedures effectively using virtual technology;

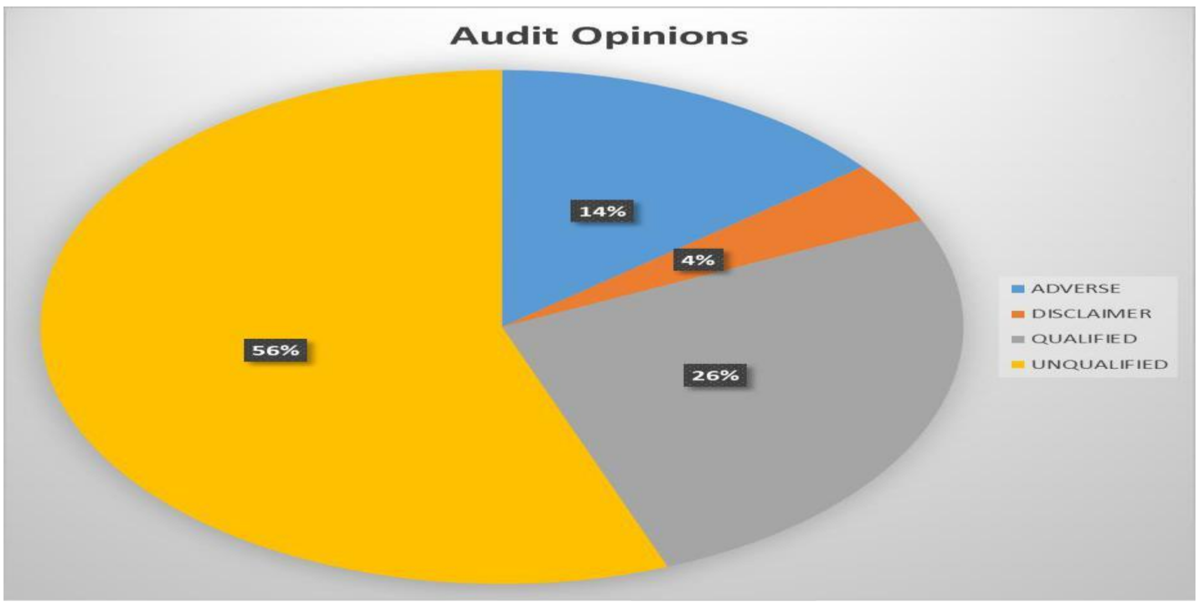
I conducted audits of arrear Fund Accounts and Revenue and Finance Statements, those that had not been submitted or were submitted late when I processed my 2018 Annual Report. These Audits commenced before the onset of the COVID19 pandemic.

5. CERTIFICATION OF PUBLIC ACCOUNTS

I certify that I have examined the Revenue and Finance 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

Sixty-Two Fund accounts and fifteen (15) Revenue and Finance Statements were audited. The audit opinions are outlined below:

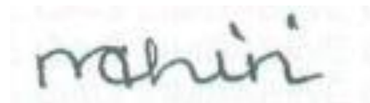


Annexure A shows the opinion per account. The financial statements are to be consolidated into one report by the Accountant-General in terms of section 35 (12) of the Public Finance Management Act [*Chapter 22:19*].

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 audit and submit this report, produced during difficult and trying times of the global COVID 19 pandemic.

My special thanks and gratitude go to my staff who demonstrated a high level of dedication, commitment to duty and support in the production of this report.



HARARE
February 8, 2021.

M. CHIRI,
AUDITOR-GENERAL.

EXECUTIVE SUMMARY

This section summarises the key audit findings in the report which were common to most Government Fund Accounts, Revenue and Finance Statements. These call for urgent attention by those charged with governance, in order to improve transparency and accountability in the public sector as required by section 298 of the Constitution.

1 GOVERNANCE ISSUES

1.1 Fund Constitutions, Accounting Procedures and Operational Guidelines

A number of funds operated without key documents such as Constitutions, Accounting Procedures and Operational Guidelines that would regulate and provide guidance or direction on these entities' operation. Where such documents existed, these were outdated. For instance, the National Development Fund's Constitution was last reviewed in November 1995 and with the changes in accounting systems they cease to provide effective internal controls to ensure safe custody of assets and smooth running of the Funds' day to day operations. Other funds such as the Pig Levy Fund, Tobacco Levy Fund and Independent Colleges Fund operated without constitutions or approved constitutions.

1.2 Advances to Appropriation Account

Some Ministries are using resources from Fund Accounts under their administration to finance Appropriation Account expenditure in violation of the Constitutions of the respective Funds and to the detriment of achieving the Funds' mission and objectives. This ordinarily compromises service delivery by such funds.

1.3 Management of Revenue and Finance Statements

1.3.1 Misstatement of the Consolidated Revenue Fund (CRF)

In my previous audit reports, I highlighted that Revenue and Finance statements and Appropriation Accounts which feed into the Summary of Transactions of the Consolidated Revenue Fund had qualified opinions. This problem persisted into the 2018 financial year. These are Schedules of Revenue Received, Exchequer Account, Statement of Public Debt and fifteen Appropriation Accounts. In view of the material misstatements from these statements, the Summary as a whole could not be relied upon to give a true and fair view of the transactions.

1.3.2 Inadequate Supporting Documents

Principles of good accountability and transparency demands that all transactions done should be properly supported by documents such as receipts, invoices, agreements and authorizing letters just to name a few, as proof that the transactions were done above board.

Notable examples of such transactions that did not have supporting documents include:

- Clearance of balances under National Development Fund that were due to PTA Bank of $6 711 798 and $1 370 075 to Small and Medium Enterprises Development.

- Clearance of outstanding balances in the year 2017 National Development Fund financial statements of $11 196 340 for the Zimbabwe Economic Trade Revival Loan Facility, $20 000 000 for the Ministry of Finance and Economic Development and $395 113 for Olivine Industries Limited.

- Set offs made by Treasury against ZIMRA tax obligations for various vendors/suppliers amounting to $92 172 630.

- Transfers from the Summary of Transactions on the Exchequer Account for year 2017 and 2018 were neither supported with Accountant-General's warrants nor Paymaster-General's warrants contrary to section 23 (3) of the Public Finance Management Act [*Chapter 22:19*].

- Proper accounting records such as ledgers were not maintained to support total expenditure of $25 350 957 and income of $50 817 790 under the Registrar-General Retention Fund. Furthermore, three hundred and eighty-seven (387) used receipt books were not availed for audit inspection.

1.3.3 Reconciliations

Reconciliations are a fundamental accounting process that gives the opportunity to check for fraudulent activities and prevent misstatement of financial statements and returns. Some of the figures feed into more than one revenue or finance statement and failure to carry out reconciliations result in unexplained variances, where in some cases the statements are supposed to carry the same figure.

The following are notable cases of misstatements observed in the Revenue and Finance Statements as a result of not reconciling variances:

i. Debt Repayments

Debt repayments across Treasury's systems could not be validated due to various unreconciled figures as at December 31, 2018.

ii. Treasury Bill/Bond Issuances

There was no reconciliation between the 2017 Statement of Public Debt and the Reserve Bank of Zimbabwe Treasury Bills/Bonds Issuance register.

iii. Deposits by Receivers of Revenue

An unreconciled variance of $1 478 863 338 was observed between the Main Exchequer Account and the Statement of Receipts and Disbursements.

iv. Transfers from the Main Exchequer account

There was an unreconciled variance of $1 563 722 880 between the Main Exchequer Account expenditure balance of $8 052 828 698, and the total expenditure of $9 616 551 578 derived from the audited 2018 Appropriation Accounts for Ministries.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Debt Recovery

As reported in my previous reports; debt recovery by many Fund Accounts remained poor and more effort is required to recover what is due to these Fund Accounts. Without vigorous revenue collection and debt recovery, the sustainability and continued service delivery by these Funds will be in jeopardy. I noted outstanding debts of $74 517 264 as shown on **Annexure C**.

Below are other notable issues with regard to debt recovery

i. Management of Investments

The Civil Service Housing Loan Fund for the Ministry of Local Government, Public Works and National Housing made an investment of 10% Secured Convertible Debenture at METBANK LIMITED worth $2 229 565 on April 1, 2015 without Treasury concurrence. Since then nothing has been recovered.

ii. Loans Management

As was reported in the previous financial year, loans continued to be granted to persons who lacked capacity to operate businesses. At the time of my audit, sixteen (16) projects under the Ministry of Women Affairs, Community, Small and Medium Enterprises Development which received loan disbursements amounting to $33 566 with an outstanding balance of $31 649 as at December 31, 2018 had ceased operations without repaying the money. Furthermore, seven (7) groups which benefited from the loan facility of the Women Development Fund were not repaying the loans despite the fact that they had capacity to service the loans.

iii. Wasteful Expenditure

A refundable deposit of ZAR 11 160 paid on May 29, 2012 by the Standards Development Fund to South Africa Revenue Services through an agent

Valentine Freight Services for calibration of measuring equipment had not yet been recovered at the time of concluding the audit on September 30, 2019.

In the last thirteen (13) years spanning from 2006 to the time of concluding my audit on October 1, 2019, the Meteorological Services Fund had not finalised the procurement of a hydrogen generator. The Fund made a part payment of $100 000 (€72 241) in year 2006 to Meteo France International and to date the generator has not been delivered nor has the Fund received the money paid.

3 PROCUREMENT

3.1 Unsupported Expenditure

Unsupported transactions of the National Coordination Unit and Health Services Fund of $3 270 and $160 290 respectively made it difficult for my Office to ascertain whether expenditure incurred was a proper and legitimate charge to the Fund Accounts.

4 COMMENT ON MANAGEMENT OF PUBLIC RESOURCES TO ACHIEVE NATIONAL OBJECTIVES

All Funds were created for a purpose/objective, and the achievement of their missions is hinged on good corporate governance, accountability, timely and transparent reporting of their activities through production of financial statements. However, I have noted with concern that a number of Fund Accounts, Finance and Revenue Statements are in arrears and are not being given priority as Appropriation Accounts when it comes to financial reporting. This poses a challenge on the monitoring and evaluation of service delivery which answers to the purpose of the Fund.

I therefore urge Accounting Officers to give priority to financial reporting of Appropriations and Funds and put in place robust internal controls to guard against revenue leakages.

5 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

A number of Ministries have taken steps to address audit findings I raised in my previous audit reports. This is evidenced by an improvement in the clean audit opinions given.

I would like to acknowledge the efforts by the Ministry of Finance (Treasury) in clearing arrear Funds, Revenue and Finance Statements and heeding to my call to put in place Accounting Procedures Manuals to guide operations. I trust with proper training, coaching, motivation and instilling the right attitudes as well as retention of right skills and competencies in the Ministries, there will be a great improvement in the future.

SUMMARY OF CONTENTS

	Page
FOREWORD	**i**
EXECUTIVE SUMMARY	v
SUMMARY OF CONTENTS	**1**
VOTE 1. - OFFICE OF THE PRESIDENT AND CABINET	**3**
DISTRICT DEVELOPMENT FUND 2018	3
VOTE 3. – PUBLIC SERVICE, LABOUR AND SOCIAL WELFARE	**8**
DISABLED PERSONS FUND 2018	8
NATIONAL DROUGHT FUND ACCOUNT 2018.	12
NATIONAL REHABILITATION CENTRES WELFARE FUND 2018	15
OLDER PERSONS FUND 2018	20
VOTE 5. – FINANCE AND ECONOMIC DEVELOPMENT	**24**
ARREAR REVENUE AND FINANCE STATEMENTS	24
STATEMENT OF PUBLIC DEBT 2017 AND 2018	24
SCHEDULE OF OUTSTANDING REVENUE 2017 AND 2018	34
STATEMENT OF RECEIPTS AND DISBURSEMENTS 2017 AND 2018	38
SUMMARY OF TRANSACTIONS OF THE CONSOLIDATED REVENUE FUND 2017 AND 2018	45
SCHEDULE OF REVENUE RECEIVED 2017 AND 2018	57
SUMMARY OF TRANSACTIONS ON THE EXCHEQUER ACCOUNT 2017 AND 2018	61
NATIONAL DEVELOPMENT FUND 2017 AND 2018	69
STANDARDS DEVELOPMENT FUND 2018	82
TRADE MEASURES FUND 2018	85
VOTE 8.- LANDS, AGRICULTURE, WATER, CLIMATE AND RURAL RESETTLEMENT	**90**
NATIONAL COORDINATION UNIT 2018	90
PIG LEVY FUND 2018	93
TOBACCO LEVY FUND ACCOUNT 2018	96
WATER FUND 2018	100
VOTE 9. - MINES AND MINING DEVELOPMENT	**105**
MINING INDUSTRY LOAN FUND 2018	105
MINES AND MINING DEVELOPMENT FUND 2018	108
SPECIAL GOLD UNIT FUND 2018	112
VOTE 10. – ENVIRONMENT, TOURISM AND HOSPITALITY INDUSTRY	**114**
SECRETARY'S FUND 2018	114
VOTE 11. – TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT	**116**
NEW LIMPOPO BRIDGE FUND 2018	116
TRAFFIC AND LEGISLATION FUND 2018	120
VOTE 13. – LOCAL GOVERNMENT, PUBLIC WORKS AND NATIONAL HOUSING	**123**
CIVIL SERVICE HOUSING LOAN FUND 2015 AND 2016	123

GOVERNMENT POOL PROPERTIES RETENTION FUND 2018 127
NATIONAL CIVIL PROTECTION FUND 2018 133
STADIA REVOLVING FUND 2018 136
VOTE 14. – HEALTH AND CHILD CARE 141
HEALTH SERVICES FUND 2018 141
VOTE 15. -PRIMARY AND SECONDARY EDUCATION 151
INDEPENDENT COLLEGES GUARANTEE FUND 2018 151
SCHOOL SERVICES FUND 2018 154
VOTE 17. –WOMEN AFFAIRS, COMMUNITY, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT 158
COMMUNITY DEVELOPMENT FUND 2018 158
WOMEN'S DEVELOPMENT FUND 2017 AND 2018 162
VOTE 18. -HOME AFFAIRS AND CULTURAL HERITAGE 166
REGISTRAR GENERAL RETENTION FUND 2018 166
ZIMBABWE REPUBLIC POLICE RETENTION FUND 2018 172
VOTE 19. -JUSTICE, LEGAL AND PARLIAMENTARY AFFAIRS 174
DEEDS AND COMPANIES OFFICE FUND 2018 174
ATTORNEY-GENERAL'S OFFICE ADMINISTRATION FUND 2018 180
ZIMBABWE PRISONS AND CORRECTIONAL SERVICE RETENTION FUND 2018 182
VOTE 25.- PUBLIC SERVICE COMMISSION 184
PENSIONS OFFICE RETENTION FUND 2018 184
PUBLIC SERVICE TRAINING CENTRES AMENITIES FUND 2018 186
PUBLIC SERVICE TRAINING LOAN FUND 2018 191
PUBLIC SERVICE TRANSPORT MANAGEMENT FUND 2018 194
SKILLS RETENTION FUND 2018 198
ANNEXES 201
ANNEXURE A 201
ANNEXURE B 207
ANNEXURE C 208

VOTE 1. - OFFICE OF THE PRESIDENT AND CABINET

DISTRICT DEVELOPMENT FUND 2018

OBJECTIVE OF THE FUND

The main objective of the Fund is to carry out infrastructural development works in the communal and resettlement areas and any other areas which may be declared developmental areas 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, 2018, statement of comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements which included 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	$
Income	67 917 420
Expenditure	59 394 519
Surplus	**$8 522 901**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	50 611 381	-
Accumulated Fund	-	61 369 815
Current	12 602 176	1 843 742
Total	**$63 213 557**	**$63 213 557**

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, 2018, 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) Non-Current

Assets Finding

The Fund changed the accounting policy for non-current assets from the previous one which required assets to be expensed in the year of purchase to a new policy requiring the entity to capitalise assets. This change required the Fund to ensure that property, plant and equipment be disclosed at fair value. However, plant and equipment such as earthmoving equipment, vessels and motor vehicles acquired prior to the adoption of the multicurrency regime in 2009 were maintained at the value of $1.

Risk/Implication

The value of Property, Plant and Equipment would be misstated and fair presentation of the financial statements would not be achieved.

Recommendation

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

Management Response

I take note of the observation, audit is advised that the management is in the process of engaging CMED to assist in the valuation of plant and equipment.

(ii) Inventory

Finding

Best practices in accounting require that there should be an independent person to check and verify the process whenever an annual stock take exercise is being done. For the period under review, I was not able to witness the stocktaking exercise as I was advised about the stock-take when it was already in progress. As a result, I could not place reliance on the values of the stocks of fuels and stocks of spares and security items amounting to $939 969 disclosed in the financial statements.

Risk/ Implication

The value of inventory could not be independently substantiated thereby compromising the credibility of the financial statements.

Recommendation

Management should ensure that external auditors are invited as external observers whenever the annual stock take process is being carried out.

Management Response

I take note of the finding and its implication. However, every effort was made to have external Audit Office involvement, unfortunately timing differences could not make it happen. In future Audit Office will be advised on time.

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

1. GOVERNANCE ISSUES

1.1 Internal Audit

Findings

The Director of Finance and Administration is the key client of the Internal Audit unit. However, in the year under review, the Annual Internal Audit plan, as well as the unit's progress reports availed for my inspection were approved by the Director of Finance, an indication that the Director of Finance is in-charge of internal audit. The organogram I inspected showed that the Deputy Director of Audit reports directly to the Accounting Officer. Public Finance Management Act (Chapter 22:19) section 80(3b) stipulates that the internal auditor "…. shall prepare a report on the financial administration and accounting system…, "of the Fund, copies of which shall be transmitted to "… the accounting officer, the Treasury and the Auditor-General …".

In the year under review, an operational plan with a target of 56 stations was approved. However, the internal audit unit managed to carry out 18% of the target, citing transportation constraints.

Risks/Implications

Internal audit independence can seriously be compromised and therefore weaken the effectiveness of internal audit function if the Deputy Director Internal Audit reports to the Director of Finance.

Failure by the internal audit unit to execute all planned annual audits may expose the fund to material weaknesses in controls and the Fund may fail to attain its stated objectives.

Recommendations

The Accounting Officer should ensure that the internal auditors have direct access to him as per the requirements of the Public Finance Management Act (Chapter 22:19).

The Fund should ensure that the internal audit unit has the necessary transport so that the unit may be able to carry out its functions effectively.

Management Response

I take note of the finding and its implication. However, audit is advised that the Deputy Director Audit reports to the Accounting Officer both technically and administratively. The reports are only directed to Director Finance and Administration for comments on responses from respective audits as well as addressing issues that affect his office directly.

The finding and its recommendations are noted however, audit is advised that every effort has been made to provide internal audit support financially and administratively to ensure that they carry out all the planned audits. In addition, each province has a resident internal auditor who is also supported the same way as head office. This is evidenced by internal audit reports from both head office and provincial internal auditors.

1.2 Travelling and Subsistence Multiple Advances

Finding

Public Finance Management (Treasury Instructions) Section 65(19) states that, "No advance in respect of subsistence and transport expenses shall be made to an officer in any calendar month until such time as advances made in previous months have been accounted for to the appropriate accountant." However, this control was not being upheld, and as a result, a number of individuals were issued with multiple Travelling and Subsistence advances before they had accounted for their previous advances. I highlighted the same issue in my previous audit report. The amount disclosed for travel and subsistence debtors in the year under review was $95 672. There was no evidence that such multiple advances were authorized by the Accounting Officer.

Risks/Implications

Huge balances may accumulate and they may be difficult to recover. This would ordinarily affect recovery or clearance of such advances thereby depriving the fulfilment of the Fund's objectives.

Failure to comply with standing rules and regulations exposes state funds to misappropriation.

Recommendation

Management should adhere to Public Finance Management (Treasury Instructions) Section 65 (1) which stipulates that Accounting Officers are responsible for ensuring that conditions of the travel and subsistence allowance advanced to staff members are complied with.

Management Response

I take note of the observation and its implications. However, the outstanding amounts are being recovered from the claimants` salaries. A system has been put in place to ensure that no one gets an advance before acquitting the previous one.

VOTE 3. – PUBLIC SERVICE, LABOUR AND SOCIAL WELFARE

DISABLED PERSONS FUND 2018

OBJECTIVE OF THE FUND

The purpose of the Fund is to promote the welfare of disabled persons by providing financial resources for rehabilitation, training and engaging in income and employment generating projects.

Opinion

I have audited the financial statements of the Disabled Persons Fund for the year ended December 31, 2018. 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	**$**
Income	1 189 909
Expenditure	999 595
Surplus	**$190 314**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Current	298 864	17 335
Accumulated Fund	---	281 529
Total	**$298 864**	**$298 864**

In my opinion, the financial statements present fairly, in all material respects the financial position of the Disabled Persons Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, the following are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Micro Finance Activities

In my 2015, 2016 and 2017 reports, I mentioned that the Fund was not making concerted effort to recover loans it would have advanced to beneficiary members. The trend continued in 2018 as the Fund did not institute the provisions of section 4 (d) of the loan agreement which states that should there be any failure to pay any amount as and when it becomes due, then the creditor shall have the right without notice to claim and recover the whole amount of the debt or any balance thereof then outstanding and to institute legal proceedings against debtor/s. The Fund had a total loan balance of $71 382 as at December, 31, 2017 and it issued further loans amounting to $10 208 in 2018 plus $12 497 in accumulated interest. Only $88 was repaid bringing the closing balance to $93 999 as at December 31, 2018. Furthermore, no allowance was created to recognise the potential loss that would arise as a result of irrecoverable loans.

Risk/Implication

Failure to take corrective measures in order to recover money owed by debtors may negatively affect the Fund's operations.

Recommendation

The Fund should urgently institute measures prescribed in section 4(d) of the loan agreement to ensure recovery of all outstanding funds.

Management Response

Persons with disabilities are a marginalised group of people with limited access to services and opportunities. As such, the Ministry provides the Disability Loan Facility to empower persons with disabilities to become self-sustainable. The Ministry will assess those who have received loans and find out if they are in any position to repay and where possible, recover the debt. In instances where recoveries cannot be made, write-off of debts will be considered.

1.2 Advances to Parent Ministry

Finding

My examination of the Fund's records revealed that on January 01, 2018 the Fund had a brought forward balance of advances to parent Ministry amounting to $232 984. During the year, a further $189 911 was issued bringing the total amount advanced to $422 895. The Ministry reimbursed $241 504 leaving a balance of $181 391 still outstanding at the date of audit on May 24, 2019. The funds were borrowed for the sustenance of the Appropriation account activities. This was in violation of the provisions of section 6(b) of the Fund's constitution which states that the expenditure of the Fund shall consist of such other payments as are considered incidental to but not inconsistent with the objective of the Fund.

Risk/Implication

The Fund may fail to achieve its objectives which include promoting the welfare of disabled persons by providing financial resources for rehabilitation, training and engaging in income and employment generating projects if financial resources are lent to the Parent Ministry.

Recommendation

The Fund should desist from issuing advances to its parent Ministry as this may affect service delivery to the disabled persons. The Fund should ensure that the amount owed by the Parent Ministry is fully recovered.

Management Response

The observation is acknowledged and the Ministry has since desisted from borrowing from the Fund account. Meanwhile plans are underway to clear the outstanding amount this year.

1.3 Administration of the Fund

Finding

The Disabled Persons Fund was set up to promote the welfare of disabled persons by providing financial resources for rehabilitation, training and engaging in income and employment generating projects. Pursuant to that goal Treasury availed $1 175 370 to the Fund. However, the Fund did not utilize all the availed funds to meet the above objectives resulting in Treasury recalling $485 243 on December 31, 2018. Furthermore, the Fund owed previous Board members a total amount of $17 335 in outstanding monthly board fees which could have been cleared before the funds were recalled.

Risk/Implication

Failure to utilize funds appropriated for the Fund further worsens the plight of the intended beneficiaries.

Recommendation

The Ministry should make initiatives to ensure that all disbursements made by Treasury are fully utilized to promote the welfare of disabled persons.

Management Response

It is acknowledged that a total of $485 246 was recalled by Treasury at the close of the financial year. This was done without notice to the Ministry and this had a detrimental effect on the efficient and effective operation of the Fund.

NATIONAL DROUGHT FUND ACCOUNT 2018.

OBJECTIVE OF THE FUND

The purpose of the Fund is 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 National Drought Fund. These 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	**$**
Income	1 581 061
Expenditure	1 903 015
Deficit	**($321 954)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Accumulated Fund		320 381
Current Assets	320 381	
Total	**$320 381**	**$320 381**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are material issues that were noted during the audit:

1 GOVERNANCE ISSUES

1.1 Submission of Financial Statements

Finding

The Ministry of Labour did not submit its financial statements within the statutory deadline. The financial statements for the Fund were submitted on June 06, 2019 which is 3 months after the statutory deadline. Section 35 (6) (b) (i) of the Public

Finance Management Act [*Chapter 22:19*] provides that all accounts and annual returns should be submitted for audit on or before the end of February of each year.

Risk/Implication

If the financial statements are not prepared and submitted for audit on time it would be difficult to ascertain whether the funds were utilised for the intended purpose and it would also defeat the relevance of information to the users of the Financial statements.

Recommendation

In future the Ministry should adhere to the provisions of the Public Finance Management Act [*Chapter 22:19*] section 35 (6) (b) (i) regarding submission of annual returns.

Management Response

The observation is acknowledged. In future the Ministry will make an effort to meet the statutory deadline of end of February of each year.

1.2 Constitution of the Fund, Accounting Procedures and Operational Guidelines.

Finding

An examination of the Fund's governing documents revealed that the Constitution of the Fund, Accounting Procedures and Operational Guidelines of the Fund are out dated. The Constitution was last reviewed in November 1995. The clauses contained in these documents are no longer relevant and able to provide an effective internal control system to ensure safe custody of assets and smooth running of the entities' day to day operational activities, hence there is need to revisit and update the documents.

Risk/Implication

Lack of updated governing documents of the Fund might render internal controls weak thereby leading to possible loss of the Entities' resources.

Recommendation

Management should ensure that the documents are reviewed timeously to improve on internal controls and prevent loss of the Fund's resources.

Management Response

The observation is acknowledged. Work is currently underway to review the Fund's accounting officer's guidelines. This exercise is to be completed before the end of the year.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS Advance to Parent Ministry

The Ministry did not borrow from the fund during the year under review. They managed to reimburse $21 163 out of the balance of $173 150.

NATIONAL REHABILITATION CENTRES WELFARE FUND 2018

OBJECTIVE OF THE FUND

The purpose of the Fund is to provide funding for the training and welfare of disabled ex-combatants at the three Rehabilitation Centres namely: Ruwa, Lowden Lodge and Beatrice.

Qualified Opinion

I have audited the financial statements of National Rehabilitation Centre Welfare Fund. These 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	$
Income	120 028
Expenditure	133 280
Deficit	**($13 252)**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-current	28 579	-
Accumulated Fund	-	63 611
Current	51 173	16 141
Total	**$79 752**	**$79 752**

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 National Rehabilitation Centre Welfare Fund as at December 31, 2018, 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) ASSET MANAGEMENT

Depreciation policy

Finding

The Fund did not have a depreciation policy for its non-current assets. For the seventh year running, the Fund's non-current assets had not been depreciated in contravention of Section 37 of the Public Finance Management Act [*Chapter: 22:19*] which requires that financial statements be prepared in accordance with generally accepted accounting practice (GAAP). GAAP incorporate the matching and prudence concepts which states that expenses must be matched to the revenues earned and non-current assets should not be overstated respectively.

Risk/Implication

Non-current assets, profit for the year and accumulated fund would be overstated due to the depreciation amount that would not have been charged on the non-current assets thereby distorting the financial statements.

Recommendation

Management should come up with a depreciation policy and depreciation should be charged retrospectively on the non-current assets so that they are correctly valued and recognised in the financial statements**.**

Management Response

It is correct that up to now the Fund has not been able to formulate a depreciation policy on its non-current assets. This was mainly because Treasury advised the Ministry not to develop another depreciation policy when work was already under way to have the Fund ride on the S.A.P system.

Evaluation of Management Responses

The Fund should have its own depreciation policy regardless of whether it is using PASTEL or SAP.

(ii) Inventory

Valuation Finding

For the second year running, the Fund did not put in place an inventory valuation policy contrary to Section 37 of the Public Finance Management Act [*Chapter: 22:19*] which requires that financial statements be prepared in accordance with generally accepted accounting practice (GAAP). GAAP requires that an entity must have an inventory policy which prescribes the measurement and the cost formula used by the entity on inventory valuation.

Risk/Implication

Without an inventory management policy, there will be inconsistencies in the valuation of inventory and it would be difficult to verify the accuracy of the inventory valuation.

Recommendation

Management should formulate an inventory management policy for consistency in the inventory valuation.

Management Response

The inventory valuation employed by the Fund is the weighted average stock, which under the current circumstances is the most suitable and is approved by the IPSAS 12/IAS 2 standards.

This is the accounting policy that has been adopted for stock valuation for the Fund.

Evaluation of Management Responses

While it is acknowledged that the Fund used the weighted average on stock valuation, it is good practice and also for purpose of consistence that the Fund should have a well-documented inventory valuation policy which must stipulate that the weighted average method would be used on inventory valuation.

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

1 REVENUE COLLECTION AND DEBT

MANAGEMENT Debt Management

Finding

There was no evidence to show that effective and appropriate steps were taken to recover all outstanding debts by issuing reminders and follow-up letters to the debtors. This was contrary to Treasury Instruction 0501 which provides 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. At the time of concluding my audit, on July 19, 2019, receivables amounting to $30 807 were still outstanding.

Risk/Implication

Without issuing reminders and follow-up letters to debtors, such debts could easily become irrecoverable and the Fund may not achieve its objectives of providing funding for the training and welfare of disabled ex-combatants.

Recommendation

Management should issue reminders and follow-up letters to its debtors to ensure that outstanding debt is recovered.

Management Response

It is acknowledged that as at the time of the audit, debts to the Fund had accrued to $30 807 being school fees arrears by current and former students. Of this amount, a total of $23 155 relates to school fees arrears from 2010 to 2017, when the school had not been formalised. Records on hand did not allow the institution to successfully make follow ups, rendering it difficult to collect the debts. Accordingly, the Fund shall seek for the write off of the sum of $23 155 because it related to a period when the school was not formal.

Proper records are now being kept, and the system allows for follow up with the parents/ guardians in the event of undue delays in the payment of school fees.

Evaluation of Management Responses

Even though the school was not formally established, service was rendered hence the Fund should make efforts to recover all outstanding fees.

2 GOVERNANCE ISSUES

2.1 Advance Receivables

Finding

On January 1, 2018, the Fund had an opening Advance Receivables balance of $26 678 which related to payments made by the Fund on behalf of the parent Ministry and the debt dates back to 2016. During the year under review, only $12 596 was reimbursed leaving a balance of $14 082 as at December 31, 2018.

Risk/Implication

Delay in recovering the full amount owed may result in the Fund failing to implement its programmes as financial resources remain tied up in advance receivables.

Recommendation

The amount owed should be fully recovered for the Fund to be able to finance its programmes.

Management Response

It is acknowledged that the Fund was owed a total of $14 082 by the parent Ministry as at December 31, 2018. This amount will be reimbursed in full by December 31, 2019.

2.2 Administration of the Fund

Finding

For the second year running, the Fund operated a school enrolling form one to six students at Ruwa National Rehabilitation Centre without amending the Fund's Constitution to incorporate the school activities. This was contrary to the objective of the Fund as stated in its Constitution which is to provide funding for the training and welfare of disabled ex-combatants at the three Rehabilitation Centres namely Ruwa, Lowden Lodge and Beatrice.

Risk/Implication

Operating a school without making amendments to the Fund's Constitution may result in the Centre pursuing objectives which are not in line with the mandate of the Fund.

Recommendation

The Accounting Officer should amend the Fund's Constitution to incorporate the operations of the school.

Management Response

It is acknowledged that the Constitution of the Fund needs amendment to take account of the school which has now been formally approved by the Ministry of Primary and Secondary Education.

The Fund's Constitution is being amended, together with an operational manual for the purposes of administering the school at the Ruwa National Rehabilitation Centre. This work should be complete by December 31, 2019.

OLDER PERSONS FUND 2018

OBJECTIVE OF THE FUND

The purpose of the Fund is 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 year ended December 31, 2018. These financial statements comprise the statement of financial position, 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	**$**
Income	184 178
Expenditure	186 993
Deficit	**($2 815)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-current	-	-
Accumulated Fund	-	55 319
Current	55 319	-
Total	**$55 319**	**$55 319**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are some material issues noted during the audit

GOVERNANCE ISSUES

1.1 Per Capita Grant

Finding

The purpose of the Fund is to provide social welfare assistance to destitute and indigent older persons. The Fund is supposed to disburse Per Capita Grants to registered institutions for elderly persons to finance their operations. My examination of the Fund's records revealed that the Fund was lagging behind in honoring claims of assistance to Old People's Homes. During 2018 the Fund paid Per Capita Grant amounting to $20 418 being $18 018 to Ekuphumuleni Geriatric Nursing Home and $2 400 to Gwanda Association Home for 2016 and 2015 claims respectively. The Administrative and Per Capita Grant of $20 418 disbursed to the above institutions had already lost value due to inflation.

Risk/Implication

Objectives of institutions or homes for the elderly may not be fully achieved if grants are disbursed late to finance the operations of these institutions.

Recommendation

The Fund's management should ensure that payments of grants to the institutions for the elderly are expedited to promote their objectives.

Management Response

The late disbursement of grants is primarily due to low releases from the Treasury. That is the best the Ministry can do under the existing resources constraints.

Evaluation of Management Response

A total of $20 418 which was supposed to be released to Ekhuphumuleni and Gwanda centres respectively were delayed not because of unavailability of resources but it was because of the Ministry's failure to release funds destined for the Fund which were diverted to the vote to meet non-Fund related expenditures.

1.2 Advances to Parent Ministry

Finding

My examination of the Fund's records revealed an outstanding advance to its parent Ministry issued in 2017 amounting to $53 666 in respect of payments to suppliers on procurement of goods and services, for the sustenance of Appropriation activities. As at December 31, 2018 this amount remained outstanding.

Risk/Implication

The Fund may not be able to provide social welfare assistance to the destitute or indigent older persons if the Fund's financial resources remain tied up in advances.

Recommendations

The Fund should ensure that its financial resources are expended only on activities such as providing social welfare assistance to destitute or indigent older persons as stipulated by the Older Persons Act [*Chapter 17:11*]

The Fund should recover all outstanding advances made to the Parent Ministry to boost its working capital.

Management Response

It is acknowledged that the sum of $53 666 was outstanding at the time of the audit. These debts were incurred when Treasury was not releasing adequate funding for normal Ministry activities. The Ministry has minimized borrowing and is working out plans on how the arrear debts should be cleared.

2. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

2.1 Expenditure Control – The Fund was prioritising administration expenses over the objectives of the Fund.

The Fund is now prioritising the objectives of the Fund as evidenced by the 61% of Per Capita Grant paid to institutions or homes for the elderly during the year ended December 31, 2018.

2.2 Assets - The Fund purchased a laptop worth $1 580 which was expensed in full in the Statement of Profit or loss instead of being recognised as a non-current asset.

The recommendation has not been implemented as there was no adjustment made to recognise the laptop as a non-current asset. Furthermore, there was no depreciation policy formulated to depreciate the asset over its useful life.

ARREAR REVENUE AND FINANCE STATEMENTS

VOTE 5. – FINANCE AND ECONOMIC DEVELOPMENT

ARREAR REVENUE AND FINANCE STATEMENTS

STATEMENT OF PUBLIC DEBT 2017 AND 2018

BACKGROUND INFORMATION

Accounts are maintained for all Public Debt represented by loans made to the State. The outstanding balances of all loans are reduced from time to time by repayments and by nominal value of stocks purchased and cancelled by the Debt Redemption Fund and through operations of the Sinking Fund's trustees.

Qualified Opinion

I have audited the Statement of Public Debt for the Ministry of Finance and Economic Development for the year ended December 31, 2018.

Below is a summary of what was borrowed and repaid during the year.

Details	External Borrowings $	Domestic Borrowings $	Total $
Balance as at Jan 01, 2018	7 352 584 165	4 135 449 379	11 488 033 544
Borrowings	240 194 510	2 316 558 445	2 556 752 955
Adjustments	174 257 366	-	174 257 366
Total	**$7 767 036 041**	**$6 452 007 824**	**$14 219 043 865**
Repayments	(73 161 250)	(1 737 920 094)	(1 811 081 344)
Balance at December 31, 2018	**$7 693 874 791**	**$4 714 087 730**	**$12 407 962 521**

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the Statement presents fairly, in all material respects the financial position and the state of affairs of the Statement of Public Debt as at December 31, 2018 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Take on balances of Public

Debt Findings

As highlighted in my previous audit reports, the take on balance of public debt figure of $11 488 033 544 as at January 1, 2018 was different from the closing balance of $11 271 673 088 as at December 31, 2017 resulting in a variance of $216 360 456. The difference was attributed to adjustments for Government debt that was paid up in the 2017 financial year and not disclosed. Documentary evidence supporting the repayments was not availed for audit examination. Furthermore, if the balances were indeed not outstanding as at December 31, 2017, there was no need for adjusting the opening balances. A note explaining the omission would suffice for disclosure purposes. However, these omissions indicated poor record keeping and raised doubts on the completeness and accuracy of the Statement as a whole.

Risk/Implication

The Public debt statement may be misstated.

Recommendations

Documentary evidence supporting the adjustments should be availed for audit verification.

The Public Debt Management Office should maintain complete and accurate records.

Management Response

The necessary adjustments to correct the error were made on the Statement of Public Debt and the copy of the issuance instructions were provided. The final schedule of payments received from the Accountant General shows that they were paid in 2017.

Evaluation of Management Response

The corrected Statement of Public Debt was not submitted for audit examination. Documentary evidence supporting the repayments was also not submitted for audit examination.

(ii) Debt Repayments

Finding

Debt repayments reflected on the Treasury payment schedule, Appropriation Account of the Ministry of Finance and Economic Development, Debt Management and Financial Analysis System (DMFAS) and the Statement of Public Debt (SPD) as at

December 31, 2018 were different. The Treasury schedule had $1 970 093 327, the Appropriation Account had a balance of $1 970 093 271, the Statement of Public Debt had a balance of $1 977 875 064 and the Debt Management and Financial Analysis System balance amounted to $1 794 528 055. The balances were not reconciled. The different sources should have the same information on debt repayments and where differences existed they should have been reconciled.

As at December 31, 2017, the Treasury payment schedule, the Appropriation Account of the Ministry, and the Statement of Public Debt had different balances. The Treasury schedule had $1 048 902 890, the Appropriation account had a balance of $884 671 901 and the Statement of Public Debt had $962 723 655. The balances were not reconciled.

Risk/Implication

The debt repayment figure may be misstated in the absence of reconciliation with related sources.

Recommendation

The different balances should be reconciled to establish the correct debt repayments.

Management Response

The balances were reconciled. $66 577 871 was included under external debt figures in the Statement of Public Debt whereas in DMFAS this figure appears under domestic debt. These were TBs issued to external creditors under the RBZ debt Assumption Act.

$15 212 978 was included under external debt figures in the SPD whereas in DMFAS this figure appears under domestic debt. These were Treasury bonds issued to external creditors under the RBZ debt Assumption Act.

The DMFAS figures excluded $847 000 which is for Reserve Bank of Zimbabwe customers and the *Export Credit Guarantee Corporation* of Zimbabwe (ECGC) Limited.

The appropriation account statement states the total amount of repayment, whereas Treasury PFMS, where the figures originate, records interest and principal separately.

The following also contributed to the discrepancies:

Treasury payment schedule includes subscriptions to International Organisations which are the International Monetary Fund, Asian Development Bank, International Fund for Agricultural Development, International Bank for Reconstruction and Development, and the European Investment Bank. The

subscription amounts are not captured in the Debt Management and Financial Analysis system since they are not loan repayments but Government obligations/membership payments that have to be paid on a quarterly basis.

Zimbabwe Asset Management Company payments also contribute to the discrepancies. These are direct payments that do not go through the Accountant General's Office. A reconciliation between Accountant General's Office, Public Debt Management Office and Reserve Bank of Zimbabwe is being carried out to establish the exact figure involved.

Evaluation of Management Response

Only DMFAS and SPD balances for the 2018 financial year were reconciled. The reconciliation was not extended to the Appropriation Account and the Treasury Schedule balances so that all the four balances are agreed.

A reconciliation for the 2017 balances was not submitted.

(iii) Penalty interest charges

Findings

The penalty interest of $97 514 126 (2017: $102 941 947) for total external debt disclosed was being calculated outside the Debt Management Financial System (DMFAS) using estimations. The DMFAS system in use does not compute interest on interest, therefore, the disclosed penalty interest charges of $97 514 126 for total external debt was an estimate. Evidence on the basis of the estimate was not availed for audit inspection.

Risk/Implication

Penalties interest charges might be materially misstated.

Recommendation

The Public Debt Management Office should acquire the latest version of DMFAS which calculates penalty interest charges using actual rates.

Management Response

Resources permitting, the Public Debt Management Office will lease the DMFAS services from United Nations Conference on Trade and Development, the service provider which has a version which includes penalty calculations. Most creditors have however submitted templates with formula which are being used to calculate penalties.

Evaluation of Management Response

The templates with formulas from creditors were not availed to audit so that the penalty interest charge calculations could be confirmed.

(iv) Interest for Treasury Bills and Bonds

Finding

The Public Finance Management System reflected interest that was paid for Treasury bills and bonds amounting to $186 133 182 whereas the Statement of Public Debt had a figure of $156 958 945, giving a variance of $29 174 237 that was not reconciled. I was therefore unable to confirm the correctness of the interest paid.

Risk/Implication

The Statement of Public Debt may be misstated.

Recommendation

The different interest balances should be reconciled.

Management Response

A reconciliation is being done following the audit query. The full reconciliation will be done and submitted for audit examination by 31 Dec 2020.

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

1 GOVERNANCE ISSUES

1.1 Loan Identification Numbers

Finding

Best practice requires that a loan be identified through a unique loan Identification number (Loan ID). The number could be numeric or alphanumeric, and should be assigned to each loan to differentiate it from the others for easy identification. However, some loans had duplicated loan IDs and others were recorded as “Various” instead of using appropriate loan IDs.

Risk/Implication

Identification of the loans may be difficult if loan IDs are duplicated or not disclosed.

Recommendation

Loan Identification numbers should be validated.

Management Response

The instruments were allocated the same ID numbers on issuance by RBZ but were differentiated in DMFAS by a check letter, however, the differentiations were erroneously left out on the Statement of Public Debt.

1.2 Statutory Reporting

Finding

Section 36 (1) of the Public Debt Management Act [*Chapter 22:21*] states that, ‘At least twice a year, the Minister shall furnish Parliament with a report on Government debt management activities, guarantees and lending’. This provision was not complied with during the year under review as reports on government debt management were not presented to Parliament.

Risk/Implication

Parliament may fail to exercise its oversight role if statutory reports are not submitted for scrutiny.

Recommendation

Treasury should ensure that statutory reporting requirements are complied with.

Management Response

This is being done at least twice a year during National Budget presentation as well as Mid Term budget.

Evaluation of Management Response

National Budget presentation by the Minister is separate from the provision of Section 36 (1) of the Public Debt Management Act [Chapter 22:21], hence provision is not being complied with.

1.3 Medium Term Debt Strategy

Findings

The Public Debt Management Act [*Chapter 22:21*] section 5 (2) (a) requires that the Public Debt Management Office prepare and publish a Medium Term Debt Strategy (MTDS). However, the strategy was not published. As a result, an annual borrowing plan which is derived from the MTDS was in draft form and hence could not be relied on as an authentic document to guide on borrowing limits, tenure, and preferred debt portfolio mix. I have raised this in my previous year audit reports and no corrective action was taken.

Risks/Implications

The non-publishing of the Medium Term Debt Strategy impinges on transparency and accountability and may result in debt managers failing to implement an annual borrowing plan, recognise new risks and complexities affecting the debt portfolio, cost and risk trade-offs.

The country may incur debts that may stifle economic growth.

Recommendation

The Medium Term Debt Strategy should be published to inform key stakeholders, enhance transparency and promote accountability in debt management.

Management Response

The Medium-Term Debt Strategy was approved by the Minister.

Evaluation of Management Response

The reasons for not publishing the MTDS were not provided in the management response.

1.4 External and Domestic Debt Management Committee

Finding

Treasury put in place an External and Domestic Debt Management Committee (EDDC) which is made up of the Reserve Bank Governor, Secretary for Finance and Economic Development and the Principal Director of the Public Debt Management Office as its Secretary. This committee has not met to deliberate on issues of its mandate. This was a violation of section 7 (1) (b) of the Public Debt Management Act [*Chapter 22:21*] which requires the EDDC to meet and make recommendations to the Minister concerning all external borrowings, domestic debt issuance and guarantees.

Risk/Implication

Inappropriate and costly decisions may be made if the committee mandated to provide critical advice does not meet.

Recommendation

Regular meetings should be held to ensure compliance with the Public Debt Management Act [*Chapter 22:21*]

Management Response

The Committee could not meet in 2017 due to the busy schedules of the committee and members as well as the fact that due to accumulation of arrears, borrowing is limited and the Committee can only meet as and when it is necessary.

1.5 Public Debt Management Office Issuance Register

Finding

Treasury Bills valued at $166 621 954 which were issued during the year were not recorded in the Public Debt Management Office's issuance register although they were disclosed in the Statement of Public Debt. It is best practice to record all Treasury bill issuances in an issuance register. I also noted that the Issuance Register was maintained on an excel spreadsheet which could easily be manipulated.

Risks/Implications

Treasury bills disclosed in the Statement of Public Debt may be incomplete as a result of omissions.

Records maintained on excel spreadsheet are exposed to risk of unauthorized changes that may not be detected.

Recommendation

The Public Debt Management Office should maintain an up-to-date manual Treasury bills/bonds issuance register.

Management Response

The finding is noted. The Public Debt Management Office started maintaining a manual Treasury Bills/Bonds issuance register in 2019.

1.6 Treasury bill/bond Letters

Findings

During the year 2017 the Ministry of Finance and Economic Development instructed the Reserve Bank of Zimbabwe (RBZ) to raise funds through Treasury bill/bonds. However, Treasury bill/bond issuance letters to the RBZ did not provide adequate details such as tenure, coupon rates, timing and purpose of Treasury bills/bonds contrary to good accounting practice. Furthermore, the issuance letters were not serialized to enable me to verify the completeness of Treasury bills/bonds raised.

In addition, the 2017 Statement of Public Debt disclosed Treasury Bills/Bonds issued amounting to $2 798 607 231 while the Reserve Bank of Zimbabwe Issuance register had a balance of $2 813 122 890 giving a variance of $14 515 659. According to best practice, the figures from the two sources should agree and if there are any variances, they should be reconciled and supported by documentary evidence.

Risks/Implications

The Reserve Bank of Zimbabwe may issue Treasury bonds with terms and conditions which may be costlier to the State if details of the Treasury bills are not provided.

It may be difficult to detect errors or fraudulent activities if reconciliations are not done.

Recommendations

Issuance letters to the RBZ should have all details and conditions of the bills/bonds.

Reconciliations should be done and variances investigated to ensure that balances disclosed are complete and accurate.

Management Responses

All Treasury bill/bond issuances are now being numbered and serialized. As outlined in the 2019 National Budget, Treasury Bill issuances are being triggered only by a Treasury Bill Issuances Note by the Accountant General. Going forward, all Treasury Bill issuances will be strictly for financing of short term cash-flow mismatches.

The balances have been reconciled and supporting documents provided.

Evaluation of Management Response

A reconciliation was prepared and submitted for audit examination. However, documentary evidence for the figures disclosed in the reconciliation statement was not provided for my verification.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS 2.1 Variances on Debt Service Amounts

Reconciliations were still not being carried out.

2.2 Agricultural Marketing Authority (AMA) bills

The AMA bills had not been recorded at the time of audit.

2.3 Disclosure of Debts in the Statement of Public Debt

The Treasury bond TB1461-20141204 was not recorded in the Debt Management and Financial Analysis system as recommended.

2.4 RBZ Debt Treasury bond issuances

The Treasury bond over issuances of $5 675 597 were not investigated.

2.5 Publicly Guaranteed External Debt

The guaranteed external debts were disclosed again in the Statement of Public Debt for the year under review and documents used to take-over the debt were not availed.

2.6 Variances on Domestic Interest Amounts

Documents supporting reversal of ZAMCO Treasury bills in DMFAS were not availed.

2.7 Draft Manuals

Approved manuals are now in place.

SCHEDULE OF OUTSTANDING REVENUE 2017 AND 2018

BACKGROUND INFORMATION

This relates to revenue which is due to the State.

Qualified Opinion

I have audited the Schedule of Outstanding Revenue of the Ministry of Finance and Economic Development for the year ended December 31, 2018.

Below is the Summary of Outstanding Revenue for the year:

Head of Revenue	Outstanding Revenue as at December 31, 2018 ($)	Outstanding Revenue as at December 31, 2017 ($)	% increase/ (Decrease)
Taxation	5 038 575 839	3 956 353 038	27 %
Investment Revenue	167 196 065	-	-
Fees	1 788 802	-	-
Other	272 170 287	-	-
Total	**$5 479 730 993**	**$3 956 353 038**	**39%**

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 presents fairly, in all material respects the state of affairs of the Schedule of Outstanding Revenue for the year ended December 31, 2018 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Zimbabwe Revenue Authority (ZIMRA) Outstanding Revenue

return Finding

The Zimbabwe Revenue Authority contributed $5 038 575 839 of the total outstanding revenue of $5 479 730 993 disclosed in the Schedule of Revenue for the year under review. This constituted 92% (2017: 95%) of the total outstanding revenue. However, as reported in my previous audit reports, the Outstanding Revenue return for ZIMRA for the year ended December 31, 2018 was qualified because of misstatements and this resulted in a qualified opinion of the Consolidated Schedule.

Risk/Implication

The Schedule of Outstanding Revenue is materially misstated because of misstatements in the ZIMRA return.

Recommendation

Treasury should advise the Zimbabwe Revenue Authority to address causes of the misstatements in order to avert misstatement of reported outstanding revenue figures.

Management Response

The observation is noted. Treasury will engage ZIMRA to find ways to address the concerns raised and ensure proper accounting and disclosure for all outstanding revenue.

Adoption of International Public Sector Accounting Standards coupled with utilizing SAP in reporting accruals accounting is also expected to enhance management of outstanding revenue.

(ii) Misstatement of prior year comparative balances

Finding

The 2018 Schedule had a comparative prior year balance of $3 956 353 038, however, the total outstanding revenue as at December 31, 2017 was $4 175 206 709. The variance of $218 853 671 was due to outstanding non-tax revenue that was omitted from the comparative figures. There were no notes and /or supporting documents to explain the omission or adjustments. The Ministry did not take corrective action to address the anomaly.

In the 2017 financial statements, the prior year comparative balances were understated by $62 342 355 which was in respect of investment revenue that was omitted from the comparative figures. There were no notes and / or supporting documents to explain the reasons for the omission or adjustment.

Risk/Implication

The Schedule of Outstanding Revenue may be materially misstated as a result of the omissions or adjustments which were not explained or supported by documentary evidence.

Recommendation

Adjustment of prior year balances should be explained by notes and supporting documents should be availed for verification.

Management Response

The observation is noted. Treasury has requested line Ministries for the final audited statements and will reconcile the variance of $218 853 671 by 31 December 2020.

The variance of $62 342 355 disclosed for 2016 comparative return was noted. In future prior year audited closing figures will be used for comparative purposes.

(iii) Misstatements of Outstanding

Revenue Finding

The 2018 total outstanding revenue disclosed by line Ministries/Departments was $5 351 127 809 whereas Treasury reported outstanding revenue amounting to $5 479 730 994 giving a variance of $128 603 185 (2017: $1 846 621).

The 2017 Schedule also had numerous misallocations of outstanding revenue across a number of revenue heads which resulted in overstatement of interest, dividends and profits by $55 377 280 ($62 171 357 *less* $6 794 077). The anomaly was as a result of weak supervisory controls.

Risk/Implication

The Schedule of Outstanding Revenue may be materially misstated as a result of the unexplained variance.

Recommendations

Preparation of year-end financial statements should be supervised to enhance their quality and reliability.

The variances should be investigated and corrective action taken.

Management Response

Treasury will look into the discrepancy between Treasury figures and line Ministries by way of reconciliation and provide feedback by December 31, 2020.

Reconciliations of variances will be undertaken. In future, Treasury will facilitate training to ensure proper allocations and disclosures of outstanding revenue.

1 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

1.1 Late submission of accounts

The Schedule of Outstanding Revenue for the financial year ended December 31, 2017 was submitted for audit on July 9, 2019, more than one year and five months after the statutory deadline of February 28, 2019.

There was an improvement as the Schedule for the year under review was submitted two months after the statutory deadline.

STATEMENT OF RECEIPTS AND DISBURSEMENTS 2017 AND 2018

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.

Adverse 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, 2018.

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

Balance as at January 1, 2018	Collections	Payments to Exchequer Account	Payments to Other Accounts	Balance as at December 31, 2018
$27 259 120	$5 521 266 240	$4 838 359 430	$662 439 996	$47 725 934

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the Statement does not present fairly, in all material respects, the state of affairs of the Statement of Receipts and Disbursements for the year ended December 31, 2018.

Basis for Adverse Opinion

(i) Transfer Payments to the Exchequer

Account Finding

Ordinarily, the balances for deposits into the Main Exchequer Account and the disbursements shown in the Statement of Receipts and Disbursements should be the same. However, a comparison of the balances revealed that payments to the Main Exchequer Account were different. The Statement of Receipts and Disbursements reflected transfers to the bank of $4 838 359 429 whereas the balance on the Summary of Transactions on the Exchequer Account was $6 317 222 768, giving a variance of $1 478 863 339 (2017: $92 259 853) which was not reconciled. This was due to direct deposits into the main Exchequer Account; whereas transfers from the Receipts and Disbursements are from sub-Exchequer Accounts of Receivers of Revenue.

Risk/Implication

The Statement may be materially misstated as a result of unreconciled variances.

Recommendation

Treasury should reconcile the different balances.

Management Response

The audit observation is acknowledged. The Receipts and Disbursements return had some omissions which Treasury will work on and reconcile the $1 478 863 339 variance.

(ii) Variances between the Consolidated Treasury return and line Ministries returns

Finding

Treasury had closing balances of $47 725 935 whereas line Ministries had closing balances amounting to $13 487 623. This resulted in a variance of $34 238 312 (2017: $841 411) which was not reconciled. The following table shows a summary of variances between Treasury and line Ministry balances.

VARIANCES BETWEEN TREASURY AND LINE MINISTRIES BALANCES

Details	**Treasury Balances $**	**Line Ministries Balances $**	**Variances $**
Opening balances	27 259 122	30 643 166	(3 384 044)
Collections/Receipts	5 521 266 238	5 543 640 840	(22 374 602)
Payments to Exchequer	4 838 359 429	4 880 497 342	(42 137 913)
Paymentstoother Accounts	662 439 996	386 346 264	276 093 732
Adjustments during the year	-	293 952 777	(293 952 777)
Closing balances	**$47 725 935**	**$13 487 623**	**$34 238 312**

Risks/Implications

The Statement of Receipts and Disbursements may be materially misstated.

Failure to carry out monthly reconciliations may result in fraud, errors, and omissions occurring without detection.

Recommendation

Treasury should carry out monthly reconciliations in order to minimize errors.

Management Response

The observation is noted. Treasury closing balances were compiled from unaudited line Ministries returns. The audited line Ministries returns were not shared with Treasury in order to effect any necessary adjustments. Treasury will carry out monthly reconciliations and also request line Ministries to submit the final audited returns for reconciliation where necessary.

(iii) Adjustments

Finding

The Treasury return did not disclose any adjustments on the Statement, although returns from line Ministries disclosed adjustments amounting to $293 952 777.

Risk/Implication

The financial statements may be misstated as a result of adjustments that were not disclosed by Treasury.

Recommendation

Treasury should explain differences and adjustments between its figures and those disclosed by line Ministries and provide supporting documentary evidence.

Management Response

Treasury did not receive the adjusted audited returns from line Ministries in order to be able to disclose the adjustments on the statement. However, a written request will be made by Treasury for the final audited returns to address this.

Evaluation of Management Response

The returns submitted by line Ministries already had the adjustments. However, Treasury did not take corrective action during the audit process when the issue was raised.

(iv) Supporting Documents - Direct Inflows to the Main Exchequer Account

Finding

In the 2017 Statement, Treasury disclosed collections and transfers of $903 090 094 that were attributed to various sources such as foreign loan proceeds, Treasury bill issuances, interest earned and transfers from statutory funds. However, supporting documents for direct inflows amounting to $837 210 182 were not availed for audit examination. This limited my scope of audit and prevented me from verifying the accuracy and completeness of the balances disclosed.

DIRECT INFLOWS TO THE MAIN EXCHEQUER ACCOUNT

Nature of Inflow	$
Transfers from Fund Accounts	10 909 086
Agricultural Marketing Authority Bills	62 745 907
Treasury Bills Issuances	497 575 964
ZRP Revolving Fund	1 293 819
Afreximbank Loan	255 312 674
Lender of Last Resort	7 000 000
Returned/Recalled Funds (Source not provided)	2 369 208
Unidentified Sources of Deposits	3 524
Totals	**$837 210 182**

Risk/Implication

The Statement of Receipts and Disbursements may be materially misstated.

Recommendation

Supporting documentation for the direct inflows should be availed for audit inspection.

Management Responses

The observation is noted.

Treasury may request various Funds to transfer financial resources directly into the Main Exchequer Account in order to support government operations.

When Treasury raises resources through AMA bills and TB issuances on the market, the resources are directly credited in the issuance account that will be transferred to the main exchequer account.

Resources from the ZRP Revolving Fund were used to pay their foreign creditors. Treasury made an arrangement with ZRP to transfer the resources

from the fund account into the Exchequer account for onward transmission to the creditors.

The Afreximbank loan was provided for the introduction of Bond notes.

The lender of last resort payment of $7 000 000 was a loan repayment by RBZ to the Ministry of Finance and Economic Development. The loan agreement has been provided.

Evaluation of Management Responses

Treasury only availed a loan agreement for the lender of last resort payment of $7 000 000. Supporting documents for the other direct inflows were not provided.

(v) External and Domestic

Loans Finding

Inflows from external and domestic borrowings reflected on the 2017 Statement of Receipts and Disbursements amounted to $759 888 638 whereas the Statement of Public Debt of the same financial year reflected borrowings amounting to $2 868 212 048 resulting in a variance of $2 108 323 411 that was not reconciled. The variance was due to Treasury bills and loans that were processed outside the Public Finance Management System. Consequently, the collections and transfers to the Exchequer Account were materially understated. The problem continued in 2018 as the variances remained unreconciled. The following table shows variances on loan balances;

VARIANCES ON LOAN BALANCES

Loans	**Receipts and Disbursements as at December 31, 2017 $**	**Statement of Public Debt as at December 31, 2017 $**	**Variance $**
Treasury bills	497 575 964	916 728 643	(419 152 679)
Treasury bonds	-	1 881 878 588	(1 881 878 588)
Lender of Last Resort (RBZ loans)	7 000 000	-	7 000 000
External loans	255 312 674	69 604 818	185 707 856
Totals	**$759 888 638**	**$2 868 212 049**	**($2 108 323 411)**

Risks/Implications

The collections and transfers to the main exchequer account were materially misstated.

If balances are not reconciled on a regular basis, errors, omissions and fraud may go undetected.

Recommendations

All collections/receipts should be deposited directly into the Main Exchequer Account and they should be processed through the Public Finance Management System.

Variances should be investigated and reconciled.

Management Responses

Statement of receipts and disbursements only shows what receivers of revenue collected and what was disbursed to main Exchequer. Borrowings are not accounted for in receipts and disbursements.

Evaluation of Management Response

The Treasury explanation is inconsistent with disclosures made in the Statement of Receipts and Disbursements. Treasury disclosed loans with an amount of $759 888 638 in the Statement.

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

1 GOVERNANCE ISSUES

1.1 Non-Submission of Returns

Finding

The Human Rights Commission, Zimbabwe Anti-Corruption Commission, Zimbabwe Electoral Commission and the Zimbabwe Media Commission did not submit Statements of Receipts and Disbursements for audit examination. This was a violation of Section 32 (1) and (2) of the Public Finance Management Act [*Chapter 22:19*] that requires every director of finance to prepare and submit annual financial statements for audit. I could not therefore satisfy myself whether or not public funds received by the Commissions were properly accounted for.

Risk/Implication

The non-disclosure of all receipts and disbursements may result in users of the Statement failing to make informed decisions and it reduces the usefulness of the Statement.

Recommendation

All Ministries, Departments and Commissions should submit year-end returns to the Accountant-General for audit in order to promote accountability and transparency.

Management Responses

The observation is noted and regretted. Treasury will ensure that line Ministries comply to statutory deadlines of 28 February.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS 2.1 Adjustments

The supporting documents for the adjustments were not availed for audit examination. The issue is still outstanding.

SUMMARY OF TRANSACTIONS OF THE CONSOLIDATED REVENUE FUND 2017 AND 2018

BACKGROUND INFORMATION

The Consolidated Revenue Fund (Summary) is an account into which all Government revenue is deposited and from which all Government expenditure is met. It is made up of the Exchequer (receiving arm) and Paymaster-General's (paying arm) accounts.

The Summary shows revenue that Ministries/Departments collect as per Revenue Received return and the expenditure incurred as per the Summary of Appropriation account. The Summary also shows how the Government deficit was financed either by domestic or foreign borrowing.

Adverse Opinion

I have audited the Summary of Transactions of the Consolidated Revenue Fund of the Ministry of Finance and Economic Development for the financial year ended December 31, 2018.

Below is a Summary of Transactions of the Consolidated Revenue Fund:

Details	**Amount $**	**Total $**
Revenue and International Grants	5 366 685 245	
less: Expenditure and Net Lending	7 804 839 150	
Deficit		**($2 438 153 905)**
Net Foreign Financing	208 050 014	
add: Net Domestic Financing	487 577 804	695 627 818
add: Net change in bank balance		1 742 526 087
Total Financing		**$2 438 153 905**

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the Summary, does not present fairly, in all material respects, the state of affairs of the Summary of Transactions of the Consolidated Revenue Fund as at December 31, 2018.

Basis for Adverse Opinion

(i) Accounting Officers Instructions/procedures manual

Findings

In my previous audit reports, I highlighted that Treasury did not have Accounting Officers Instructions/procedures manual to provide guidance on maintenance of accounting records and preparation of financial statements for the Consolidated Revenue Fund (Summary). There was no consistency in the preparation and presentation of the Summary which made it difficult to compare financial information from one accounting period to another. As a result, the financial statements had numerous errors and incorrect account balances, some comparative figures could not be matched to those of the previous year. There were no explanatory notes to support significant balances.

Risk/Implication

It may be difficult to properly account, maintain and disclose accurate balances on the Summary, and information presented may not be useful for decision making.

Recommendation

Treasury should come up with the Accounting Officers Instructions/procedures manual to improve on the reliability and accuracy of the financial statements.

Management Response

Treasury has engaged consultants who are developing accounting officer's instructions and procedures, and these are expected to be in place by end of December 2020.

(ii) Disclosure of prior year comparative

balances Findings

The Summary did not disclose prior year comparative prepayment balances and the net movement on suspense accounts, floating debt and closing cash balances of \$142 894 639 and (\$466 883 256) respectively.

Furthermore, the Summary had a nil balance for the prepayment account whereas the Public Finance Management System had a closing balance of \$142 894 639 as at December 31, 2018. There were no explanatory notes for the non-disclosure contrary to good accounting practice.

Risks/Implications

Inconsistent presentation of the Summary makes it difficult to compare financial information from one accounting period to another.

The Summary may be materially misstated and financial information presented may not be reliable to users.

Recommendation

Treasury should draw up and use Accounting Officers Instructions/procedures manual to provide guidance on the maintenance of accounting records and preparation of financial statements.

Management Response

The accounting procedure manual is being crafted and will provide guidance on the maintenance of accounting records and preparation of financial statements and these are expected to be in place by end December 2020.

(iii) Expenditure and Net Lending

Findings

Total expenditure and net lending disclosed on the 2018 Summary was $7 804 839 150, whereas audited expenditure of the same reported by line Ministries was $9 616 551 578. The Summary of Transactions on the Exchequer account reflected total transfers from the Consolidated Revenue Fund of $8 052 828 698 used to meet expenditure of Ministries and Departments. Ordinarily, the balances from the three financial statements should have been the same. There were no reconciliations performed to establish the source of the variances, therefore the correctness of the expenditure disclosed could not be validated. I have raised the same issue in my previous audit reports without corrective action being taken.

In the 2017 Summary, total expenditure and net lending disclosed was $4 295 076 480, whereas audited expenditure from all Ministries was $5 172 581 761 giving a variance of $877 505 281. Ordinarily, the balances from the Summary and Appropriation Accounts should have been the same. There were no reconciliations performed to establish the source of the variance.

Risks/Implications

The financial statements may be materially misstated.

Recommendation

Monthly reconciliations should be carried out to enhance the accuracy of financial statements.

Management Response

In 2017 and 2018, the Government of Zimbabwe incurred excess expenditure and the causes of these expenditures were quasi fiscal expenditures paid by RBZ on behalf of Government and part of these expenditures were not recorded by Ministries, Departments and Agencies (MDAs) by the time they prepared their returns. However, by the time of the audit some MDAs had recorded these expenditures hence the difference between audited returns from voted funds and what was submitted to Treasury. Treasury has made a commitment to Public Accounts Committee to ensure that all the unaudited excess expenditure will be recorded by MDAs and audited.

(iv) Financing of the budget deficit

Findings

The 2018 Summary disclosed a budget deficit of $2 438 153 905 which did not agree with the financing amount of $2 460 124 087. The balancing figure of $21 970 182 was neither explained nor investigated. Ordinarily, the deficit figure should be equal to the financing figure.

Risk/Implication

The budget deficit may be misstated and could mislead policy makers and users of financial statements.

Recommendation

Treasury should maintain accurate financial records to enhance reliability of financial statements.

Management Response

The Consolidated Revenue Fund is the main return which receives input from other returns. These returns which feed input into the CRF had material misstatements causing imbalances. To address the imbalances on CRF, issues in the input returns should first be addressed and it is expected that this should be complete by 31 December 2020.

(v) Loan repayments

Finding

Supporting documents for loan repayments amounting to $182 500 000 (2017: $1 039 958 726) disclosed on the Summary were not availed for audit verification. The Statement of Public Debt and the Ministry of Finance and Economic Development Appropriation Account had repayments of $189 083 379 (2017: $962 723 655) and $1 804 497 966 (2017: $884 671 901) respectively. Ordinarily the loan repayment balances from the three statements should be the same. Where differences are noted reconciliations should have been carried out. I was unable to establish the correct figure for repayments in the absence of supporting evidence and unreconciled variances. Below are details of loan repayments from the three statements.

LOAN REPAYMENTS

Details	Consolidated Revenue Fund $	Statement of Public Debt $	Appropriation Account $
External and Domestic Loan Repayments			1 804 497 966
External Debt Repayments	-	6 583 379	-
Domestic Debt Repayments	182 500 000	182 500 000	-
Totals	**$182 500 000**	**$189 083 379**	**$1 804 497 966**

Risk/Implication

The loan repayments figure may be misstated and therefore unreliable.

Recommendation

Supporting evidence for loan repayments should be availed for audit examination and monthly reconciliations should be carried out to promote transparency and accountability in the management of debt.

Management Response

Supporting documents for loan repayments amounting to $182 500 000 are still being sourced.

Reconciliations are being carried out and will be done by 31 December 2020 and will be made available for audit.

(vi) Exchange Holding

losses Finding

The Summary had a nil balance for the exchange holding losses. However, the Public Finance Management System had a balance of $91 224 679. The source of the variance was not disclosed as no monthly reconciliations were carried out. I was unable to establish the correctness of the balance disclosed on the Summary in the absence of a reconciliation.

Risk/Implication

The Summary of Transactions of the Consolidated Revenue Fund may be materially misstated as the figure of exchange holding losses was not disclosed.

Recommendation

Treasury should reconcile and report the exchange holding losses appropriately.

Management Response

These are non-transactional flows (unrealized gains or losses) as there will be no movement of funds.

The system report gains or losses due to changes in exchange rates. The gains and losses depends on the rate of that day.

Evaluation of Management Response

Movements in exchange holding losses/gains should be reported.

(vii) Treasury

bills/bonds Findings

The 2018 Summary disclosed Treasury bill/bond issuances and settlements of $2 134 058 445 and $1 624 510 510 respectively. However, the Statement of Public Debt had Treasury bill/bond issuances and settlements of $2 134 058 445 and $1 621 997 965 respectively. The variance of $2 512 545 was not reconciled. The following table shows different amounts reported on the two statements;

TREASURY BILL/BOND ISSUANCES

	CRF	Public Debt	Variance
Treasury bills	**$**	**$**	**$**
Issuances	2 134 058 445	2 134 058 445	-
Repayments/ Settlements	(1 624 510 510)	(1 621 997 965)	2 512 545
Total	**$509 547 935**	**$512 060 480**	**$2 512 545**

The 2017 Summary reflected Treasury bond/bill settlement balance of $925 206 191 which was not supported by documentary evidence. The Statement of Public Debt had Treasury bond/bill settlements of $826 060 975 resulting in a variance of $99 145 216 which was not reconciled. Consequently, I was unable to establish the correct balance of Treasury bond/bill settlements made during the 2017 financial year.

Risk\Implication

The Summary may be materially misstated.

Recommendation

Monthly reconciliations of Treasury bill issuances and settlement balances on the Summary and the Statement of Public Debt should be carried out to identify and correct imbalances or errors.

Management Response

Reconciliations are being done and will be completed by 31 December 2020. Once the reconciliations are done they will be made available for audit.

(viii) Public Financial

Assets Finding

The Summary disclosed loan advances of $364 049 493 that were not supported by documentary evidence. The Statement of Public Financial Assets which discloses details on lending and equity was not produced for audit. I was unable to identify who the loan and equity beneficiaries were and the value of loans disclosed on the Summary.

Risk/Implication

The loan advances may be materially misstated and loan recoveries may not be carried out.

Recommendation

Records for Public Financial Assets should be maintained.

Management Response

The figure of $364 049 493 was derived from line ministries submissions of Appropriation returns.

Evaluation of Management Response

While Ministries should maintain separate records for Public Financial Assets, Treasury as manager for Public financial resources, should maintain the main record for Public Financial Assets which it reconciles with Ministry records.

(ix) Misstatements in Revenue and Finance

Statements Findings

In my previous audit reports, I highlighted that Revenue and Finance statements and Appropriation Accounts which feed into the Summary had qualified opinions. The Schedule of Revenue Received, Exchequer Account, Statement of Public Debt and fifteen Appropriation Accounts had qualified audit opinions. In view of the material misstatements from statements that feed into the Summary of Transactions of the Consolidated Revenue Fund, the Summary as a whole is inaccurate.

Risk/implication

The Summary could be materially misstated.

Recommendation

Treasury should adopt accounting and financial reporting standards in order to produce credible and reliable financial statements.

Management Response

Treasury will undertake reconciliations of the various component returns that feed into the Summary of Transactions on the CRF and submit for audit review. Accounting Officer's Instructions are also being developed to provide guidance on and ensure consistency in handling various transactions.

In addition to the above, Government has adopted International Public Sector Accounting Standards (IPSAS) as the reporting framework, and is working on migration thereto in line with a road map developed to facilitate the process.

(x) Borrowings

Findings

The Summary reflected foreign and domestic borrowings of $208 050 050 104 and $182 500 000 respectively totaling to $390 550 014, that was not supported by documentary evidence. I have highlighted this issue in my previous reports. Furthermore, there was an unreconciled variance of $32 144 496 between the Statement of Public Debt and the Summary which had a figure of $422 694 510. I could not place reliance on the accuracy of the figure for foreign and domestic borrowings. Ordinarily the balances from the two financial statements should be the same.

The 2017 Summary disclosed total borrowings amounting to $759 888 638 made up of Treasury bill issuances of $497 575 964 and external loans of $262 312 674. Documentary evidence to support the borrowings were not availed for audit examination.

The borrowings of $759 888 638 disclosed on the Summary differed from $2 868 212 049 disclosed on the Statement of Public Debt giving a variance of $2 108 323 411.

Risk/Implication

The borrowings in the Summary may be misstated.

Recommendation

Supporting evidence for the borrowings should be availed and the variances reconciled on a monthly basis.

Management Response

The Ministry is still sourcing for the supporting documents and reconciliations are being done to ascertain the correct figures.

(xi) International Aid

Grant Finding

The Summary of Transactions of the Consolidated Revenue Fund for the year ended December 31, 2018 disclosed $47 058 687 as International Aid Grant. However, a schedule of grants produced for audit examination had a figure of $526 691 777. There were no documents to support the figure for International Aid grants to enable me to verify the completeness and accuracy of the balance disclosed on the Summary.

Risk/Implication

The International Aid Grants figure of $47 058 687 may be misstated.

Recommendation

Treasury should maintain records that support the balances disclosed on the Summary.

Management Response

The figure of US$526 691 777 includes international aid from development partners including bilateral and multilateral institutions in various sectors of the economy. These development partners do not give Treasury their funds to manage through the National Development Fund (NDF) but only report to treasury what they would have done and the cost thereto. Only funds spent through the NDF form part of the CRF hence from the USD$526 691 777 only $47 058 687 was spent via the NDF.

Evaluation of Management Response

Treasury did not provide documentary evidence to enable me to confirm the response given.

(xii) Revenue Received balances

Finding

The 2017 Summary of Transactions on the Consolidated Revenue Fund had total Revenue Received of $3 873 415 481 while the Schedule of Revenue Received had a total receipts of $3 783 001 609 resulting in a variance of $90 413 872. The balances were not reconciled and source documents were not availed for audit examination casting doubt on the reliability of the balance disclosed on the Summary of Transactions of the Consolidated Revenue Fund.

Risk/Implication

The revenue balances on the Summary may be materially misstated.

Recommendations

Revenue balances on the Summary and the Revenue Received return should be reconciled.

Source documents for revenue balances on the Summary should be availed for audit examination.

Management Response

Treasury will reconcile the two amounts and submit for audit review, together with relevant source documents as requested by 31 December 2020.

(xiii) Zimbabwe Revenue Authority (ZIMRA) collections and transfers to Exchequer Account

Finding

The ZIMRA return for Receipts and Disbursements had collections of $4 085 638 282 and transfers to the Main Exchequer Account amounting to $3 606 343 759. However, the 2017 financial year Summary disclosed collections from ZIMRA amounting to $4 085 638 282 and transfers to the Main Exchequer Account of $3 667 500 545 giving a net variance of $61 156 786 that was not reconciled. Below is the table of balances and variances noted:

ZIMRA COLLECTIONS AND TRANSFERS TO EXCHEQUER ACCOUNT

Details	**Schedule of Receipts and Disbursements 2017 (ZIMRA) $**	**Summary of Transactions of the Consolidated Revenue Fund 2017 $**	**Variance $**
Collections	4 085 638 282	4 085 638 282	-
Transfers to Main Exchequer Account	(3 606 343 759)	(3 667 500 545)	(61 156 786)
Total	**$479 294 523**	**$418 137 737**	**($61 156 786)**

Risk/Implication

Errors may not be detected if monthly reconciliations are not carried out.

Recommendation

Reconciliations should be carried out between ZIMRA Agent Account and the Main Exchequer account balances.

Management Response

Reconciliations are being done and will be made available to audit by December 31, 2020.

1 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

1.1 Suspense Accounts, Floating Debt and Cash balances

Although the Summary had nil closing balances for Suspense Accounts and Cash balances as at December 31, 2015, the Summary for 2016 had opening balances of $94 629 868 whose origin was not supported by documentary evidence nor explained.

Documentary evidence for the adjustments was not availed.

1.2 Loans to Parastatal bodies and Local Authorities

Loan advances to Parastatals and Local Authorities of $68 122 592 had no supporting documents. The figure reflected on the Statement of Public Financial Assets for similar loans had a balance of $1 213 623 giving a variance of $66 908 969.

Supporting evidence for the loan advances were not availed.

1.3 Investments

There were no investments disclosed on the Summary although the Statement of Public Financial Assets had investments amounting to $66 128 301 and the audited Appropriation Accounts reflected expenditure on lending and equity of $273 188 875. The correct value of investments made by the Government during the year under review could not be established. The non-disclosure of the investments, invalidated the correctness of the Summary.

The issue remained outstanding as no corrective action was taken nor was a satisfactory explanation provided for the non-disclosure.

1.4 Prepayment Account

Source documents for the prepayment account balances of ($194 462 531) for 2016 and ($190 499 688) for 2015 were not made available for my examination due to failure to maintain accurate accounting records and weak supervisory controls.

Source documents for the prepayment balances were not availed.

SCHEDULE OF REVENUE RECEIVED 2017 AND 2018

OBJECTIVE OF THE STATEMENT

The Schedule of Revenue Received 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, 2018.

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	$1 642 740 000	$2 053 991 348	$411 251 348
Taxes on Goods and Services	$2 554 188 000	$2 883 322 778	$329 134 778
Miscellaneous Taxes	$109 347 000	$124 376 516	$15 029 516
Revenue from Investments and Property	$18 157 000	$10 366 704	($7 790 296)
Fees, Departmental Facilities and Services	$85 904 000	$56 556 712	($29 347 288)
Other	$126 664 000	$191 012 499	$64 348 499
Total	**$4 537 000 000**	**$5 319 626 557**	**$782 626 557**

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the Schedule presents fairly, in all material respects, the state of affairs of Revenue Received for the year ended December 31, 2018 in accordance with Generally Accepted Accounting Practice.

Basis for Qualified Opinion

(i) Misstatement of Revenue Received

Findings

As previously reported, the revenue figures disclosed by Treasury did not agree with revenues disclosed by line Ministries. Treasury disclosed total revenue of $5 319 626 557 while line Ministries showed total revenue of $5 220 856 832 resulting in a variance of $98 769 725 (2017: $458 708 520). No reconciliation statements were availed for audit verification.

Furthermore, the revenue received reported by the Ministry of Home Affairs and Cultural Heritage was understated. The revenue collected by the Immigration Control sub-vote was $19 245 865, while the Ministry reported revenue received amounting to $19 062 414 resulting in a variance of $183 451. As a result, the Ministry of Home Affairs and Cultural Heritage Appropriation Account was qualified on that basis and the misstatements have an effect on the Revenue Received Return.

Risk/Implication

The Government's financial performance in the current year might not be established with certainty.

Recommendation

Treasury should periodically reconcile its accounting records with those of line Ministries to permit credible financial reporting.

Management Response

The variance is noted. This was a result of subsequent changes to the Revenue Received returns from line Ministries which were not communicated to Treasury. Treasury will write to line Ministries to request for adjusted Revenue Received returns from line ministries to reconcile the $98 769 725 and $183 451 figures by December 31, 2020.

(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 System Application Product (SAP). The Treasury return showed total revenue of $5 319 626 557 while SAP system showed total revenue of $5 708 920 309 resulting in an unreconciled variance of $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

Treasury could not ascertain the General ledger accounts variance of $389 293 752 in question as the figures in GL 113506 & 113906 are always changing due to ongoing reconciliations at line Ministries.

Treasury is committed in ensuring that all transactions are captured in the SAP System and in accordance to proper classification. Treasury will ensure that line Ministries carry out timely reconciliations to improve the credible financial reporting.

However, below is another material issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Late submission of the Return for audit

Finding

Treasury submitted the 2017 and 2018 Schedules of Revenue Received after the statutory deadline of March 31 of each year. The Schedule of Revenue Received for the financial year ended December 31, 2017 was submitted a year after the statutory deadline while the 2018 Schedule was received six months after the statutory deadline.

Risk/Implication

Delays in submission of financial statements for audit negatively affects transparency and accountability in the management of public resources.

Recommendation

Treasury should comply with statutory deadlines for submission of returns for audit.

Management Response

The observation is noted and regretted. The PFM Act states that Treasury should submit returns on 31 March. Treasury will comply with statutory deadlines.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

2.1 Interface of Systems Application Products platforms

Ministry of Finance and ZIMRA SAP systems were not interfaced resulting in the Ministry (principal) not having direct access to ZIMRA's Account (agent).

This issue remained outstanding.

2.2 Non-response to audit queries

Responses to audit queries are now being provided.

SUMMARY OF TRANSACTIONS ON THE EXCHEQUER ACCOUNT 2017 AND 2018

BACKGROUND INFORMATION

This is the account where all revenues, as described in section 22 of the Public Finance Management Act [*Chapter 22:19*] are deposited. It is one of the accounts making up the Consolidated Revenue Fund. The Act lays down the procedures to be followed when securing the release of moneys there from. Issues from the Exchequer Account are transferred directly to the Paymaster General's Account from which account all payments are made in respect of services and transactions sanctioned by Parliament.

Adverse Opinion

I have audited the Summary of Transactions on the Exchequer Account for the Ministry of Finance and Economic Development for the financial year ended December 31, 2018.

Below is a summary of Exchequer Transactions as at December 31, 2018.

Balance as at January 01, 2018 $	Deposits $	Exchange rate loss $	Total $	Transfers $	Balance as at December 31, 2018 $
(1 259 657 644)	6 317 222 768	(371 653)	5 057 193 471	(8 052 828 698)	(2 995 635 227)

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the Summary of Transactions on the Exchequer Account, does not present fairly, in all material respects, the state of affairs of the Summary of Transactions on the Exchequer Account for the year ended December 31, 2018.

Basis for Adverse Opinion

(i) Loan Repayments

Findings

The 2018 Summary reflected loan repayments amounting to $2 038 656 167 that were paid directly from the Main Exchequer Account. Supporting documents for the loan repayments disclosed were not availed for audit examination.

Furthermore, the Statement of Public Debt had loan repayments of $1 811 081 344, resulting in a variance of $227 574 823 that was not reconciled. Ordinarily the repayment figures should have been the same. I was therefore unable to confirm the validity and accuracy of loan repayments.

Table of loan repayments processed through the Main Exchequer Account

Institution	Amount Paid $
India Export Bank	1 000 000
China Exim	5 000 000
Sinosure	1 000 000
IFAD	5 261 166
OPEC Fund	49 596
Sakunda Energy	97 500 000
Treasury Bill Settlement	1 928 845 405
Total	**$2 038 656 167**

The 2017 Summary had loan repayments amounting to $1 022 934 649 whereas the Statement of Public Debt had repayments of $951 556 619 resulting in a variance of $71 378 030 that was not reconciled. I was unable to confirm completeness, accuracy and validity of the loan repayments as supporting documents were not availed for my audit.

Loan repayments processed through the Main Exchequer Account

Institution	Amount Paid $
IMF	150 000
IDA-loan	1 690 010
Kuwait loan	326 378
ADB loan	5 087 038
India Export Bank	3 358 393
China loan	6 803 602
Trafigura loan	4 000 000
IFAD	4 818 206
European Investment Bank	500 000
Afreximbank loan	64 401 809
IBRD	6 593 022
Treasury Bill Settlement	925 206 191
TOTAL	**$1 022 934 649**

Risks/Implications

Financial Statement may be misstated.

Fraudulent acts may also be perpetrated without detection if payments are made directly from the Exchequer Account.

Recommendations

All payments should be made through line Ministries' PMG accounts to enhance transparency and accountability.

Treasury should avail supporting documents for loan repayments that were made.

Treasury should reconcile loan repayment balances where variances exist between the statements that should ordinarily have the same balances.

Management Response

A reconciliation has now been carried out. It revealed that some loan repayments were directly debited on the Exchequer Account and not recorded on the Statement of Public Debt schedule.

Evaluation of Management Response

The reconciliation statement submitted in response to the audit finding did not relate to the issues raised.

(ii) ZIMRA set offs

Finding

In the 2018 financial year, Treasury made set-off payments amounting to $92 172 630 to ZIMRA for tax obligations of various vendors/suppliers who had supplied goods and services on credit to Government. As reported in my prior year audit report, supporting documents for set-off payments were not availed for audit examination contrary to good accounting practice.

I was therefore unable to verify the validity and correctness of the figure disclosed as ZIMRA set-offs.

Risk/Implication

In the absence of supporting documents, fraudulent set offs may be processed which may result in loss of public funds.

Recommendation

All set-offs should be supported by relevant documents to enhance transparency and accountability.

Management Response

Due to cash flow challenges, Treasury introduced set off direct to ZIMRA in a view to speed up the revenue collection. Transfers are done after the line Ministry have confirmed the liability. Line Ministries then approach Treasury for setoffs.

Evaluation of Management Response

Copies of original documents such as invoices were not availed for audit verification.

(iii) Deposits by Receivers of

Revenue Finding

The Main Exchequer Account disclosed an amount of $6 317 222 768 as deposits by Receivers of Revenue although the Statement of Receipts and Disbursements had deposits into the Main Exchequer Account of $4 838 359 430 giving a variance of $1 478 863 338 that was not reconciled. I therefore could not ascertain the accuracy of the amount disclosed in the Main Exchequer Account. The variances were caused by failure to carry out monthly reconciliations.

Risk/Implication

The financial statements may be materially misstated.

Recommendation

The different balances should be reconciled.

Management Responses

Main Exchequer Account accounts for deposits disbursed from receivers of revenue as well as other direct deposits. At year end Treasury instructed Ministries to deposit closing bank balances of various fund accounts into the Main Exchequer Account. These balances were not included in the Statement of Receipts and Disbursements. A reconciliation will be completed by December 31, 2020.

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

1 GOVERNANCE ISSUES

1.1 Bank Overdraft Facility

Findings

In my previous audit reports, I highlighted that Treasury operated an overdraft facility with Reserve Bank of Zimbabwe and an agreement for the facility could not be availed. As at December 31, 2018, one of the Main Exchequer Accounts had an overdraft balance of $3 004 842 738 (2017: $1 369 355 198) and interest payments amounted to $121 429 487 (2017: $66 486 029).

I was unable to verify the terms and conditions of the facility and the accuracy of the interest amount disclosed. Section 8 (i) (a) of the Audit Office Act [*Chapter 22:18*] entitles me to receive information that I may require to discharge my duties.

Risk/Implication

In the absence of a copy of the overdraft agreement, I was unable to establish whether the facility was being managed in the interest of the Government and if the interest charges disclosed were correct.

Recommendations

Treasury should set a realistic budget which reflects the prevailing economic environment to avoid operating a huge overdraft facility.

Treasury should avail for my examination a copy of an agreement for the overdraft facility.

Management Response

The overdraft facility was stopped and it was converted into a loan.

Evaluation of Management Response

Treasury did not avail documentary evidence to confirm that the overdraft was converted into a loan and that the loan was authorised. Instead a document showing change of interest on overdraft from 5% to 7% was availed for audit examination.

1.2 Transfers from the Main Exchequer account

Findings

The 2018 Summary disclosed transfers from the Main Exchequer Account of $8 052 828 698, however, the amount was different from the total expenditure of $9 616 551 578 from audited appropriation accounts. This resulted in a variance of

$1 563 722 880 which was not reconciled. This casts doubt on the accuracy and completeness of expenditure disclosed.

The 2017 Summary reflected transfers amounting to $6 072 493 481. However, transfers amounting to $2 010 448 441 were processed through the sub-Paymaster General (sub-PMG) accounts and $4 062 045 040 was paid directly from the Main Exchequer Account.

In both financial years, transfers made were not supported by the Accountant-General's warrants nor by the Paymaster-General's warrants authorising transfer of funds from the Main Exchequer Account to the sub Paymaster- General's Account of line ministries as provided for in section 23 (3) of the Public Finance Management Act [*Chapter 22:19*].

Risks/Implications

Financial statements may be misstated and misleading to the users.

Transparency and accountability for public funds may be compromised in the absence of reconciliations.

Recommendations

Treasury should issue warrants that authorise transfer of funds from the Main Exchequer Account to Sub-PMG Accounts.

Management Response

Observation is noted. Accountant General's warrants were subsequently issued in 2019.

The Summary of Transactions on the Exchequer Account details all the transactions that passed through the Exchequer Account.

Evaluation of Management Response

The warrants were not availed for audit verification.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS 2.1 Bank balances

In the 2016 financial statements, the Summary had an opening bank balance figure of $16 072 659. However, this differed with the 2015 year closing balance of $14 540 415. Furthermore, the closing bank balance of $11 643 387 disclosed did not reconcile to $9 326 669 which was recomputed using the exchange rates on the last day of the year.

The opening and closing balances were not corrected.

2.2 Direct payments

Treasury did not avail supporting documents for direct payments to service providers amounting to $10 961 533.

The issue remained outstanding.

ARREAR FUND ACCOUNTS

NATIONAL DEVELOPMENT FUND 2017 AND 2018

BACKGROUND

The main objective of the Fund is to account for the receipt of foreign donor aid for national development projects, and its disbursement to the Consolidated Revenue Fund in respect of corresponding expenditure charged to the votes of implementing Ministries on projects for which the aid was intended.

Adverse Opinion

I have audited the financial statements of the National Development Fund account which comprise the statement of financial position as at December 31, 2018, statement of comprehensive income and the notes to the financial statements.

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

Statement of Comprehensive Income

Item	**$**
Income	1 661 535
Expenditure	3 372 883
Deficit	**($1 711 348)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current	9 037 824	-
General Fund	-	139 602 544
Current	130 564 720	-
Total	**$139 602 544**	**$139 602 544**

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements, do not present fairly, in all material respects the financial position and performance of the National Development Fund as at December 31, 2018.

Basis for Adverse Opinion

(i) Accounts Receivable – Project Debtors

Findings

The financial statements for the year ended December 31, 2017 disclosed outstanding balances of $11 196 340 for the Zimbabwe Economic Trade Revival Loan Facility, $20 000 000 for the Ministry of Finance and Economic Development and $395 113 for Olivine Industries Limited. During the year under review, the balances were not disclosed and no information was provided on how the prior year balances were cleared.

Furthermore, the State Assets Disposal Fund was said to be owing the National Development Fund $707 084 as at December 31, 2018 although there were no documents to support the balance. I could not verify the balance disclosed in the absence of documentary evidence.

I could not confirm the correct position reported regarding the Accounts Receivable balances.

Risk/Implication

Accounts receivable balances may be misstated.

Recommendation

Supporting documents for all accounts receivable balances should be availed for audit examination.

Management Response

Management is still to respond.

(ii) Provision for Doubtful

Debts Finding

The financial statements disclosed a figure of $4 666 394 that was previously under doubtful debts as debtors and omitted the balance of $18 068 044. There were neither explanatory notes nor documentary evidence provided to support these material adjustments to the provision for doubtful debts.

Risk/Implication

Financial statements may be materially misstated as a result of omission of balances.

Recommendation

Treasury should provide explanatory notes and supporting documents for the non-disclosure.

Management Response

Management is still to respond.

(iii) Investments

Finding

The financial statements disclosed that the Fund held investments valued at $1 904 560 in the form of Treasury bills. The investment agreements or contracts were not availed for audit examination. I could not confirm the completeness and accuracy of the investments disclosed in the financial statements.

Risk/Implication

Investment balances may be misstated.

Recommendation

Investment contracts or agreement documents should be availed for audit examination.

Management Response

Management is still to respond.

(iv) Accounts

Payable Finding

As at December 31, 2017, the financial statements had accounts payable balances of $6 711 798 and $1 370 075 for the PTA Bank loan and the Small to Medium Enterprises (SMEs) Loan Facility respectively. However, the 2018 financial statements did not disclose these balances neither was documentary evidence provided on how the balances were cleared. This limited the scope of my audit as I could not verify the accuracy and completeness of the balances disclosed in the financial statements.

Risk/Implication

The financial statements may be materially misstated.

Recommendation

Documentary evidence should be availed to enhance reliability of financial statements.

Management Response

Management is still to respond.

(v) Accumulated

Fund Findings

The closing General Fund figure as at December 31, 2018 was $139 602 544. The accuracy of this figure was affected by the December 31, 2017 closing balances which included an unsupported adjustment of $9 987 688 made to the 2014 financial statements that has remained unresolved despite my repeated observation of this issue.

Risk/Implication

The financial statements may be misstated as a result of the unsupported adjustment that was posted to the General Fund.

Recommendation

The adjustment which has remained unresolved since financial year 2014 should be investigated and corrective action taken.

Management Response

Management is still to respond.

(vi) Imbalance on the Statement of Financial

Position Finding

The statement of financial position had an imbalance of $13 666 836 that was not investigated contrary to good accounting practice. This casts doubt on the accuracy of the financial statements.

Risk/Implication

The financial statements may be misstated as a result of the imbalance.

Recommendation

The balancing figure of $13 666 836 should be investigated and corrective action taken.

Management Response

Management is still to respond.

(vii) Distressed and Marginalized Fund (DIMAF) Loan

debtors Finding

The financial statements disclosed loan debtors for the Distressed and Marginalized Fund (DIMAF) amounting to $4 666 394. Copies of agreements for the loans advanced were not availed for my examination. I could not therefore verify and confirm the validity of the loan balance disclosed and terms and conditions of the loans.

The following is a table showing the loan debtors disclosed;

DMAF Loan debtors

Name	Amount $
Dr Hein Pvt Ltd	428 076
Pandhari Lodges	290 238
Mugandani Enterprises	1 619 036
Marvo Stationary	1 454 095
Citifoam Pvt Ltd	752 893
Celsys Pvt Ltd	110 091
Global Import and Export	11 965
Total	**$4 666 394**

Risk/Implication

The debtors could be misstated or non-existent.

Recommendation

Treasury should avail loan agreements for the debtors to enable me to independently confirm their existence.

Management Response

The Ministry has since written to CABS requesting for loan agreements and the supporting documents.

(viii) Variances on Infrastructure Development Bank of Zimbabwe (IDBZ) Project Debtor Balances

Finding

The 2017 financial statements disclosed debtors for IDBZ projects amounting to $102 377 673 whereas loan account statements from the bank had a total of $107 841 866 resulting in a net variance of $5 464 193 which was not reconciled. The variances remained unreconciled as at December 31 2018. The table below refers.

VARIANCES IN IDBZ PROJECT DEBTORS BALANCES

Project Debtors	Financial Statement Balances as at December 31, 2017 $	IDBZ loan account Balances as at December 31, 2017 $	Variances $
Zimbabwe National Roads Authority	8 090 020	8 089 990	30
Bulawayo City Council	7 098 305	7 350 332	(252 027)
Telone	5 284 118	10 383 111	(5 098 993)
Municipality of Marondera	2 535 287	2 535 287	-
Zimbabwe Power Company	176 397	-	176 397
Transmedia Corporation	1 334 607	2 406 811	(1 072 204)
Civil Aviation Authority of Zimbabwe	27 875 528	27 237 449	638 079
National Railways of Zimbabwe	7 498 968	7 912 423	(413 455)
Zimbabwe National Water Authority	14 900 897	14 710 938	189 959
Central Registry	5 272 591	5 272 591	-
Ministry of National Housing	22 310 955	21 942 934	368 021
Total	**$102 377 673**	**$107 841 866**	**($5 464 193)**

Risk/Implication

The balance of project debtors may be misstated.

Recommendation

Treasury should reconcile the different balances.

Management Response

The figures will be reconciled in the 2020 financial statements.

(xi) Small to Medium Enterprises Loan

Facility Findings

A note to the 2017 financial statements disclosed a loan facility for Small and Medium Enterprises. The outstanding loans issued under this facility as at December 31, 2017 were disclosed as $1 370 075, although the bank statement from the Reserve Bank of Zimbabwe (RBZ) had a closing balance of $1 957 542 resulting in a variance of $587 467 which was not reconciled. Treasury did not avail information on the purpose of the facility and how it was supposed to operate. Information on list of beneficiaries, detailed accounting guidelines, procedures and accounting records were also not availed. I was therefore unable to confirm occurrence, completeness and accuracy of the balance disclosed.

Risk/Implication

The absence of detailed accounting guidelines makes it difficult to properly account for use of public funds.

Recommendation

Treasury should avail detailed accounting guidelines, procedures, accounting records and a list of beneficiaries of the facility for audit verification.

Management Response

Management notes the anomaly and detailed accounting guidelines, procedures and accounting records will be provided once investigations into the operational modalities are done.

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

1 GOVERNANCE ISSUES

1.1 State Assets Disposal Fund Account balances

Findings

The 2018 financial statements disclosed cash and cash equivalents of $1 748 755 and investment in Treasury bills with a value of $1 032 955 for the State Assets Disposal Fund Account although these Fund Accounts have independent constitutions and mandates. There were no notes to explain reasons for the inclusion of these balances in the National Development Fund account financial statements.

Risk/Implication

Cash and investment balances may be misstated because of erroneous inclusion of State Assets Disposal Fund account balances.

Recommendation

Balances of separate Fund accounts should be reported in their respective financial statements.

Management response

Management is still to respond.

1.2 Olivine Industries Outstanding Debt

Finding

The 2017 financial statements disclosed an overdue debt owed by Olivine Industries Limited amounting to $395 113 (inclusive of interest charges). The debt was in respect of soya beans received during 2009, under the Commodity Import Programme (CIP) financed by the National Development Fund. Although the recoverability of this debt is doubtful, a provision for bad debt was not created.

Risk/Implication

The recoverability of the debt is in doubt in view of the time that has elapsed since the debt was incurred.

Recommendation

Treasury should consider writing off the debt in order to objectively present reliable financial statements.

Management Response

The procedures for debt write-off were started and once all the processes are done the debt will be written off in the financial statements.

1.3 Mandate of the Fund

Finding

According to the preamble of the financial statements of the National Development Fund, the main object of the fund is to account for the receipt of foreign donor aid for national development projects and its disbursement to the Consolidated Revenue Fund in respect of corresponding expenditure charged to Votes of implementing Ministries.

The scope and operations of the Fund appear to have changed overtime with Treasury introducing various facilities and dealing directly with intended beneficiaries and financial intermediaries such as banks. Facilities such as the Agricultural inputs scheme, the Distressed and Marginalised Fund, the Zimbabwe Economic and Trade Revival Fund Loan Facility and the Small to Medium Enterprise's loan facility were introduced and in most cases with loans issued to beneficiaries who were not repaying the loans. There was also no evidence availed to show that loan beneficiaries, especially the private sector, had their fortunes turned around as a result of the loans advanced.

The Constitution of the Fund was not amended to reflect its current operations. Furthermore, the Fund has been operating without a manual which guides how its operations should be conducted.

Risks/Implications

There is risk that the introduction of the various loan facilities may result in wastage of public resources if not properly co-ordinated.

It will be difficult to administer the Fund with its current operations that are not covered in its Constitution and operating manuals.

Recommendation

Treasury should amend the Constitution of the Fund and draw up an Accounting and procedures' manual for the Fund.

Management Response

The Constitution of the Fund will be amended to align it with the current operations and trends.

1.4 Farmers' World Debt

Finding

The 2017 financial statements disclosed a debt owed by Farmers' World company amounting to $1 388 603 (2016: $1 322 479). This debt has been outstanding since the year 2010. The Statement of Public Debt for the year ended December 31, 2017 disclosed a total of $16 385 515 owed to Farmer's World foreign creditors (Loan IDs 29581000: $11 910 694 and 29582000: $4 474 821) which was assumed by the Government in 2015 after the company failed to honour its debts. It is very doubtful whether the company had capacity to pay the $1 322 479 owed to the Fund considering that Government had assumed its foreign debt.

Risk/Implication

There is risk that the debt may not be recovered considering that the Government has already assumed the company's foreign debts.

Recommendation

Treasury should assess the likelihood of the company's chances of paying the debt and consider whether or not to write-off the debt after following due processes of debt recovery.

Management Response

The procedures for debt write-off were started and once all the processes are done the debt will be written off in the financial statements.

1.5 IDBZ Outstanding Project Debtors

Finding

The 2017 Financial Statements for the year ended December 31, 2017 reflected project debtors managed by the Infrastructural Development bank of Zimbabwe (IDBZ) amounting to $102 377 673 (2016: $94 631 724) including interest charged and capitalized by the bank due to non-servicing of the debts. The loans were advanced to local authorities and State owned enterprises in 2010 and 2011. There was no evidence of vigorous effort carried out to recover the outstanding advances considering that some of the entities had capacity to repay the loans.

IDBZ PROJECT DEBTORS

Project Debtors	Balance as at December 31, 2017 $	Balance as at December 31, 2016 $
Zimbabwe National Roads Authority	8 090 020	7 612 899
Bulawayo City Council	7 098 305	6 742 124
Telone	5 284 118	4 977 034
Municipality of Marondera	25 35287	2 396 665
Zimbabwe Power Company	176 397	163 331
Transmedia Corporation	1 334 607	1 262 644
Civil Aviation Authority of Zimbabwe	27 875 528	26 292 899
National Railways of Zimbabwe	7 498 968	7 087 143
Zimbabwe National Water Authority	14 900 897	14 045 882
Central Registry	5 272 591	4 966 058
Ministry of National Housing	22 310 955	19 085 045
Total	**$102 377 673**	**$94 631 724**

Risks/Implications

There is risk that the debts may not be recovered and thus reducing the working capital for the fund. The fund may therefore not be able to lend to other entities which may be in need of financial assistance.

Recommendation

Treasury should make efforts to recover the outstanding amounts.

Management Response

IDBZ and the Ministry will arrange a series of meetings with a view to identify and consider how the outstanding debts may be recovered or converted into equity.

1.6 Investment Registers

Finding

Treasury did not maintain a register of all Investments held by the National Development Fund. I could not confirm the completeness of the investments disclosed in the financial statements. This was contrary to good accounting practice which requires a register to be maintained for all securities held.

Risk/Implication

Failure to maintain an investment register may lead to omissions and financial statements maybe misstated.

Recommendations

The fund managers should maintain an investments register to enhance accountability.

An investigation should be carried out in order to establish the status of all investments made by the Fund.

Management Response

Management have come up with an investment register for use in all investments within the Fund.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS 2.1 Deal notes

The issue remained unresolved. The deal notes were not availed for audit verification.

2.2 Payments without Invoices

The invoices were not availed for audit verification.

2.3 Variances on reported Cash Balances and Bank Confirmations

The balances were not reconciled.

2.4 Cash and Cash Equivalents

A provision for bad debts account for the $18 068 044 that was invested in Interfin in 2009 was created. However, the bank was liquidated and the Fund was entitled to $500 only as the investment was unsecured.

2.5 Accounts Receivable

The debtor's age analysis was not performed as recommended.

2.6 Sinking Fund

Treasury did not explore other ways of recovering monies owed by debtors and the monies remained uncollected.

IDBZ reports on the status of the Sinking Fund were not produced to enable fund managers to evaluate performance of the fund.

VOTE 7. – INDUSTRY AND COMMERCE

STANDARDS DEVELOPMENT FUND 2018

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 of Standards Development Fund for the Ministry of Industry and Commerce. These 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	**$**
Income	20 419 369
Expenditure	19 696 460
Surplus	**$722 909**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Accumulated Fund	7 414 112 -	- 22 381 457
Current	15 955 404	988 059
Total	**$23 369 516**	**$23 369 516**

In my opinion, the financial statements present fairly, in all material respects the results of operations of the Standards Development Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practices (GAAP).

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Levy Income

Finding

I noted that the manual record revealed actual levy collection of $18 852 902 while the system report revealed total levy collected of $18 321 248 giving rise to a variance of $531 654. This variance could not be reconciled thereby compromising the accuracy of the amount disclosed in the financial statements.

Risk/Implication

The financial statements may be misstated.

Recommendation

Reconciliations between the amounts should be carried out to determine accuracy of disclosed amounts.

Management Response

The variance of $531 654 was caused by the system that had not been programmed to provide cut-off points. The Fund is in the process of adopting PFMS for payments whilst income will continue running under the SDF system hence the Fund will ensure that all other areas of income are updated on the system.

1.2 Fuel Administration

Finding

I noted that the fuel voucher dashboard report excluded the information of when stock was received and stock quantity. This was in contravention of Section 44 (1a) (i) of the Public Finance Management Act [*Chapter 22:19*] which states that "An accounting authority for a public entity shall ensure that a public entity establishes and maintains effective, efficient and transparent systems of financial and risk management and internal controls." As a result, I could not ascertain the completeness of the information in the system to validate the value of stock reported.

Risk/Implication

Errors may go undetected and stocks may go missing without trace.

Recommendation

The Fund should ensure that there are effective, efficient and transparent systems of managing revenue collections

Management Response

Management is still to respond.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Levy Debtors

The total outstanding debts figure increased by $502 349 to $6 738 997 in the financial year under review with some outstanding amounts dating back as far as 2012. The recovery methods being used by the Fund were not effective as some entities that were said to be on payment plans had not paid anything during the year under review. These entities included Travel Lodge Hotel, Victoria Falls Municipality, NT Engineering, Gutu Rural District Council, Brake n Clutch, Tekeshe Trading, Madziro Commuters.

This was contrary to the provisions of Treasury Instruction 0501 which stipulates that officers should take adequate steps to collect any sums due to the Government on due dates and should not allow a debt to become extinguished through lapse of time.

Risk/Implication

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

Recommendation

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

Management Response

The Fund has been making follow-ups by way of visits by inspectors to employers and has also written to the Ministry of Local Government to get assistance on levy payment by local authorities as they constitute a large number of SDF levy debtors. Efforts to recover amounts owed by closed down employers will only be made if their existence and whereabouts in terms of physical locations have been established. Applications for write-offs will only be made after exhaustive measures have been completed.

TRADE MEASURES FUND 2018

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 Trade Measures Fund for the Ministry of Industry and Commerce. These 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	**$**
Income	375 324
Expenditure	412 100
Deficit	**($36 776)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Accumulated Fund	1 635 835 -	- (206 077)
Current	933 264	2 775 176
Total	**$2 569 099**	**$2 569 099**

In my opinion, the financial statements present fairly, in all material respects the financial position of the Trade Measures Fund as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

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

1 GOVERNANCE

ISSUES 1.1 Debtors

Finding

The Fund made a deposit of ZAR 11 160 to South Africa Revenue Services on 29 May 2012 for the temporary exportation of the measuring equipment to South Africa for calibration. The deposit was made through an agent, Valentine Freight Services which was to refund the deposit upon the return of the measuring equipment to Zimbabwe. The equipment was returned in June 2012 as per the calibration certificate and up to the time of audit on 30 September 2019, the funds had not been recovered from Valentine Freight Services.

Furthermore, due to lack of reconciliations the debt of ZAR 11 160 had not been recognised in the financial statements and there was no record of the amount in the books of the Fund.

Risks/Implications

Failure to have the outstanding debts reimbursed could lead to loss of revenue as the Fund may end up failing to recover the amounts.

Lack of reconciliations may result in errors of financial information which results in misstatements.

Recommendations

The debt of ZAR 11 160 should be included in the financial statements and follow ups should be made to recover the deposit for proper accountability of public funds.

Management Response

The amount in question is in respect of security deposit for clearing of equipment that was being transported to South Africa for calibration and the clearing agent was supposed to refund the Ministry once the equipment was returned to Zimbabwe. The Ministry followed up on refund from the Agent and wrote letters of demand to Valentine Freight Services after a meeting was held and agreed that the company and Ministry officials should visit South African Revenue Authority to recover the money. The Company responded that the deposit was made by E and S Import and Export (South African company) to South Africa Revenue Services. The Ministry even took a step further by visiting the E and S Import and Export Company in Mesina, South Africa. The South African company informed the Ministry that the agent who was processing the transactions could not be located. The Ministry wrote the final letter of demand to Valentine Freight Services, but the company was not located at the previous address.

1.2 Provision for Bad Debts

Finding

The Fund did not provide for bad debts which allows it to take anticipated losses on debtors into consideration in its financial statements so as to limit overstatement of accounts receivable and potential income. This was contrary to the provisions of Section 37 of the Public Finance Management Act [*Chapter 22:19*] which requires the financial statements to be prepared in terms of the Act to comply with the generally accepted accounting practice. Therefore, the financial statements could not fairly present the Fund's state of affairs for the year under review.

Risks/Implication

Non provision for credit losses may result in overstatement of accounts receivables and accumulated fund thereby impacting negatively on budgeting and decision making.

Recommendations

The Fund should apply accounting principles and provide for bad debts to ensure the financial statements present fairly its activities for users of the financial statements to make informed decisions. Accounting Officer's Instructions should clearly outline the rates to be applied.

Management Response

The observation is noted. However, over the years no such provision was made in the Financial Statements because under the Constitution and Act, there is no such provision therefore making it difficult to come up with the best estimate as required.

Furthermore, proper training is required on how to implement credit losses in view of developments in accounting standards. Appropriate measures will be taken to address the issue and comply as recommended.

1.3 Contract Management

Findings

In March 2013 the Fund entered into a contract with Applied Weighing Scale Company (Pvt) (Ltd) for the supply, delivery, installation and commissioning of road weighbridges in Harare, Gweru, Mutare and Masvingo. The contract also stipulated that the weighbridges were to be delivered within 8 weeks (60 days) after payment of the deposit of $347 438 which was 70% of the contract price of $496 340 and any unreasonable delay by the supplier in performing its obligations shall render the supplier liable to imposition of liquidated damages. The payment of the deposit was done in 2013, however, as at the time of my audit on September 30, 2019, the supplier had still not met the set obligations as per the contract. This was against the requirements of Section 50 of the Public Finance Management Act *[Chapter 22:19]* that require every public entity to adhere and implement the principles of sound corporate governance policies, procedures and practices.

Furthermore, the Fund made a payment of $4 876 for furniture to Baldon Furniture on October 4, 2016. However, the delivery of the furniture had not been done as at the time of my audit on September 30, 2019. I raised this issue in my 2017 audit report, and the Fund indicated that the monies were going to be recovered and the contract terminated but this was still to be done.

Of audit concern was the Fund's lack of regular follow ups on performance of its contracts.

Risks/Implications

Lack of regular follow ups on contract performances may lead to financial losses that may impact on service delivery.

Equipment bought by the Fund may not have been for immediate use or priority as evidenced by lack of follow up.

Recommendations

The Fund should ensure that all contract obligations are fulfilled to safeguard public funds as well as enhancing accountability of public resources.

Follow ups should also be done in line with the contract terms so that equipment is delivered.

Management Response

The Ministry instructed the Attorney General (A.G)'s Office to institute legal action against the defaulting party (Applied Weighing Scale Company). Currently, the case is before the High Court (Minister of Industry and Commerce vs. Applied Scale Company HC 9172/2016). Although, this case is before the High Court, the Applied Weighing Scale Company has almost completed one weighbridge in Harare and there are currently on site constructing the Mutare and mobilizing material for the Gweru weighbridge.

When the Ministry went to collect the procured furniture at Baldon Furniture it discovered that the company had closed down. The plant only was sold to Mr Angus Balnves, who is currently producing furniture. The Ministry has been communicating with Mr Angus Balnves who indicated that remedial action in the form of refund or supply of the furniture will be done once his Accountant finalized the reconciliation. However, follow ups with Mr Angus Balnves has

been ongoing and continued to refer to the reconciliation issue. The Ministry recently visited the factory with a view to get the furniture or refund and were advised to come back on October 7, 2019.

2 PROCUREMENT

2.1 Fuel Management

Findings

From a sample carried out I noted that total quantity of 820 litres of diesel and 80 litres of petrol valued at $1 144 was not recorded in the fuel register as shown on the Table below. However, Section 44 (1) (a) of the Public Finance Management Act *[Chapter 22:19]* states that an accounting authority for a public entity should ensure that the public entity establishes and maintains effective, efficient and transparent systems of financial risk management and internal controls. The fuel that was not recorded in the register was as shown in the table below:

Fuel not recorded in the fuel register

(a)Diesel			
Date	**Voucher Number**	**Amount**	**Quantity**
19/10/18	264/18	$343.20	260 litres
20/04/18	53/18	$344.40	280 litres
20/04/18	69/18	$344.40	280 litres
	Total	**$1 031.4**	**820 litres**
(b)Petrol			
Date	**Voucher Number**	**Amount**	**Quantity**
19/10/18	264/18	$112.80	80 litres
	Total	**$112.80**	**80 litres**

Moreover, the Fund did not maintain vehicle log books to control and monitor fuel usage and as a result, I could not determine whether all the fuel procured by the Fund was used to meet its objectives.

Risk/Implication

Improper maintenance of records may give room to abuse and pilferage of fuel which may ultimately result in poor service delivery.

Recommendation

The Fund should ensure that it adheres to the controls surrounding the management and issuance of fuel to enhance accountability for public resources.

Management Response

The observation is noted. The register will be updated and logbooks maintained.

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

NATIONAL COORDINATION UNIT 2018

OBJECTIVE OF THE FUND

The National Coordination Unit is a Secretariat of the National Action Committee (NAC) which was established by the Government of Zimbabwe in 1985 following the United Nations Declaration- International Decade for Drinking Water and Sanitation (1981-1990) focusing mainly on rural areas which had been marginalised during the Colonial era. The main objective of the National Action Committee is to coordinate water and sanitation matters in rural areas through its secretariat.

Opinion

I have audited the financial statements of National Coordination Unit for the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement. These financial statements comprise the statement of financial position as at December 31, 2018, statement of comprehensive income for the year then ended and 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	**$**
Income	498 692
Expenditure	500 350
Deficit	**($1 658)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Accumulated Fund	-	40 003
Current	40 003	-
Total	**$40 003**	**$40 003**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Coordination Unit as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice.

However, below are material issues noted during the audit:

1 REVENUE COLLECTION

1.1 Receipting of Income

The Unit did not receipt income amounting to $336 496 which was paid directly into its Account by UNICEF, Government and from various other sources during the period January to September 2018. Receivers and collectors of revenue are responsible for the collection, receipt, custody, issue, and control of public monies as stipulated in Treasury Instruction 0100. This was as a result of poor controls on recording of transactions.

Further to the above, I noted discrepancies on income figures recorded in the cashbook and those disclosed in the financial statements. The cashbook had total income of $500 697 whilst the financial statements disclosed income amounting to $498 263 giving a variance of $2 434. This was as a result of failure to receipt income, failure to reconcile the cashbook to the bank statement and consequently correcting mispostings in the cashbook.

Risk/Implication

Failure to receipt and reconcile income may result in errors and misstatements not being detected and corrected on time.

Recommendation

Management should ensure that revenue is receipted and reconciliations are regularly done.

Management Response

Observation is noted. There was a staff rotation/movement that affected this period of concern. However, this has been rectified as from October 2018. Affected was some classification of expenditure and income line items. However, the financial statements submitted for audit reflected the corrected amounts. In future the training for the incoming officers will be done before capturing the expenditures and revenues in the Pastel System so as to avoid various mispostings.

2 PROCUREMENT

2.1 Unsupported Expenditure

For the second year, the Unit continued to violate the provisions of Treasury Instruction 1005(3) which requires competitive quotations to be sought before the procurement of goods and services to ensure economic buying. The Unit made payments amounting to $3 270 relating to motor vehicle services that were not supported by competitive quotations. Procurement of the services were made from

Toyota Zimbabwe without sourcing for three competitive quotations or having signed service level agreements.

In addition, there were no receipts as evidence of suppliers' acknowledgement for payments made. Consequently, I was not able to establish whether the money was spent for the intended purposes.

Risks/Implications

The procurement of goods and services without seeking competitive quotations could result in uneconomic buying and wasteful expenditure.

Absence of receipts to support expenditure incurred creates opportunity for fraudulent activities.

Recommendation

All expenditure should be sufficiently supported to facilitate the validation of transactions and ensure proper accountability for public funds.

Management Response

Observation is noted. Receipts were collected by the motor vehicle users at Toyota Zimbabwe and have not been submitted to Finance Section for them to be attached to the payment vouchers. However, a request has been forwarded to the service provider to issue receipts for the amounts paid.

Evaluation of Management Response

Up to the completion of the audit, the Unit had not provided all the receipts. Only five receipts out of nine were availed.

PIG LEVY FUND 2018

OBJECTIVE OF THE FUND

The Fund was established for the purpose of providing the imposition and collection of levies on pigs produced in Zimbabwe and to provide for the development of the Pig industry in Zimbabwe and for matters incidental thereto.

Disclaimer of Opinion

I have audited the financial statements of the Pig Levy Fund of the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement for the year ended December 31, 2018. These financial statements comprise the Statement of Financial Position and Statement of Comprehensive Income 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	$
Income	228 688
Expenditure	160 190
Deficit	**$68 498**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	97 456
Current	97 456	-
Total	**$97 456**	**$97 456**

Because of the significance of the matter 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. Accordingly, I do not express an opinion on the financial statements.

Basis for Disclaimer of opinion

(i) Take-on

Balances Finding

The Ministry did not submit the Fund’s financial statements from the year 2008 up to 2017 even though the latter continued operating during the period. As a result, I could not verify how the financial transactions for the period 2008 to 2017 were accounted for. This was contrary to Section 32(4) of the Public Finance Management Act [*Chapter 22:19*].

I was also unable to obtain sufficient appropriate audit evidence to verify the opening balances disclosed in the 2018 financial statements.

Risk/Implication

It may not be possible to establish whether public resources were properly accounted for during the period of non-submission of financial statements.

Recommendation

The Ministry should prepare annual financial statements and avail them for audit in compliance with the Public Finance Management Act [*Chapter 22:19*].

Management Response

Audit observation is noted. The Ministry does not have records to show that prior years' financial statements were submitted for audit. This was an error of omission and the Ministry will prepare financial statements.

(ii) Maintenance of Accounting

Records Finding

I was concerned that the Fund had no accounting ledgers for all account balances for the financial year under review in violation of Section 35(6)(a) of the Public Finance Management Act [*Chapter 22:19*]. Therefore, I could not validate the disclosed Trade Receivable figure amounting to $85 039.

Risk/Implication

The financial statements may be misstated.

Recommendation

The Ministry should ensure that accounting ledgers are maintained.

Management Response

Recommendation is noted and it will be implemented. The trade receivables ledgers were being maintained on the computer and the print outs for the abattoirs were availed for audit.

Evaluation of Management Response

The ledger accounts which show the completeness of trade receivables and other account balances were not availed for audit inspection.

However, below are other material issues noted during the audit

1 GOVERNANCE ISSUES

1.1 Constitution and Accounting Officer's Instruction Manual

Finding

I was not availed with the approved constitution and the Accounting Officer's Instruction Manual and as a result I was unable to evaluate with reasonable accuracy whether the Fund's operations were in line with the regulations. This was contrary to Section 18 (2) of the Public Finance Management Act [*Chapter 22:19*].

Risk/Implication

There is a risk that funds may be used on expenditure not covered by the Fund`s constitution.

Recommendation

The Ministry should avail the two key guiding documents in order to enhance a fair evaluation for the Fund's operations.

Management Response

The Pig Levy operates under an Act of Parliament - Pig Industry Act [*Chapter 18:15*] hence there is no constitution.

Evaluation of Management Response

The establishment of a Fund by an Act of Parliament does not absolve management from the need to draw up a constitution as prescribed by Section 18(2) of the Public Finance Management Act [Chapter 22:19].

TOBACCO LEVY FUND ACCOUNT 2018

OBJECTIVE OF THE FUND

The account was established for the purpose of collecting levy from recognized growers and sellers on behalf of the Secretary for Lands, Agriculture, Water, Climate and Rural Resettlement. It also controls all the collection and disbursement of revenue, which in general is towards promoting the interests of the classes of persons who pay levy.

Disclaimer of Opinion

I have audited the financial statements of the Tobacco Levy Fund of the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement. These 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	$
Income	9 702 569
Expenditure	9 416 599
Surplus	**$ 285 970**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	336 375
Current	336 375	-
Total	**$336 375**	**$336 375**

Because of the significance of the matter 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. Accordingly, I do not express an opinion on the financial position of the Tobacco Levy Fund for the year ended December 31, 2018 and its financial performance for the year then ended.

Basis for Disclaimer of Opinion

(i) Take-on

Balances Finding

The Ministry did not submit the Fund's financial statements from the year 2003 up to 2017 even though the latter continued operating. As a result, I could not verify how the financial transactions for the period 2003 to 2017 were accounted for. This was contrary to Section 32(4) of the Public Finance Management Act [*Chapter 22:19*].
I was also unable to verify the correctness of the Accumulated Fund opening balance of $50 400.

Risk/Implication

It may not be possible to establish whether public resources were properly accounted for during the period of non-submission of financial statements.

Recommendation

The Ministry should prepare annual financial statements and avail them for audit as required in terms of the Public Finance Management Act [*Chapter 22:19*].

Management Response

Audit observation is noted. The Ministry does not have records to show that prior years' financial statements were submitted for audit. This was an error of omission and the Ministry will prepare financial statements from the incomplete records which might be available at Tobacco Industry Marketing Board (TIMB).

(ii) Maintenance of Accounting Records

Finding

Contrary to Section 35(6)(a) of the Public Finance Management Act [*Chapter 22:19*], the Fund did not maintain ledger accounts for all significant account balances. I could not therefore, validate the disclosed figures in the financial statements.

Risk/Implication

There is a risk that the financial statements may be misstated.

Recommendation

The Ministry should ensure that ledger accounts are maintained in order to have accurate figures in the financial statements.

Management Response

The observation is noted. The audited financial statements will be a starting point to upload into Pastel Accounting System.

However, below are other material issues noted during the audit

1 GOVERNANCE ISSUES

1.1 Constitution and Accounting Officer's Instruction Manual

Finding

I was not availed with both the approved constitution and the Accounting Officer's Instruction Manual of the Fund. As a result, I was unable to evaluate whether the Fund's operations were in line with the regulations. This was contrary to Section 18(2) of the Public Finance Management Act [*Chapter 22:19*].

Risk/Implication

There is a risk that funds may be used on expenditure not covered by the Fund`s constitution.

Recommendation

The Ministry should avail the two key guiding documents in order to enhance a fair evaluation of the Fund's operations

Management Response

The constitution was approved by the Honourable Minister on May 22, 2019. The Accounting Officer's Instruction Manual will be prepared before the end of the year.

Evaluation of Management Response

The constitution referred to had not yet been approved by Treasury as at November 31, 2020. Also it should be tabled in Parliament.

2 MANAGEMENT OF ASSETS

2.1 Maintenance of Asset Records

Finding

I was not availed with assets registers or any other records for all the assets purchased by the Fund and I was unable to ascertain the existence and valuation of such assets as they were not disclosed in the financial statements availed for audit.

Risk/Implication

There is a risk that assets may be misappropriated.

Recommendation

Records of assets purchased by the fund should always be maintained and appropriately disclosed in the financial statements in order to enhance accountability.

Management Response.

The observation is noted. The assets register for the Fund will be maintained separately from the Ministry going forward and proper disclosure in the financial statements will be done.

WATER FUND 2018

OBJECTIVE OF THE FUND

The Fund was established for the purpose of providing for the development and utilisation of the water resources of Zimbabwe, establishment of powers and procedures of the catchment councils and sub catchment councils , grant of permits for the use of water, control of the use of water when it is in short supply, acquisition of servitudes in respect of water, protection of environment and prevention and control of water pollution, approval of combined water schemes, matters relating to dam works, to repeal the Water Act [*Chapter 20:22*] and to provide for matters incidental to or connected with the foregoing.

Opinion

I have audited the financial statements of Water Fund for the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement. These financial statements comprise Statement of financial position as at December 31, 2018, statement of comprehensive income, 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 information.

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

Statement of Comprehensive Income

Item	**$**
Income	426 092
Expenditure	841 512
Deficit	**($415 420)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current	14 424	-
Accumulated Fund	-	2 059 579
Current	2 045 155	-
Total	**$2 059 579**	**$2 059 579**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Water Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

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

1 REVENUE COLLECTION AND DEBT

RECOVERY 1.1 Revenue Collection

Findings

Section 41 (4) of the Zimbabwe National Water Authority (ZINWA) Act [*Chapter 20:*25] mandates the Water Fund to collect water levy from catchment and sub-catchment councils. However, I noted that the Fund did not have an updated database for water users in all catchment and sub catchment councils. This was as a result of failure by the Water Fund to regularly monitor the status, functions and operations of the catchment and sub-catchment councils established under sections 20 and 24 of the Water Act [*Chapter 20:24*].

Further to the above, I noted a 100% decrease in remittances from ZINWA. During the year under review, ZINWA remitted $7 (2017: $1 500 000). I was not provided with satisfactory explanations as to why ZINWA failed to make remittances of water levy to the Water Fund.

Risk/Implication

If the Fund fails to regularly monitor the status, functions and operations of the catchment and sub-catchment councils this may result in revenue being forgone and water utilization not being effectively managed.

Recommendations

The Fund Administrators should ensure that the database for water users for catchment and sub-catchment councils is updated to facilitate the collection of water levy.

The Fund should continuously monitor the status, functioning and operations of the catchment and sub-catchment councils to protect the scarce water resource.

Management Response

The observation is noted. However, there was a challenge of updating the database for the water users in Sub Catchment Councils due to the fact that most of the water users have been affected by the land reform exercise. Some farms have been subdivided into plots and this has changed the composition of the water users, hence there was need for the Sub Catchment Councils to compile some new updated databases that have exact number of water users. However, this is work in progress and the Fund hopes that by 2019 year end they could have completed the exercise. Budgets will be crafted based on what could have been gathered in the exercise.

The decrease in revenue was caused by expenses incurred by ZINWA on behalf of Water Fund. This is because ZINWA collects revenue and incurs expenditure on behalf of the Fund. At the end of every year reconciliations are done between ZINWA and Water Fund before revenue is remitted to the Fund.

Evaluation of Management Response

Reconciliations of the water levy collected and expenses incurred by ZINWA on behalf of the Fund were not availed for audit.

1.2 Recovery of Debtors

Finding

In violation of Treasury Instruction 0501 which states that Accounting 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, the financial statements of the Fund had a debtors' amount of $1 078 080 which has remained static since 2016 financial year. I raised the same issue in prior years and management had promised to put efforts to recover the amount. However, no recoveries have been made to date. I also noted that there are no general ledger accounts to support the debtors' amount disclosed in the financial statements.

Risk/Implication

If debtors remain outstanding for a long time they may become irrecoverable. Also, the Fund's current assets may be materially misstated by inclusion of irrecoverable debtors.

Recommendation

The Administrators of the Fund should put more effort to recover the outstanding amount from catchment and sub- catchment councils**.**

Management Response

The observation is noted. However, the catchment and sub - catchment councils have received and utilised the money on their council business as they faced liquidity challenges. Some sub-catchment councils have proposed payment plans to settle their amounts owing. However, due to the prevailing economic challenges they are failing to stand by their commitments. A follow up will be done by the Finance Section to that effect so as to make sure that current receipts are remitted to the Fund as and when paid. This will also entail the validation of the water users and anticipated revenue by the Ministry from the respective sub-catchment councils each year. This will be done during the third and fourth quarter of 2019. Quarterly reports will be requested including the monthly bank statements to see their receipts and expenditures.

Evaluation of Management Response

The proposed payment plans by catchments and sub-catchment councils were not availed for audit.

2 GOVERNANCE ISSUES

2.1 Budgetary Control

Finding

The Fund incurred expenditure amounting to $44 262 on maintenance on physical infrastructure for the Ministry that was not provided for in the Fund's budget. This was contrary to the provisions of section 47 (4) of the Public Finance Management Act [*Chapter 22:19*] which requires the Accounting Authority for a public entity to be responsible for ensuring that the expenditure of the public entity is in accordance with the approved budget.

Risk/ Implication

Failure to expend within budget limits may result in wasteful expenditure.

Recommendation

The Fund should expend within budget limits and whenever funds are used to meet urgent needs of the Ministry, the funds must be reimbursed.

Management Response

The observation is noted. However, this was due to non-availability of financial resources from the Appropriation Account to address the urgent need of office locks and other consumables. Failure to address this was going to be a security threat as offices were supposed to be properly secured, hence the need to get assistance from the Water Fund.

3 PROCUREMENT

3.1 Unsupported Water Infrastructure Expenditure

Finding

Section 44 (a) (iv) of the Public Finance Management Act [*Chapter 22:19*] requires that an accounting authority for a public entity shall ensure that a public entity establishes and maintains a system for properly evaluating all major capital projects However, I noted that a total of $7 000.00 for borehole drilling was not supported by job cards and work certifications as evidence that the boreholes were drilled. As such I could not establish whether the money was incurred for the intended and authorised purposes.

Risk/ Implication

Failure to provide evidence to support expenditure incurred may result in funds being misappropriated.

Recommendation

The management of the Fund should obtain job cards and work certifications as evidence of work completion.

Management Response

The observation is noted. We are yet to receive borehole certificates from ZINWA and forward them to your office.

4 PROGRESS IN ADDRESING PRIOR YEAR AUDIT FINDINGS

4.1 Revenue not receipted

The issue was addressed. The Fund administrators managed to receipt all revenue that was collected during the year under review.

4.2 Project Plans

The administrators of the Fund managed to put in place project plans that specify activities to be carried out, estimated costs and completion timeframes.

4.3 Weakness in Internal Controls over Water Levy

The issue has not been resolved as the Fund did not have an updated database for raw water users.

VOTE 9. - MINES AND MINING DEVELOPMENT

MINING INDUSTRY LOAN FUND 2018

OBJECTIVE OF THE FUND

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

Opinion

I have audited the financial statements of the Mining Industry Loan Fund for the Ministry of Mines and Mining Development. These 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 notes.

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

Statement of Comprehensive Income

Item	$
Income	29 541
Expenditure	43 074
Deficit	**($13 533)**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current Accumulated Fund	40 560 -	1 369 100 (146 590)
Current	1 183 465	1 515
Total	**$1 224 025**	**$1 224 025**

In my opinion, the financial statements present fairly, in all material respects the financial position of Mining Industry Loan Fund as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Risk Management Policy

Finding

Section 50 of The Public Finance Management Act [*Chapter 22:19*] requires every public entity to adhere to and implement the principle of sound corporate governance policies, procedures and practices. A Risk Management Policy is one of the principles of sound corporate governance policies. In the period under review the Ministry operated without a documented Risk Management Policy in place. As a result, there was no risk assessment carried out.

Risk/Implication

The Ministry may fail to detect and mitigate risks when they occur.

Recommendation

The Ministry should ensure that the provisions of the Public Finance Management Act are adhered to by putting in place a documented Risk Management Policy.

Management Response

The observation is noted and agreed. The Risk Management Policy has now been drafted and it is now at the consultation stage.

2 REVENUE COLLECTION AND RECOVERY

2.1 Recovery of Debtors

Finding

For the third year in succession, I have to report that the Ministry failed to recover amounts outstanding in the debtors account totalling $677 785 (2017: $613 924). All those debts should have been fully recovered considering the fact that all customers' contracts for plant hire had expired. Debtors under the Mining Industry Loan Fund arise when the Government in an effort to capacitate Miners gives them loans in the form of mining equipment and the beneficiaries are required to repay the loan so that other players in the industry also benefit. The Mining Industry Loan Fund its actually a revolving Fund.

Risk/Implication

Delays in collecting the long outstanding debts may affect the liquidity position of the Fund, as some debts could end up being written off as irrecoverable.

Recommendation

The Ministry should ensure that all outstanding debts are recovered to enhance the efficient revolving of funds and improve the liquidity position of the Fund. Speed recovery would also allow other miners to benefit from the Fund and prevent debts from being written off as irrecoverable.

Management Response

The observation is noted. However, the increase was caused by the issuance of plant hire equipment to some customers. The debtors follow up strategy has been put in place and a vigorous follow up will be conducted, a reduction in debtor's figure is expected.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDING 3.1 Inadequately supported expenditure

The issue has now been resolved since the Ministry was able to produce the previously missing supporting documents for audit examination.

MINES AND MINING DEVELOPMENT FUND 2018

OBJECTIVE OF THE FUND

The Fund was established to support and sustain the operations of the computerised mining titles system, the development of the mining industry through provision of services for the growth of the sector and the necessary capacity for the sustainable management of the computerised mining titles system including other professional and technical services by the Ministry of Mines and Mining Development.

Opinion

I have audited the financial statements of the Mines and Mining Development Fund for the Ministry of Mines and Mining Development. These 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 notes.

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

Statement of Comprehensive Income

Item	**$**
Income	5 638 145
Expenditure	4 787 872
Surplus	**$850 273**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Accumulated Fund	12 062 952	5 400 000 9 065 255
Current	2 540 672	138 369
Total	**$14 603 624**	**$14 603 624**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Mines and Mining Development Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Budgetary Control

Finding

The Fund incurred expenditure totalling $2 796 790 on six items against total approved budget of $1 685 000 resulting in excess expenditure on the items of $1 111 790 (66%). This was due to lack of budgetary control and failure to abide by Treasury Instruction 0900. Table 1 below shows the variances between budgeted amounts against the actual expenditure on items noted during the audit.

Table 1: Items that incurred excess expenditure

Expenditure Item	Actual Expenditure $	Budgeted Amount $	Excess $
Communication	297 131	260 000	37 131
Rental and Vehicle Hire	977 734	335 000	642 734
Utilities and other Services	253 518	62 000	191 518
Hospitality	136 799	45 000	91 799
Education Material	137 503	133 000	4 503
Travel and Subsistence Advances	674 319	605 000	69 319
Office Supplies & Services	319 786	245 000	74 786
Total	**$2 796 790**	**$1 685 000**	**$1 111 790**

Risk/Implication

Lack of effective budgetary control may render the process of budgeting ineffective resulting in unplanned expenditure being incurred.

Recommendation

The Fund should ensure that the budget is followed religiously and should ensure that any excess expenditure is authorised before it is incurred.

Management Response

The Fund took note of the observation. The Fund had a budget of $10 760 000 and only $4 787 872 (44%) was spent realizing a budget saving of $5 972 128 (56%) in 2018. Please note the overall expenditure of the Fund was within the total approved budget for the Fund. The over expenditure in the identified subheads were due to misplaced virements, as there were corresponding

savings within the approved budget. The virements for the indicated items were processed by the Ministry and submitted to Treasury for further processing. Since the Fund budget was not in the PFMS, the National Budget Department referred the Ministry of Mines and Mining and Development to the Accountant General Department for approval of the virements.

The Accountant-General's Department took note and kept copies of our virements and further advised the Ministry to proceed with the expenditure as indicated on the virements. The Accountant General Department filed the virements but could not locate the signed virements copies due to relocation of offices. Copies of the virements submitted to Treasury were availed to the Auditors for inspection. The Fund's accounting system is now in the PFMS and virements are now being processed instantly by the Budgets Department.

1.2 Computerisation of Mining Titles System

Finding

For the seventh year in succession, I have to report that the Ministry failed to put in place a functioning Computerised Mining Titles System as required by Section 2 of the Constitution of the Fund. Sixteen years after the establishment of the Fund, the Computerisation of the Mining Titles System has not been done. The system is there to capture all mining claims title holders who in turn should pay annual fees that form the revenue of the Fund.

Risks/Implications

Revenue collection cannot be fully achieved as other miners will not be captured in the database. Proper management of mining claims may not be achieved if the system remains manual. Duplications may occur.

Recommendation

The Fund should expedite the establishment of the mining Titles System in order to enhance revenue collection.

Management Response

The computerisation of the Mining Titles system is now at the implementation phase. All provinces have already started capturing data on excel to be uploaded on the system, staff have been trained and all offices including provincial offices have been networked. However, the project has been stalled due to foreign currency challenges.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

2.1 Inadequately Supported Expenditure

The issue has not recurred during the year under review. The Ministry produced supporting documents for the previous year which were found missing during the 2017 financial year.

SPECIAL GOLD UNIT FUND 2018

OBJECTIVE OF THE FUND

The Fund was established in terms of the Public Finance Management Act [*Chapter 22:19*] to mobilise and manage financial, human and material resources for the purpose of curbing mineral leakages particularly gold.

Opinion

I have audited the financial statements of the Special Gold Unit Fund of the Ministry of Mines and Mining Development. These financial statements comprise the statement of financial position as at December 31, 2018, statement of comprehensive income for the year then ended and 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	**$**
Income	703 337
Expenditure	624 190
Surplus	**$79 147**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Accumulated Fund	470 743 -	- 733 856
Current	263 113	
Total	**$733 856**	**$733 856**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018, and its financial performance for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Risk Management Policy

Finding

Section 50 of the Public Finance Management Act [*Chapter 22:19*] requires every public entity to adhere to and implement the principle of sound corporate governance policies and procedures. A risk management policy is one of the principles of good corporate governance policies. In the period under review, the Ministry operated without a documented risk management policy, indicating that no risk assessment was carried out.

Risk/Implication

The Ministry may not be in a position to detect and mitigate potential risks when they occur.

Recommendation

The Ministry should put in place a risk management policy to mitigate against potential risks.

Management Response

The observation is noted. The Risk Management Policy is to be aligned with the new Treasury Instructions. The Ministry is going to outsource the services of a consultant for the compilation of the Risk Management Policy for the Ministry.

VOTE 10. – ENVIRONMENT, TOURISM AND HOSPITALITY INDUSTRY

SECRETARY'S FUND 2018

OBJECTIVE OF THE FUND

The objective of the Fund shall be to encourage research in, and develop or conserve wildlife (including fish, national parks, botanical gardens, sanctuaries, safari areas, recreational parks and natural resources) which the Ministry of Environment, Water and Climate or any of its departments may be entitled to administer.

Opinion

I have audited the financial statements of Secretary's Fund for the Ministry of Environment, Tourism and Hospitality Industry. These 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 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	$
Income	30 271
Expenditure	32 294
Deficit	**($2 023)**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	79
Current	79	-
Total	**$79**	**$79**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Secretary's Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is a material issue noted during the audit.

1 GOVERNANCE ISSUES

1.1 Sustainability of Service

Finding

I noted that the Fund incurred a loss of $2 023 (2017: $24 762) for the year ended 31 December 2018 and as of that date the net asset value of the Fund was $79 (2017: $2 102). The Fund's income dropped significantly by 86% from $221 149 in 2017 to $30 271 in 2018. These conditions indicate the existence of a material uncertainty about the Fund's ability to continue operating in fulfillment of its objective.

Risk/ Implication

It may no longer be viable to operate the Fund.

Recommendation

Management should assess whether there is still need for the Fund to continue in existence and implement appropriate strategies.

Management Response

The Ministry has decided to wind up the above mentioned account due to non-activity of the Fund. Its establishment and objectives are no longer in tandem with the Ministry's functions and activities.

2 PROGRESS IN ADDRESING PRIOR YEAR AUDIT FINDINGS

2.1 Unsupported Expenditure

In the previous financial year, it was observed that the fund incurred expenditure that was not supported by source documents such as competitive quotations, invoices and receipts. In the year under review, expenditure was adequately supported.

2.2 Misstatement of Revenue Received

In the year under review, revenue was properly receipted and accounted for. There were no understatements noted.

2.3 Income from Water Fund

The transfer of funds from the Water Fund into the Secretary's Fund Account without Treasury approval was stopped.

2.4 Accounting Officer's Instruction Manual

The Fund continued to operate without Accounting Officer's Instructions.

VOTE 11. – TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT

NEW LIMPOPO BRIDGE FUND 2018

OBJECTIVE OF THE FUND

The purpose of the Fund is to finance the maintenance, rehabilitation of old and new Limpopo Bridges and the roads linking to the Bridges on the Zimbabwean side.

Opinion

I have audited the financial statements of the New Limpopo Bridge Fund, which comprise the statement of financial position as at December 31, 2018, 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.

Statement of Comprehensive Income

Item	**$**
Income	14 438 099
Expenditure	17 519 484
Deficit	**($3 081 385)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Assets	2 555 717	-
Capital Reserve	-	3 614 696
Current	24 076 758	23 017 779
Total	**$26 632 475**	**$26 632 475**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the New Limpopo Bridge Fund as at December 31, 2018 and its financial performance and its Cash Flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Master Asset Register

Finding

Contrary to Treasury Instruction 100 (1), I noted that the assets bought during the year (2018) amounting to $97 250 were not recorded in the Master Asset register. Furthermore, there was no evidence that the Asset Register was being checked for completeness. The columns for serial numbers, dates or amounts were omitted in the register. I was therefore not able to place reliance on the values disclosed in the financial statements.

Risk/Implication

The Fund may lose assets if no proper maintenance of Master Asset register is done. Also the value of assets disclosed in the financial statements may be inaccurate.

Recommendation

The Fund management should ensure the Master Asset Register is updated with dates of purchase, cost and location of the assets to ensure accountability and disclosure of value of assets in the financial statements.

Management Response

The observation has been noted and we shall implement the recommendations made.

1.2 Sustainability of Services

Finding

I observed with concern that the Fund incurred excess expenditure over income of $3 081 385 (2017: $12 769 007). This reflects weaknesses in financial management that may cast a significant doubt on the Fund's ability to continue providing services.

Risk/Implication

The Fund may fail to meet its mandate of financing the maintenance and rehabilitation of the bridges and the roads.

Recommendation

The Fund management should put in place mechanism that will enhance good financial management by controlling expenditure.

Management Response

Management is still to respond.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS 2.1 Accounting records

Trade Payables amounting to $17 819 497 (2016: $2 081 970) were not posted to individual ledger accounts as provided for in the Accounting Officer's manual. An amount of $15 840 234 had not been transferred to South Africa.

The audit recommendation has been implemented as the Fund is now on the PFMS, SAP system. The issue of Funds transfer to South Africa is still work in progress.

2.2 Valuation of Construction Projects

I was unable to establish the value of materials on hand and roads constructed or maintained during 2017 due to non-disclosure of the projects undertaken, despite expenditure for Hire of Plant and Equipment amounting to $3 853 143 (2016: $2 199 067) having been incurred.

The audit recommendation has been partly implemented as the Fund is now on the PFMS, SAP system where the percentage of completion of projects can be determined. The issue of valuation of materials on hand is still pending.

2.3 Confirmation of Outstanding Creditors

Six provincial offices along the North and South corridors did not provide confirmations that they had no outstanding creditors at year end. There is risk that liabilities may not have been fully disclosed

The audit recommendation has been implemented as the Fund is now on the PFMS, SAP system the creditors will be updated automatically.

2.4 Commission on Prepaid Toll Fees

In order to avoid delays at the Beitbridge Border post, some haulage truck companies who cross the Limpopo Bridge on a regular basis, pay toll fees in advance. However, the 15% commission amounting to $159 572 was not deducted during the financial year under review.

The audit recommendation has been implemented as the commission is now being paid monthly based on invoices raised by ZINARA and toll fees are deducted when doing monthly revenue reconciliations.

2.5 Assets loaned to Other Provinces

Assets valued at $188 146 were loaned to Manicaland and Mashonaland Central provinces which were not in the North-South corridors.

The audit recommendation has been partly implemented as the Fund is in the process of engaging the provincial office.

2.6 Distribution of Fuel

Review of four provincial registers revealed that 87 000 litres of fuel valued at $149 105 had no distribution and receipt vouchers.

The audit recommendation has been partly implemented as the fuel registers are now being maintained. However, the receipt vouchers to support 87 000 litres of fuel were not availed for audit examination.

2.7 Signed Paysheets by Contract workers

An examination of salaries and wages revealed that payments amounting to $1 166 522 had no signed paysheets as proof of work done. I could not therefore establish whether the said wages were paid to bonafide beneficiaries.

The audit recommendation has been partly implemented as the provincial human resource officers were advised to have staff sign paysheets and attach to payment vouchers.

2.8 Unsupported Expenditure

Payment vouchers for salaries and wages amounting to $191 256 were not availed for audit.

The audit recommendation has been implemented as payment vouchers were filed to support expenditure incurred.

TRAFFIC AND LEGISLATION FUND 2018

OBJECTIVE OF THE FUND

The Fund was established to provide additional resources for the registration, licensing, inspection and weighing of motor vehicles, the survey of vessels, examination for vessel handling competency and certification, driver testing and certification, licensing of operators of public service vehicles/vessels and processing and enforcement of transport legislation.

Opinion

I have audited the financial statements of the Traffic and Legislation Fund, which comprise the statement of financial position as at December 31, 2018, 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	**$**
Income	18 676 558
Expenditure	17 877984
Surplus	**$798 574**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Accumulated Fund	6 365 382 -	- 5 361 858
Current	3 599 449	4 602 973
Total	**$9 964 831**	**$9 964 831**

In my opinion, the financial statements present fairly, in all material respects the financial position of the Traffic and Legislation Fund for the year ended December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is a material issue noted during the audit;

1 MANAGEMENT OF ASSETS

1.1 Distribution of Motor Vehicles

Finding

The Fund procured motor vehicles for VID operations. However, the vehicles were distributed to the Ministry's Head Office Management and not to VID for operations as shown on the procurement authorisation letter from the Office of the President and Cabinet. The table below shows the distribution.

Vehicle Type	Vehicle Registration	User	Location
Isuzu Double Cab	AEX 5065	Director of Finance	Head Office
Isuzu Double Cab	AEX 5064	Chief Vehicle Inspector	Head Office
Isuzu Double Cab	MOT 033	Pool	Head Office
Isuzu Double Cab	MOT 034	Pool	Head Office

Risk/Implication

The Fund may fail to deliver on its mandate if resources intended for field operations are diverted.

Recommendation

The Ministry should comply with the authority granted by the Office of the President and Cabinet.

Management Response

The observation has been noted. However, the vehicles which are mentioned as for VID were bought for the Ministry, not for VID only. VID is a section in the Transport Development and Management Department within the Ministry and does not have standalone staff in Finance and Administration that deals with VID issues only. The Finance and Administration at Head Office in terms of operations uses the vehicles for ferrying goods and services for the entire Ministry including VID and other seven departments. It is also responsible for the allocation of vehicles to critical areas from the pool hence the two vehicles put to the pool.

Evaluation of Management Response

The issue is that the vehicles were specifically for VID stations as per the initial application not administration.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

2.1 Maintenance of Accounting Records

There were no individual ledger accounts for accounts payable. Furthermore, there were no ledger accounts for depreciation.

The audit recommendation has been implemented as the Fund is now on the PFMS, SAP system.

2.2 Reconciliation of Point of Sale Receipts

The fund administrators were not performing monthly Point of Sale reconciliations.

The Point of Sale reconciliations are now being done.

2.3 Recovery of Travel and Subsistence Advances

It was noted that some Travel and Subsistence advances were not being cleared within 30 days of an officer's return to his home.

The audit recommendation has been implemented as deductions were made.

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

CIVIL SERVICE HOUSING LOAN FUND 2015 AND 2016

OBJECTIVE OF THE FUND

The Fund was established to provide funding for all eligible Civil servants towards land purchase construction/completion of house, house extensions, house purchase and mortgage relief of first house.

Opinion

I have audited the financial statements of the Civil Service Housing Loan Fund for the Ministry of Local Government, Public Works and National Housing. These financial statements comprise the statement of financial position as at December 31, 2016, 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 notes.

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

Statement of Comprehensive Income

Item	$
Income	707 502
Expenditure	59 026
Surplus	**$648 476**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	9 217 764	-
Current	4 905 383	34 047
Accumulated Fund	-	14 089 100
Total	**$ 14 123 147**	**$14 123 147**

In my opinion, the financial statements present fairly, in all material respects the financial position of the Civil Service Housing Loan Fund as at December 31, 2016, and its state of affairs and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

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

1 GOVERNANCE ISSUES

1.1 Investment in 10% Secured Convertible Debenture at METBANK LIMITED

Finding

The Fund made an investment of 10% Secured Convertible Debenture at METBANK LIMITED worth $2 229 565 on April 1, 2015 without Treasury concurrence. The investment deprived eligible civil servants of the opportunity to be provided funding towards land purchase, construction or completion of houses, house extensions, house purchase and mortgage relief on first house.

Risk/Implication

The goals and objectives of the Fund may not be achieved if financial resources earmarked for loan beneficiaries remain locked up in the bank.

Recommendation

The Fund's Administrators should adhere to the constitution of the Fund so that eligible civil servants are not deprived of the opportunity to access loans for housing as provided for in the Fund's constitution.

Management Response

It is regrettable that we are in such a situation as Metbank has not yet repaid the total outstanding amount at the stipulated maturity date of the Debenture. Several letters have been written to the bank demanding the repayment of the full amount together with the interest generated during the tenure of the Debenture to no avail. The matter was raised with the RBZ Governor and was also forwarded to the Civil Division for litigation.

Evaluation of Management Response

The response given does not address the finding as it does not justify why in the first place, the investment was made without the concurrence of Treasury.

1.2 Debt Recovery

Finding

I noted that the Fund had an outstanding amount of $52 583 (2015: $95 847) which was tied up in debts. The amount related to members who are deceased, retired and those who have resigned. It was evident that no follow-ups were being done to recover the outstanding amounts from former beneficiaries. This deprives the fulfillment of the Fund's mandate as money will not be available for on lending to other eligible members.

Risk/Implications

Outstanding amounts may become irrecoverable due to passage of time.

The goals and objectives of the Fund may not be achieved if financial resources earmarked for loan beneficiaries remain outstanding.

Recommendations

The management should engage Salary Service Bureau (SSB) and Pension Office with a view of effecting recoveries from the terminal benefits of respective loan beneficiaries in order to safeguard the resources of the Fund.

Furthermore, follow ups should be made in order to recover the outstanding amounts from former beneficiaries.

Management Response

The observation is noted. However, when a beneficiary leaves Government service, the Ministry normally receives a request from Salary Services Bureau for the outstanding balance. We then write to them and a copy is sent to the Pensions Department for the recovery of the outstanding balance. Some balances are recovered in a short space of time, but we can confirm that there are some lump sum benefits which have not been paid for individuals who left Government service in 2016. We have written letters of demand to them with a view of effecting the recoveries.

1.3 Administration of the Fund

Finding

Section 4 (c) of the Civil Service Housing Loan Fund Guidelines provides that heads of Ministries/Government Agencies are required to submit quarterly reports to the Ministry of Local Government, Public Works and National Housing. However, the Fund did not provide for audit examination quarterly reports from Ministries/Government Agencies. Therefore, I was not able to evaluate whether or not sufficient progress had been made towards the Government's goal of addressing housing backlogs. Also I was not satisfied that the Ministry of Local Government, Public Works and National Housing was effectively executing the project monitoring role.

Risk/Implication

Loans granted may not be used for the intended purposes and project objectives may not be achieved.

Recommendation

The Fund should ensure that heads of Ministries or Government Agencies submit quarterly returns to enable it to monitor the use of the funds in compliance with Section 4 (c) of the Civil Service Housing Loan Fund Guidelines.

Management Response

The Ministry is yet to respond.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

2.1 Loan Repayments Recognition and Ledger Accounts Updates

The Fund has now adopted the accruals accounting concept where it credits individual debtors' accounts with amounts deducted even if SSB has not yet remitted the funds and then retains SSB as a debtor.

2.2 Non-compliance with NSSA Act of 1989, [*Chapter 17:04*]

The Fund has registered with NSSA and the monthly remittances are being done since the date of registration.

GOVERNMENT POOL PROPERTIES RETENTION FUND 2018

OBJECTIVE OF THE FUND

The Fund was established to maintain Government owned pool properties in a state that meets national and international standards.

Qualified Opinion

I have audited the financial statements of the Government Pool Properties Retention 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, 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 notes.

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

Statement of Comprehensive Income

Item	$
Income	5 167 726
Expenditure	4 607 573
Surplus	**$560 153**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	729 469	—
Accumulated Fund	—	6 086 822
Current	5 357 353	—
Total	**$6 086 822**	**$6 086 822**

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 Government Pool Properties Retention Fund as at December 31, 2018, 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) Provincial income and debtors excluded from the financial

statements Findings

There were tenants from provincial offices whose employee code numbers were not in the pastel accounting system which resulted in their rentals being omitted from the financial statements. The financial statements were prepared based on information that was on Pastel and only disclosed $156 146 which was for Harare. I could therefore not verify on the authenticity of the figures disclosed in the financial statements.

Furthermore, a rental amount of $86 485 which was due from ten (10) houses in Chipinge and three others in Mt. Darwin was excluded from the financial statements. The said houses were occupied by officers who did not have lease agreements. Furthermore, the officers were also not paying rent.

Risks/Implications

The revenue and debtors' figures may be understated as provincial figures were not included in the financial statements.

If lease agreements are not drawn up and signed, rent collection may be difficult.

The Fund may not be able to fulfil its mandate if tenants do not pay rent.

Recommendations

The Fund Administrators should ensure that information held at provinces and districts is included in the financial statements.

Lease agreements should be drawn up and signed by officers before they occupy Government properties.

Government properties meant to generate revenue for the State should not be occupied without payment of rentals.

Management Response

Head Office staff will visit provinces and districts to gather information and reconcile ledgers so that tenants not included in the system are created using their National Identity Numbers.

Tenants from the President's Department were paying rentals through the stop order facility and the Salary Deduction Schedule can confirm this. Houses occupied by the Zimbabwe Republic Police are reserved for the Police Service and thus were not treated as pool houses.

The Provincial Head has since issued dunning letters to tenants under the District Administrator's Office to try and recover the outstanding rent.

Evaluation of Management Response

The Salary Deduction Schedule and the authority to reserve the houses for ZRP were not produced for audit examination.

(ii) Stock Control

Cards Finding

Supporting documents for stock values for Mashonaland Central province amounting to $69 324 were not submitted for audit verification. This limited the scope of my audit as I could not verify the stock value figures in the financial statements.

Risk/Implication

The stock values may be materially misstated.

Recommendation

The Fund Administrators should ensure that stock value sheets from provinces are submitted to Head Office to enhance the completeness of the stock figures.

Management Response

The figures for Mashonaland province in the financial statements were provided over the phone as the provincial staff had not completed the compilation of the information.

(iii) Non-Preparation and Submission of Revenue and Debtors

Returns Finding

The revenue and debtors figures for Masvingo and Mutare provincial offices, as well as those for Rushinga, Wedza and Murehwa districts were not included in the financial statements submitted for audit. This was due to the failure by the provinces and districts to maintain the records for the same. I therefore could not rely on the revenue and receivables figures submitted for audit.

Risk/Implication

The revenue and receivables figures disclosed in the financial statements could be materially misstated.

Recommendation

The Fund officials should ensure that revenue and receivables records are maintained in all provinces and districts and the information should be included in the financial statements.

Management Response

The provinces and districts have been advised through correspondence dated August 6, 2014 and September 16, 2016 to submit revenue and debtors returns without success.

(iv) Advances to Appropriation

Account Finding

The Fund advanced $24 582 to meet expenditure for the Appropriation account. The amount was not disclosed in the statement of financial position. The Fund officials did not produce a detailed breakdown of the advances and reimbursements to and from the Appropriation account during the period under review. I could therefore not validate the balances outstanding as well as rely on the financial statements submitted for audit.

Risks/Implications

The non-disclosure of advances materially misstated the financial position of the Fund.

Recovery of the advances may be difficult if the figures are omitted from the underlying records.

Recommendations

The Fund Administrators should disclose all advances in the financial statements. The advances should be recovered from the Appropriation account to enable the Fund to fulfil the mandate for which it was established.

Management Response

The expenditure incurred on behalf of the Appropriation account would be reimbursed during the 2020 financial year.

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

1 REVENUE COLLECTION AND DEBT

MANAGEMENT 1.1 Other Income-Temporary Deposits

Finding

The financial statements submitted for audit had Other Income worth $126 990 which were collections from tenants for rent due to the Fund. The amount should have been credited to the receivables to reduce the outstanding balance.

Risk/implication

There was misallocation of funds as debtors' figures were overstated by the stated amount.

Recommendation

The temporary deposits figure should be cleared by adjusting the relevant debtors' accounts.

Management Response

Head Office personnel will visit the provinces with the aim of clearing the temporary deposits by crediting the individual debtors' accounts.

2 ASSET MANAGEMENT

2.1 Subdivision and allocation of Government Pool Properties

Finding

There was subdivision and illegal allocation of Fund properties without authority from the Public Works department in the Nyanga, Murehwa, Gutu, Bikita and Zaka districts. The allocation of the properties was done by Rural District councils to non-civil servants in violation of Government policy which requires that pool properties be allocated to civil servants only.

Risks/Implications

The properties may be lost if proper authority is not obtained to subdivide and allocate the properties.

The revenue due to the Fund from the said properties may be lost.

Recommendation

The subdivisions and reallocations should be reversed and properties returned to Central Government.

Management Response

Management has not yet responded.

NATIONAL CIVIL PROTECTION FUND 2018

OBJECTIVE OF THE FUND

The main objective of this Fund is to develop and promote civil protection in Zimbabwe.

Qualified Opinion

I have audited the financial statements of the National Civil Protection 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, 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.

Statement of Comprehensive Income

Item	$
Income	6 128 720
Expenditure	7 357 290
Deficit	**($1 228 570)**

Statement of Financial Position

Item	Asset $	Liabilities $
Non-Current	262 682	–
Accumulated Fund	–	537 736
Current	275 054	–
Total	**$537 736**	**$537 736**

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 National Civil Protection Fund as at December 31, 2018 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) Advances to Appropriation

Account Finding

The Fund paid $76 111 on behalf of the Appropriation Account. Although the reimbursement had not been received, the payment was not disclosed as receivables in the Statement of Financial Position for the year ended December 31, 2018.

Treasury Instruction 1504 states that Accounting Officers are responsible for the recovery of all advances made by them and for ensuring that the terms and conditions of the advance are complied with.

Risk/Implication

If resources for the Fund are diverted to other uses the Fund may fail to fulfil its mandate.

Recommendation

The Administrator of the fund should recover the outstanding advance from the Appropriation Account.

Management Response

The observation is acknowledged however the Fund had advanced the funds on the understanding that the advances were to be reimbursed from the Appropriation Account. Upon further follow up, the Finance and Administration had undertaken to reimburse the outstanding advances by December 31, 2019.

Evaluation of Management Response

As of November 4, 2020 no evidence was produced to the effect that the re-imbursement had been made.

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

1 GOVERNANCE ISSUES

1.1 Contingency Plan (Scenario Planning)

Finding

Section 1 of the Inter-Agency Contingency Planning Guidelines for Humanitarian Assistance requires Governments holding primary responsibility for providing humanitarian assistance to people in need, to provide recommendations on how to establish and implement an inter-agency contingency planning process, and to develop integrated plans and monitor ongoing preparedness actions. Contrary to the above, I noted that the Fund did not activate the Joint Contingency Plan at beginning of the 2018/2019 rainy season, thereby compromising the preparedness.

Furthermore, Section 5 under the Preamble of the Sendai Framework 2015-2030 also states that it is urgent and critical to anticipate, plan for and reduce disaster risk in order to more effectively protect persons, communities and countries. However, there were no Sectorial Response Plans attached to the main plan of the Fund. This was as a result of not conducting adequate scenario planning.

Risk/Implication

Disaster may occur without an adequate scenario plans that would reduce adverse effects.

Recommendation

The Fund should activate the Joint National Contingency Plan and ensure that sectorial response plans are in place in compliance with Section 1 of the Inter-Agency Contingency Planning Guidelines for Humanitarian Assistance as read together with Section 5 under the Preamble of the Sendai Framework 2015-2030.

Management Response

A generic plan is in place. However, as consumers and users of Hydro-Meteorological Services, the National Civil Protection Committee and its Sub-Structures always adjust the plan in response to new developments.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS 2.1 Donations

The revenue donations worth $17 315 were not recorded in the register for donations and were not disclosed in the financial statements. The donations were eventually recorded.

2.2 Funeral Assistance

The Fund officials were not attaching supporting documents to payment vouchers to enable verification of the payments. The supporting documents were now being attached.

STADIA REVOLVING FUND 2018

OBJECTIVE OF THE FUND

The objective of the Fund as established shall be to finance the costs of maintaining all Government owned stadia.

Qualified Opinion

I have audited the financial statements of the Stadia Revolving Fund for the Ministry of Local Government, Public Works and National Housing. These 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	$
Income	368 154
Expenditure	286 458
Surplus	**$81 696**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	122 737	–
Accumulated Fund	–	590 280
Current	508 193	40 650
Total	**$630 930**	**$630 930**

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 and performance of the Stadia Revolving Fund as at December 31, 2018 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) Understatement of Expenditure

Finding

The expenditure for Khumalo Hockey Stadium was understated by $6 447. The underlying transactions at the provincial office amounted to $16 859 while the financial statements had a balance of $10 412. Therefore, I could not place reliance on the accuracy and completeness of the financial statements.

Risk/Implication

The expenditure could be misstated in the absence of a reconciliation.

Recommendation

Accounting records should be maintained and all transactions should be recorded.

Management Response

The difference between expenditure paid and expenditure submitted by the Province was due to:

- **Some vouchers that were withdrawn from the Fund and paid through Appropriation Account.**
- **Some vouchers were withdrawn by the suppliers due to escalating prices as they could not deliver all the goods at the quoted prices.**

Evaluation of Management Response

The said vouchers were not produced for audit examination.

(ii) Revenue

Finding

I could not validate the completeness, accuracy and occurrence of the revenue figure disclosed in the financial statements because the revenue figure for the National Sports Stadium as per the booking register was $89 225 whereas the financial statements had $325 984 giving an unreconciled variance of $236 759.

Risk/Implication

The revenue figure may be misstated as it was not supported.

Recommendation

Revenue collected should be recorded in order to enhance accountability and transparency.

Management Response

The figures for bookings and those for revenue realised are different because in booking sheets we record revenue with fixed charges, while in finance they also record contracts which vary with the number of those who attend, for example churches, matches and musical shows.

Evaluation of Management Response

There was neither evidence to support the response made, nor a reconciliation submitted for my verification.

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

1 GOVERNANCE ISSUES

1.1 Accounts Receivable

Finding

Accounts receivable increased by 26% from $374 357 in 2017 to $508 194 in 2018. The dunning procedures were not effective. This impacted negatively on the Fund's working capital thereby compromising its operations.

Risk/Implication

The Fund's operations may be constrained due to inadequate working capital.

Recommendation

Effective dunning procedures should be applied to ensure that amounts due are recovered.

Management Response

The other debtors were handed over to legal Department for debt collection. However, the debts for Administration and General and Public Works will be reimbursed during 2019.

1.2 Tender Process

Finding

The Fund administrators procured thirty-eight stadium skip bins worth $38 995 without going to tender in contravention of Section 10 (3) (b) of Statutory Instrument 5 of 2018 - Public Procurement and Disposal of Public Assets (General) Regulations, 2018.

Risk/Implication

The Ministry may not realise value for money if procurement regulations are not complied with.

Recommendation

The Ministry should comply with procurement thresholds as provided for in Section 10 (3) (b) of Statutory Instrument 5 of 2018 -Public Procurement and Disposal of Public Assets (General) Regulations, 2018.

Management Response

The use of three quotations was done to avoid ever-changing prices, due to the current unstable environment. The quotations were valid for forty-eight hours only, hence the decision to do direct purchase in order to avoid price changes.

Evaluation of Management Response

Documentary evidence was not submitted to support the response

1.3 Availability of cash deposit book

Finding

The cash deposit book for the period January 2, 2018 to March 18, 2018, was not availed for audit inspection. I was therefore unable to place reliance on the revenue figure generated by the Zimbabwe National Sports Stadium for the stated period due to scope limitation.

Risk/Implication

The revenue figure disclosed in the financial statements may be misstated. Misappropriation or fraud cannot be ruled out.

Recommendation

The deposit book for the period in question should be produced for audit examination.

Management Response

The observation is noted however, we have the banking register and bank statement available for your inspection.

Evaluation of Management Response

Transactions reflected in the banking register and bank statements do not prove that there was completeness of the revenue received.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS 2.1 Chitungwiza Aquatic Complex Swimming Pools

The maintenance of the Chitungwiza Aquatic Complex Swimming Pools was not being done so as to preserve the state of the existing infrastructure. The Fund is yet to implement the audit recommendation.

2.2 Outstanding Reimbursements from Appropriation Account

The Fund made advances to the Appropriation Account which is contrary to Accounting regulations. This issue remained unresolved.

2.3 Maintenance of Magamba Hockey Stadium

The water reticulation services at Magamba Hockey Stadium were a challenge due to worn out water pipes. The finding was not addressed since maintenance of Magamba Hockey Stadium was not carried out.

2.4 Servicing of Chitungwiza Aquatic Complex Generators

It was noted that two generators meant to provide power backup in the event of power failure were not working. No improvement was noted as the generators were yet to be serviced at the time of concluding the audit.

VOTE 14. – HEALTH AND CHILD CARE

HEALTH SERVICES FUND 2018

OBJECTIVE OF THE FUND

This Fund was established for the purpose of collecting and administering hospital fees to supplement the health budget, both recurrent and capital for the development and maintenance of Health Services, programmes and related activities as may be approved from time to time by the Secretary responsible for Health and Child Care in consultation with Treasury.

Qualified Opinion

I have audited the financial statements of Health Services Fund for the Ministry of Health and Child Care. These financial statements comprise the statement of financial position as at December 31, 2018, statement of comprehensive income and 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	$
Income	14 972 910
Expenditure	13 112 830
Surplus	**$1 860 080**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	33 765 485
Current	33 921 387	155 902
Total	**$33 921 387**	**$33 921 387**

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 Health Services Fund as at December 31, 2018, 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) Recovery of

Debtors Findings

The Fund failed to write off debtors which had proved to be irrecoverable and that were no longer justified to be accounted for as current assets. This was contrary to provisions of sections 6.11.4 and 6.11.5 of the Fund's Financial and Accounting Procedures Manual.

Despite follow ups and engagement of debt collectors by the Ministry, the debtors' figure has continued to escalate and remained significant. According to the financial statements availed for audit, debtors constituted 96% of the total current assets of the Fund. For the year under review, debtors stood at $32 702 923 (2017: $30 807 577) translating to 6% increase from the 2017 figure.

Since 2012 I have been reporting this issue and during the 2017 audit, management indicated that it had engaged Treasury to seek authority to write off the irrecoverable debts. However, I was not availed with evidence such as correspondence or minutes of meetings to support the engagements and conclusions made to date on the matter.

In addition, I was not able to substantiate the 2018 debtors' amounts disclosed in the financial statements for Concession District, Bindura and Chinhoyi Provincial Hospitals because of the absence of debtors' ledgers. This was contrary to the Fund's revenue and debtors' control procedures which require the opening of an account or ledger card for every patient who fails to pay hospital fees.

Risks/Implications

If debtors remain outstanding for a very long time the amounts may not be recovered at all. Also the inclusion of irrecoverable debts or bad debts in the debtors' amount overstate the current assets and consequently misstate the Fund's financial position.

Failure to maintain debtors' ledgers will make it difficult to compute accurate debtors' amounts and consequently financial statements will be misstated.

Recommendations

The Ministry in consultation with the Ministry of Finance and Economic Development should resolve the issue of long outstanding debtors or bad debts.

The Ministry should continue to lobby for human resources so that adequate number of accounts personnel are available at health institutions for the maintenance of proper accounting records.

Management Responses

The observation is noted. The continual rise in the number of debtors is as a result of most patients who visit the state health institutions are of low income class and have low disposal income. Analysis of some of the Ministry's health institutions who had engaged debt collectors revealed that the recovery rate was low which could be attributed to debtors providing wrong addresses and high mobility of population especially in the farming communities. The Ministry is engaging with the Ministry of Finance to write off outstanding debtors as the list includes debtors as far back as 2009 and also includes exempted categories.

Evaluation of Management Responses

Up to the time of concluding the audit, I was not availed with evidence of communication with the Ministry of Finance to write off irrecoverable debts.

(ii) Variances on Financial Statements Amounts

Findings

I noted variances between amounts disclosed in the Midlands Province consolidated financial statements and the respective provincial and district hospital's financial statements. I was therefore unable to determine the accuracy of the amounts disclosed in the financial statements submitted for audit. The noted variances were not explained and reconciled as required by good accounting practices. This was as a result of not properly coordinating the consolidation of financial statements. The net effect of the variances was as follows:

	$
Debtors understated by PMDO	377 607
Cash at Bank understated by PMDO	9 134
Expenditure overstated by PMDO	2 916

Risk/Implication

Variances render financial statements unreliable.

Recommendation

The Provincial Medical Director's Office should properly coordinate the consolidation of financial statements and where variances are noted, these should be promptly investigated and cleared.

Management Response

The observation is noted. The Ministry is investigating the variances and has engaged Midlands PMDO, Gweru Provincial Hospital and Gweru District Hospitals to address the anomalies.

However, below are material issues noted during the audit:

1 REVENUE COLLECTION AND DEBT

RECOVERY 1.1 Port Health Fees

Finding

Ministry's guide with reference D/59/3 issued in 2017 on distribution and utilisation of port health fees stipulates that Port Health Fees shall be applied to strengthen Port Health Operations at ports of entry as well as other administrative support services. Guidelines on utilisation of the fees at national level includes provision of office accommodation at border posts, procurement of appropriate Port Health staff uniforms, general support and supervision of health activities at ports of entry country wide among other things. However, I noted that the Ministry failed to comply with these guidelines and utilised fees amounting to $125 504 to meet other re-current expenditure.

Risk/ Implication

Intended objectives of improving port health operations may not be achieved if port health fees are not appropriately utilised.

Recommendation

The Ministry should follow laid down guidelines on utilization of port health fees.

Management Response

The observation is noted. The Ministry will adhere to the laid down guidelines on the utilization of Port Health Fees. The procurement of the motor vehicle was done to enable the team from port health section to have mobility to provide support and supervision to the various ports of entry around the country.

1.2 Medical Aid Claims

Finding

Contrary to Treasury Instruction 0501 which stipulates 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. Karoi District took long to submit medical aid claim forms to the Medical Aid Societies. During my audit on August 15, 2019, Karoi District Hospital had 75 medical aid claim forms amounting to $928 for the month of February 2019 which had not been submitted to the respective Medical Aid Societies.

In addition, Marondera Provincial, Bindura Provincial and Karoi District Hospitals had medical aid claim forms for Premier Service Medical Aid Society (PSMAS) and

National Social Security Authority (NSSA) that were rejected and had not been followed up. Karoi District and Bindura Provincial Hospitals had rejected claims with a total value of $590 and $17 941 respectively. Total value of rejected claims for Marondera Provincial Hospital could not be substantiated as some of the amounts were not recorded in the rejection claims register. Rejections were as a result of failure by the health institution to cross check omissions and errors when patients complete the claim forms.

Risks/Implications

Financial loss may be suffered if medical aid claim forms are not submitted on time as they may be lost or overlooked.

Rejected claim forms results in an unjustifiable increase of debtors' amounts.

Recommendation

Management should ensure that medical aid claim forms are submitted on time and information is cross checked upon completion of the claim forms by the patients.

Management Response

The observation is noted. Marondera hospital has introduced a detailed register of rejected claims and subsequently has strengthened the follow-up to Medical Aid Societies and individual members. Bindura Provincial Hospital has assigned a committee to follow up on all dishonored debts by Medical Aid Societies. This will help in expediting the processing of medical aid claims. The Ministry is making efforts to increase the accounting personnel as the shortage in finance personnel is affecting the effective operation of the department.

2 GOVERNANCE ISSUES

2.1 Manual Accounting and Reporting System

In 2017 I reported that the Fund was operating a manual accounting and reporting system. During the year under review, I noted that health institutions were still using the manual system and this affected the maintenance of proper accounting records including debtors' records. Health institutions visited used ledger cards which became bulky resulting in a mammoth task of trying to compute accurate debtors' information including reliable debtors' age analysis.

Risks/Implications

Using a Manual system to administer large volumes of transactions running into millions of dollars may result in errors of commission and omission. Also money may be lost due to pilferage without being detected.

Recommendation

The Ministry should consider automation of the accounting and reporting system of the Health Services Fund.

Management Response

The observation is noted. The Ministry had a discussion with the Projects Office and it was highlighted that audited 2018 financial statements will be uploaded onto Public Finance Management System (PFMS). Thereafter a pilot exercise will be done for one province and subsequently all other provinces will be on PFMS.

2.2 Accounting for Liabilities

Finding

Treasury Instructions 0705 and 0706 require Accounting Officers to ensure that full and proper accounts are maintained. Contrary to the above provision, Masvingo and Gweru Provincial Hospitals failed to support creditors' balances. Since liabilities for the Ministry are paid from three sources namely the Health Services Fund, Appropriation Account and Direct payments by Treasury, I was therefore unable to authenticate creditors amounting to $106 395.

Risk/Implication

Failure to maintain proper creditor's records may result in duplicate and or fraudulent payments being made.

Recommendation

The Ministry should ensure that proper creditor's records are maintained in order to enhance transparency in settling liabilities.

Management Response

The observation is noted. The Ministry will introduce creditor's ledgers to record all outstanding creditors' amounts to eliminate the risk of duplicate payments.

2.3 Public Private Partnership Arrangement

Finding

Public Private Partnerships (PPPs) refer to arrangements between the public and the private sector entities where services that fall under the responsibility of the public sector are provided by the private entity, with clear shared objectives on service delivery. Such arrangements are established in accordance with the Joint Ventures

Act [*Chapter 22:22*]. Contrary to the requirements of the law, Nyanga District Hospital entered into a verbal contract with Nyaradzo Funeral Assurance Company on mortuary services. The health institution was charging an undisclosed nominal fee. I was therefore unable to ascertain the shared responsibilities and confirm whether the arrangement was to the best interest of the public.

Risks/Implications

Verbal contracts may be difficult to legally enforce if one party defaults due to the lack of tangible evidence of the terms and conditions agreed to.

Failure to have clear shared responsibilities or obligations of both parties could put the health institution and the Ministry into disrepute.

Recommendation

The Ministry should establish public private partnerships in accordance with the Joint Ventures Act [*Chapter 22:22*].

Management Response

The observation is noted. The Ministry acknowledges the oversight and is correcting the anomaly. A contract is being processed by our legal department and thereafter it will be forwarded to Nyaradzo Funeral Services for signatures. The Ministry will in the future follow the proper due process when entering into public private partnerships.

3 SERVICE DELIVERY

3.1 Status of Hospital Ambulances and Medical Equipment

Findings

I noted that Nyanga District, Masvingo Provincial and Gweru Provincial Hospitals operated without essential medical equipment for example diathermy, gene-expert machine, CD4 counters among others. Unavailability of essential medical equipment was attributed to the scarce financial resources to procure, repair and service the equipment. Service delivery was negatively affected by the shortages of ambulances and medical equipment at health institutions visited.

This was in violation of Section 3 (2) (b) of the Public Health Act [*Chapter 15:09*] which states that the functions of the Ministry shall, amongst other responsibilities be to promote the public health, and the prevention, limitation or suppression of infectious and contagious diseases within Zimbabwe. In order for the Ministry to promote public health it requires essential medical equipment to provide health services.

Risk/Implication

Failure to have the essential medical equipment at health institutions negatively affects health service delivery.

Recommendation

The Ministry should continue to lobby for resources for the repair, service and procurement of medical equipment to ensure that essential medical equipment is available for continued health service delivery.

Management Response

Most of the medical equipment in our institutions are broken down and they are beyond repair. However, all the Medical Equipment is included in the procurement plan. The challenge that the Ministry is facing is the lack of funding from Ministry of Finance.

4 PROCUREMENT

4.1 Unsupported Expenditure

Finding

Eleven health institutions visited incurred expenditure amounting to $160 290 that was not fully supported by source documents such as requisitions, invoices/ receipts or goods received notes. This was contrary to provisions of section 81 of the Public Finance Management Act [*Chapter 22:19*], read in conjunction with Treasury Instruction 1216 which require all source documents to be obtained and attached to payment vouchers when making payments. I therefore, could not satisfy myself whether the payments made were a proper charge to the Fund.

Health Institution	**Unsupported Expenditure $**
Karoi District Hospital	44 024
Masvingo Provincial Hospital	39 768
Chivi district Hospital	8 766
Mutare Provincial Hospital	5 786
Nyanga District Hospital	3 359
Gweru Provincial Hospital	42 959
Gweru District Hospital	1 690
Concession District Hospital	7 413
Bindura Provincial Hospital	4 552
Mahusekwa District Hospital	1 953
Chinhoyi Provincial Hospital	20
Total	**$160 290**

Risks/Implications

Without adequate supporting documents, the accuracy and validity of expenditure incurred becomes questionable.

Fraudulent payments could be processed without detection if receipts and other supporting documents are not attached to payment vouchers.

Recommendation

The Administrators of the Fund 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

The observation is noted. Corrective control measures are now in place. All payment vouchers now have invoices and receipts. Management is still making frantic efforts to get all outstanding invoices and receipts from suppliers.

For Gweru Provincial, tax invoices were being attached for all purchases made through transfers as most suppliers are automated and issue tax invoices as prescribed by ZIMRA. The Institution has since engaged our suppliers and requested them to issue manual receipts for all purchases made.

5 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS 5.1 Unsupported Expenditure

The issue of unsupported expenditure was not resolved. Eleven health institutions failed to avail documents such as receipts/invoices to support expenditure incurred.

5.2 State of Accounting Records

The issue of maintaining up to date accounting records was not improved. Seven health institutions visited failed to maintain up to date debtors and creditors ledgers.

5.3 Fuel Management

The issue was partially resolved. Administrators at health institutions were trained on fuel management. However, two health institutions visited failed to properly account for fuel.

5.4 Prepayment of Medical Supplies

The issue was partially addressed. Four health institutions visited did not maintain Prepayment Registers and did not follow up on Medical Supplies paid for but not delivered.

5.5 Vital, Necessary and Essential (VEN) Medicines

The issue of availability of VEN medicines improved in Mashonaland West, Central and East health institutions. Minor stock outs were noted at Bindura and Chinhoyi Provincial Hospitals.

VOTE 15. -PRIMARY AND SECONDARY EDUCATION

INDEPENDENT COLLEGES GUARANTEE FUND 2018

OBJECTIVE OF THE FUND

The Fund was established to provide funds to defray any expenses that may be incurred by the Secretary, in ensuring that acceptable standards of Education are maintained in all the 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.

Opinion

I have audited the financial statements of the Independent Colleges Guarantee Fund for the Ministry of Primary and Secondary Education. These 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	$
Income	423 095
Expenditure	126 003
Surplus	**$297 092**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current Accumulated Fund	184 705 -	- 2 501 601
Current	2 480 372	163 476
Total	**$2 665 077**	**$2 665 077**

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, 2018, and its financial performance, and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

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

1 GOVERNANCE ISSUES

1.1 Advances to the Parent Ministry

Finding

As previously reported, the Fund continued to issue advances to the parent Ministry without Treasury authority. During the year under review, the Fund issued advances amounting to $125 397 to the parent Ministry. This was an increase of 41.6% from the 2017 closing figure of $301 284 to the 2018 closing figure of $426 681. However, at the date of my audit on September 25, 2019 the Ministry had reimbursed $25 455.

Risk/ Implication

The practice of lending funds to the Ministry cripples the operations of the Fund and may result in the Fund failing to achieve its objectives due to financial resources tied up in advances.

Recommendations

The Accounting Officer, as the responsible authority, should ensure that the amount is fully refunded to the Fund.

The Fund management should obtain Treasury authority first before giving advances to the Ministry.

Management Response

The Ministry no longer borrows money from the Fund as the ultimate control of the Fund receipts now rests with Treasury. However, of the borrowed funds in 2018, $25 455 was refunded by the Parent Ministry in 2019.

2 REVENUE MANAGEMENT

2.1 Long Outstanding Debtors

Finding

An examination of the Annual Guarantee Fees accounts receivable age analysis as at December 31, 2018 revealed that $1 358 440 was long outstanding stretching as far back as 2009. This therefore meant that the Fund's working capital position was being seriously compromised thereby affecting the smooth flow of operations. There was no evidence availed to me of any legal action taken on the long outstanding debts. Treasury Instruction 0575 stipulates 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." This scenario was due to lack of a robust debt recovery system.

Table below refers.

No. of years Outstanding	5 years and above $	4 years $	3 years $	2 years $	1 year and below $	Total $
Total (US$)	821 500	152 000	197 950	103 900	83 090	**1 358 440**
%	60	11	15	8	6	

Risk/Implication

The fund may be prejudiced of much needed working capital to finance day to day operations as substantial amounts will be locked up in debtors.

Recommendation

The Accounting Officer should implement an effective debt recovery system that ensures that monies owed to the Fund are recovered.

Management Response

Provincial Education Directors and District School Inspectors monitor these colleges to ensure that those operating are paid up. The Ministry continues to send reminders and making phone calls as a way of trying to recover monies.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

3.1 Constitution and Accounting Officer’s Instructions of the Fund

The Fund operated without an approved Constitution and Accounting Officers Instructions during the year under review. The draft Constitution and Accounting Officer’s Instructions availed to audit have been under consideration since 2014 and nothing has been done in order to finalise the issue.

3.2 Investments

The Fund invested $200 000 with ZABG (Zimbabwe Allied Bank Group) in 2013 at fixed interest rate of 15% per annum. Subsequently, the Bank failed to pay the Fund the principal amount of $200 000 invested together with accrued interest. The said bank is now under liquidation. At the time of audit on September 29, 2019, the money was still to be recovered.

SCHOOL SERVICES FUND 2018

OBJECTIVE OF THE FUND

The Fund was established to facilitate the provision of quality education by providing resources for the procurement of learning and teaching materials and to finance other school services and related activities in the school system, which may be approved by the Secretary in consultation with Treasury.

Qualified Opinion

I have audited the financial statements of the School Services Fund for the Ministry of Primary and Secondary Education. These 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	**$**
Income	31 472 106
Expenditure	29 304 657
Surplus	**$2 167 449**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Accumulated Fund	388 029 -	- 19 488 976
Current	37 761 969	18 661 022
Total	**$38 149 998**	**$38 149 998**

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 School Services Fund for the year ended December 31, 2018 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) Income

Finding

Income figures for school fees disclosed in the financial statements could not be substantiated to the enrolment figures at some of the schools. Cases of overstating and understating of the revenue by $498 086 and $225 367 respectively were noted. Non maintenance of income ledgers was the contributing factor. Income figures were extracted from cashbooks. Consequently, misstatements in the income figures led to misstatements in the figure of accounts receivable.

Risks /Implications

If financial statements are misstated they could eventually mislead management decision making processes as well as any users thereof.

Absence of income ledgers affect the credibility of financial information and thereby compromising on transparency and accountability.

Recommendations

The misstatements should be adjusted so as to reflect the correct position.

The Ministry should ensure that income ledgers are maintained in schools.

Management Response

The issue is noted. Schools were instructed to maintain income ledgers and all other relevant financial records.

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

1 GOVERNANCE ISSUES

1.1 Levies Pending Transfer to School Development Committees (SDCs)

Finding

As highlighted in my previous audit report, schools did not maintain ledgers or supporting schedules for a total amount of $175 363. The basis of coming up with the figures without ledgers could not be determined. As a result, I was not able to validate the accuracy of the figures disclosed in the financial statements. Section 49 (1) (a) of the Public Finance Management Act [*Chapter 22.19*] specifies that the accounting authority of a public entity shall keep full records of the financial affairs of the public entity.

Risk/Implication

Absence of accounting ledgers curtails audit trail and makes it difficult to detect and correct errors in the financial figures.

Recommendation

The Ministry should consider reviewing the Fund's accounting manual in line with good accounting practices so that ledgers are introduced for income and expenditure accounts.

Management Response

The issue is noted. Schools were instructed to maintain ledgers pertaining to levies pending transfers and all other relevant financial records.

1.2 Merged Bank Accounts and Financial Records

Finding

The financial records and bank accounts for the School Development Committees (SDCs) and the School Services Fund (SSF) were merged for the ten schools audited in the Harare Metropolitan Province. The same situation could be prevailing in other schools especially in the Harare Metropolitan Province. There was no legal documentation availed to substantiate the basis or modalities of merging the financial records and bank accounts of the two. As a result, the cash at bank and cash equivalent balances amounting to $9 232 927 in the financial statements included financial resources worth $428 546 due to both SDC and SSF of the ten schools audited. There was no further information provided to audit to establish the balance relating to each separate account. I raised the same issue in my previous audit report. Despite management commitment to rectify the situation, the problem persisted during 2018 financial year.

Risks/Implication

Merging without the legal documentation and operational modalities may result in lack of transparency and accountability in management of the Fund.

Recommendations

Separate financial records and bank accounts should be maintained for each separate Fund so as to enhance transparency and accountability.

Without the prerequisite legal documentation or modalities of merging the accounts, the Ministry should therefore demerge the bank accounts.

Management Response

Schools in the Harare Metropolitan Province have now demerged the accounts, separate financial records and bank accounts are now being maintained.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1. Accounts Receivable

Finding

The Fund had accounts receivable amounting to $28 529 042 as at December 31, 2018, an increase of 13% from the 2017 figure of $25 238 711. Some debts had been outstanding since 2009. There was no evidence that parents were engaged to influence them to see the importance of paying school fees for their children and subsequently make payment plans. However, the Ministry seemed not to have effective strategies in place to recover long outstanding debts. As a result, much needed resources were tied up in debts that could be used to develop the schools, if collected on time. I highlighted the same issue in my previous audit reports.

Risks/Implications

In the absence of effective debt recovery strategies, schools may not be able to collect all outstanding amounts and implementation of school programmes will be affected.

Possible loss of revenue could occur due to poor tracking of tuition fees debtors and receipts.

Recommendations

The Ministry should come up with effective debt recovery strategies and engage parents so that they (parents) show commitment and come up with payment plans. This would enhance recovery of outstanding fees and improve service delivery by the school.

Management Response

Schools have been instructed to maintain fees ledger cards for each learner and to engage parents/ guardians for the payment of outstanding fees. They have written reminders to parents advising them to pay their dues.

VOTE 17. –WOMEN AFFAIRS, COMMUNITY, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

COMMUNITY DEVELOPMENT FUND 2018

OBJECTIVE OF THE FUND

The Fund was established to provide grants, and/or interest bearing loans to community groups for infrastructural development and to provide financial, technical and managerial and any form of assistance to individuals/groups undertaking or intending to undertake income generating or economically viable projects.

Qualified Opinion

I have audited the financial statements of the Community Development Fund for the Ministry of Women Affairs, Community, Small and Medium Enterprises Development. These 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	$
Income	935 613
Expenditure	161 895
Surplus	**$773 718**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	155 400	—
Accumulated Fund	—	1 058 660
Current	903 315	55
Total	**$1 058 715**	**$1 058 715**

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Community Development Fund as at December 31, 2018 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) Loan Disbursements

Finding

The Fund Administrators did not ensure that proper records of account were kept, by preparing individual loan schedules showing amounts of principal payments. As a result, the loan disbursements amount disclosed in the Trial Balance was $134 680 which differed from the $68 100 disclosed in the notes, giving an unexplained variance of $66 580. This was caused by a delay in the disbursement of loans by Fund Administrators. This was contrary to Section 35 (6) (a) of the Public Financial Management Act [*Chapter 22:19*] which states that every accounting officer of a Ministry shall keep or cause to be kept proper records of account.

Risk/Implication

Financial statements may be materially misstated if the same transaction is disclosed with differing figures.

Recommendations

The Fund Administrators should adhere to the requirements of Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*], which requires them to keep proper records of account.

The variance of $66 580 should be investigated and reconciled.

Management Response

The observation is noted. The two groups were authorised verbally by the Secretary. The authorisation was later regularised. The Ministry disbursed ZW$68 100 to beneficiaries.

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

1 MANAGEMENT OF ASSETS

1.1 Monitoring and Evaluation of Fund Programmes

Finding

The Fund procured an Isuzu double cab motor vehicle for $71 525 for purposes of monitoring and evaluation of the Fund's programmes. However, I observed that during the year under review there was no monitoring and evaluation that was carried out. The vehicle was used by the Accounts Department. This reflected failure to prioritise the Monitoring and Evaluation function.

Risk/Implication

The Fund may not be able to fulfil its mandate if the Fund's resources are diverted to other uses.

Recommendation

The Administrators of the Fund should ensure that the vehicle is used for the intended purposes to facilitate the fulfilment of the objectives of the Fund.

Management Response

The observation is noted. However, the Monitoring and Evaluation Department was only created in 2019 and they have started carrying out evaluation of all Ministry projects and programmes.

Evaluation of Management Response

As of November 4, 2019 the motor vehicle had not been handed over to the Monitoring and Evaluation Department.

1.2 Consolidated Assets Register

Finding

The Ministry did not avail for audit examination a consolidated assets register of the Fund. In the absence of the assets register, I could not verify the assets belonging to the Fund.

Risk/Implication

In the absence of an asset register, assets cannot be properly accounted for and this can result in loss of the Fund's assets.

Recommendation

An asset register should be put in place and availed for audit examination.

Management Response

Management is still to respond.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

2.1 Storage Fees of Ballot Boxes by Rodger Howman Training Centre

Two of the four classroom blocks at Rodger Howman Training Centre were being used to store ballot boxes on behalf of ZEC since July 2013 and no storage fees were being charged for the service.

No progress has been made on the issue, as the boxes had not been removed and no storage fees levied.

2.2 Training Targets for the National Training Centre

The Training Centre did not have specific targets as to the number of trainings they were supposed to conduct during the year.

Progress was made, as the observation was addressed.

2.3 Income Generating Infrastructure for Rodger Howman Training Centre

The Rodger Howman Training Centre did not repair and maintain the centre's infrastructure.

The observation was partly addressed, as there were works which were being undertaken at the time of audit. However, the Conference Facilities were still to be maintained.

2.4 Services Payment System for National Training Centre for Rural Women

The Training Centre did not have in place mechanisms to facilitate payments by prospective clients using various payment methods.

The observation was addressed as Swipe and One Money facilities were now available at the centre since May 2019. The Ecocash merchant application form to Econet was submitted on January 29, 2020.

WOMEN'S DEVELOPMENT FUND 2017 AND 2018

OBJECTIVE OF THE FUND

The Fund was established to provide interest bearing loans to women groups, for developmental projects such as bakeries, uniform making, crafts, agriculture, mining, trading and training and enterprise programmes.

Opinion

I have audited the financial statements of the Women's Development Fund of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development. These 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.

Statement of Comprehensive Income

Item	**$**
Income	1 111 591
Expenditure	398 961
Surplus	**$712 630**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Accumulated Fund	448 854 -	- 3 671 818
Current	3 222 984	20
Total	**$3 671 838**	**$3 671 838**

In my opinion, the financial statements present fairly, in all, material respects the financial position of the Women's Development Fund as at December 31, 2018 and its financial performance and its Cash Flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, the following are material issues noted during the audit:

GOVERNANCE ISSUES

1.1 Accounting Records

Finding

For the third consecutive year, I noted with concern that the Ministry did not maintain accounting records for loans issued out to women groups. This was in contravention of Section 35 (6) (a) of the Public Finance Management Act [Chapter 22:19] which states that every accounting officer of a Ministry shall keep or cause to be kept proper records of account.

Furthermore, the Provincial and District offices had no accounting records for debts that were written off by POSB. This would have enabled them to monitor and follow-up on the defaulting debtors.

Staff at Provincial and District offices did not obtain information about loan debtors from POSB branches within their areas to enable them to monitor defaulting debtors. This was in contravention of Article 5.2 of the MoU which requires ministry officials to make field visits and assess the projects in their respective districts. This was caused by weak oversight controls.

Risks/Implications

Failure to maintain accounting records may result in theft or abuse of public funds without detection.

The receivables figure disclosed in the financial statements may be misstated.

Field visits may not be effectively carried out in the absence of accounting records and this may result in high default rates.

The Fund may fail to fulfil its mandate if loans are not repaid.

Recommendations

The Ministry and provincial offices should maintain a record of disbursements to improve accountability and transparency.

The record of receivables outstanding in all Provinces should be maintained at all times to avoid making follow-ups on fully paid up loans and to ensure the timeous recovery of all outstanding loans.

The Districts and Provincial officers should carry out field visits in order to assess progress on the funded projects with the aim of providing timely advice and reduce the default rate.

Management Response

Work is in Progress. There has been staff turnover and it became difficult to gather information for the past years. Most of the staff members are new and they do not have institutional memory. Meanwhile the accounts staff have come up with registers for current year and from 2020 onwards. We will continue to engage POSB for more information.

Head Office will send all write-offs to provinces for their action. POSB will be asked to provide the same write-offs to provinces for action.

1.2 Projects which Ceased Operations

Finding

For the third consecutive year, I observed with concern that sixteen (16) projects which received loan disbursements amounting to $33 566 of which $31 649 was still outstanding had ceased operations. It was evident that no proper assessment was made prior to issuance of the loans and there was inadequate monitoring and evaluation of projects in line with Article 6 of the Memorandum of Understanding (MoU) signed between POSB and the Ministry. The loans may become irrecoverable as there may be no income generating activities to support the repayments.

Risk/Implication

Public resources may be lost as projects cease operation due to lack of initial in-depth project appraisals and monitoring during implementation.

Recommendations

Loans should only be disbursed after carrying out a detailed appraisal of proposals and feasibility studies of the respective businesses.

Ministry officials should carry out monitoring and evaluation of projects in line with Article 6 of the MoU to assist project implementers with knowledge and ideas on project management.

Management Response

The Ministry has tightened up loan disbursement requirements to avoid giving out loans to people without capacity to repay. There was also interference from influential people hence proper criteria were not followed in previous years. Efforts are still underway to recover the loans. A team has been setup to go out

and visit all projects and ascertain exactly what transpired. Resource constraints have delayed this move but we are confident that a team will be dispatched before the end of the year.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS 2.1 Distribution of Motor Bikes

There was progress on the issue as the Ward Coordinators received the motor bikes. However, they had not yet been trained on how to ride the bikes, resulting in non-monitoring of projects.

2.2 Monitoring and Evaluation

The Ministry officials are yet to evaluate on-going projects to assess their viability.

2.3 Reluctance to Pay Loans

It was noted that seven (7) groups which benefited from the Fund's loan facility were not repaying the loans despite having the resources to pay.

VOTE 18. -HOME AFFAIRS AND CULTURAL HERITAGE

REGISTRAR GENERAL RETENTION FUND

2018 OBJECTIVE OF THE FUND

The Fund was established to provide for additional resources for all vital registration exercises, staff development, and retention programs and to finance information dissemination activities of the Registrar-General's Department.

Adverse Opinion

I have audited the financial statements for the Registrar-General Retention Fund. These 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 the Statement of Comprehensive Income and Statement of Financial Position for the year:

Statement of Comprehensive Income

Item	$
Income	50 831 160
Expenditure	25 364 327
Surplus	**$25 466 833**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	8 558 462	_
Current	414 817	_
Accumulated Fund	_	8 973 279
Total	**$8 973 279**	**$8 973 279**

In my opinion, because of the significance of the matter discussed in the Basis of Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Registrar-General Retention Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended.

Basis for Adverse Opinion

(i) Ledgers to Support Financial Statements and Missing Receipt

Books Findings

There were no ledgers to support the total expenditure of $25 350 957 and income of $50 817 790 which was disclosed in the financial statements. Also, three hundred and eighty-seven (387) used receipt books were not availed for audit inspection. I was therefore, unable to verify the completeness and accuracy of the income and expenditure disclosed in the financial statements. This limited the scope of the audit.

Risks/Implications

The financial statements may be materially misstated.

Funds could be misappropriated if there are no accounting records.

Recommendations

Management should ensure that ledgers are maintained and security items are stored in the strong room.

The Department should enhance internal controls over the storage of receipt books.

Management Response

The Department is currently facing challenges in retrieving information on a computer that has crashed and we had no backup. However, corrective action has since been taken to have all the transactions recorded and kept on SAP System which is centrally backed up.

Efforts are underway to locate the missing receipt books. A register for all used receipt books has since been opened to ensure that all receipt books are accounted for at the end of the receipting/banking cycle.

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

1 GOVERNANCE ISSUES

1.1 Supporting Evidence not attached to Payment vouchers.

Finding

Contrary to section 9.1 of the Registrar-General Accounting Manual, I noted that the department did not attach supporting evidence of procurement minutes, purchase requisitions, purchase orders and delivery notes to payment vouchers for assets acquired amounting to $762 378.

Risks/Implications

Procurement may not be carried out on the basis of value for money and in line with the statutory requirements.

Asset balances disclosed in the financial statements may be misstated if not supported by supporting evidence.

Misappropriation of assets may occur in the absence of documentation.

Recommendation

Management should ensure that adequate documents are attached before a payment is made.

Management Response

Observation has been noted. The procurement section has now been instructed to include procurements minutes and all payment vouchers will include the necessary supporting documents in future.

1.2 Segregation of Duties

Finding

There was no segregation of duties in revenue collection at Central Registry as one officer was responsible for procurement of receipt books, recording them in the security items register, issuing them out to cashiers, mastering the receipts and banking.

Risk/Implication

Lack of segregation of duties creates opportunity for fraud.

Recommendation

There should be segregation of duties in the management of security items and in accounting for revenue.

Management Response

Management is still to respond.

1.3 Valuation of Assets

Finding

For the third year in succession, I could not validate the figure for depreciation amounting to $895 381 disclosed in the financial statements. This was due to absence of ledger accounts to support the depreciation amount. Furthermore, there was no explanation given on the origins of an amount of $485 642 reported as prior year adjustment for depreciation of Motor Vehicles.

There was no documentation to support an amount of $121 318 disclosed in the financial statements as a loss on disposal of Motor Vehicles.

Risk/Implication

The financial statements may be misstated.

Recommendations

The figures disclosed in the financial statements should be supported by documentation and where necessary by notes to the accounts.

Management Response

The problem was caused by the crashing of the computer which had the Pastel Accounting package which the Department used to keep inventories and assets. However, it is difficult to resuscitate the computer to retrieve the ledgers. As a Department, we have since moved from Pastel to SAP so that assets are uploaded in the system for us to do financials on the SAP Platform.

2 REVENUE COLLECTION AND DEBT

MANAGEMENT 2.1 Revenue Receipting and Recording

Findings

Contrary to Section 6(b) of the Registrar-General Retention Fund Financial and Accounting Manual which states that accounting controls should be designed to ensure that all transactions are recorded accurately to permit preparation of financial statements, I noted that there were variances between the total amounts receipted in Point of Sale Receipt books, the POS cashier reports and reconciliations done during the months of September and March 2018. Cashier reports or reconciliations were not attached to some receipt books for the same period.

I noted that unofficial or parallel sub-master receipts could have been used as I could not trace the sub-master receipts to the master receipt books. I also observed that some receipts were not mastered. This was caused by lack of supervision and inadequate internal controls.

From a sample of revenue receipts transactions at the Central Registry for the months of March and September, I could not trace posting of the amounts from the sub master receipt books to the master receipt books as there were variances between what was collected and banked and the receipt numbers were not reflected in the master receipt books.

Risk/Implication

Revenue maybe misappropriated as cash collected might not have been banked.

Recommendations

Adequate internal controls should be established to prevent pilferage of revenue.

Management Response

The observations regarding receipting at various District Registries have now been attended to, to ensure that all receipts are properly mastered and District Registrars check monthly transactions in the sub- collectors.

Evaluation of Management Response

The issue on variances between the POS receipt books and the POS cashier reports was not responded to.

3 PROGRESS IN ADDRESSING PRIOR YEAR

FINDINGS 3.1 Disclosure of Asset Balances

I could not validate the figure for asset depreciation amounting to $3 179 987. This was due to the absence of ledger accounts to support the depreciation amount. I recommended that the Registrar-General's Department Management should make use of the Non- Current Asset Module in Pastel Accounting system.

The audit recommendation had not been implemented. However, the Department is now using SAP System following the crash of the Pastel package.

3.2 Disclosure of Income, Expenditure and Bank balance

The Fund Administrators did not disclose an amount of $2 489 000, which was reflected in the FBC Bank Account.

The audit recommendation was implemented as the amount of $2 489 000 was subsequently reflected in the financial statements for the Fund.

3.3 Failure to Prepare Purchase Orders and Goods Received Notes

Purchase orders and goods received notes were not attached to the payment vouchers to ascertain that the right quantities and/or quality supplied had been received contrary to Section 12.4(a) of the Registrar-General Manual.

The audit recommendation was not implemented.

3.4 Payment for Goods

Payment voucher number 165/17 dated February 6, 2017, for the purchase of birth certificates and birth confirmation records from Printflow was underpaid by $6 645. A payment of $165 671 was made but invoices added up to $172 316.

The audit recommendation was implemented as controls were put in place.

3.5 Travel and Subsistence Allowances

I noted that the Department was paying T&S advance allowances to claimants who had not cleared outstanding advances and I recommended that the Fund should ask the Salary Services Bureau (SSB) to make deductions from staff debtors.

The audit recommendation was implemented as Salary Services Bureau (SSB) effected the deductions from salaries.

3.6 Supporting Documentation

An amount of $3 806 561 for furniture and office equipment was not adequately supported.

The audit recommendation was not implemented.

3.7 Processing of Revenue

Revenue was being processed manually and recorded on Excel spreadsheets instead of uploading on the SAP system. I could not establish the completeness of revenue received of $39 127 199.

The audit recommendation was not implemented. The Department is in the process of computerizing its revenue collection system.

ZIMBABWE REPUBLIC POLICE RETENTION FUND 2018

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.

Qualified 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, 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 notes.

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

Statement of Comprehensive Income

Item	$
Income	4 146 766
Expenditure	10 379 425
Deficit	**($6 232 659)**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	20 858 460	3 997 199
Accumulated Fund	-	16 955 270
Current	94 009	-
Total	**$20 952 469**	**$20 952 469**

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Zimbabwe Republic Police Retention Fund as at December 31, 2018 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) Understatement of

Depreciation Finding

The depreciation figures disclosed in the financial statements were understated on Motor Vehicles ($5 212 825), Leased Assets ($903 050) and Office Equipment

($66 957) giving a total of $6 182 532. This understatement had a material effect of overstating the Accumulated Fund. Efforts to have the misstatements corrected could not yield the required results. This was an indication of inadequate controls.

Risk/Implication

The risk is that there could be misstatement on the value of assets in the financial statements and understatement of expenditure thereby misleading users.

Recommendation

The Fund management should enhance controls in the processing of transactions and investigate on the configuration of the system to check if depreciation is charged on all assets.

Management Response

The variances for the Property, Plant and Equipment are not matching with the certified accounts of 2017 because of twenty-one (21) non depreciating Nissan Navaras bought in 2012 but supplied at different dates during the same year. The vehicles with a cost value of $710 020 were recorded in the pastel accounting system but the depreciation was at zero percent by error. This was noticed at the year end of December 2018 when depreciation process was being run. As a result of the correction made this affected the take on balances of the accumulated depreciation, current depreciation and balance of the motor vehicles of 2012 to 2017. The correction affected prior year's accounts. This was done in accordance with IAS 8 Accounting policy changes in accounting estimates and errors. The vehicles in question have now fully depreciated.

Evaluation of Management Response

The opening balances were corrected, however, the issue is on the depreciation charges which are not tallying with the depreciation rates applied.

VOTE 19. -JUSTICE, LEGAL AND PARLIAMENTARY AFFAIRS

DEEDS AND COMPANIES OFFICE FUND 2018

OBJECTIVE OF THE FUND

The Fund was established for the purpose of providing money to the Registrar of Deeds and Companies Office, for its effective and efficient administration.

Opinion

I have audited the financial statements of the Deeds and Companies Office Fund for the Ministry of Justice, Legal and Parliamentary Affairs. These 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 notes.

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

Statement of Comprehensive Income

Item	$
Income	1 554 014
Expenditure	1 597 754
Deficit	**($43 740)**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current Assets	243 130	-
Accumulated Fund	-	257 986
Current	16 415	1 559
Total	**$259 545**	**$259 545**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Accounting Officer's Instructions

Finding

For the third year in succession, I have to report that the Ministry continued to operate without Accounting Officer's Instructions. This was contrary to section 6(3) of the Public Finance Management Act [*Chapter 22.19*] as read in conjunction with Treasury Instructions 0705 and 0706.

Risk/Implication

If the Fund continues to be administered without the Accounting Officers' Instructions, staff officers may have no guidance on accounting and administrative matters.

Recommendation

The Fund should adhere to the provisions of section 6(3) of the Public Finance Management Act [*Chapter 22:19*] read in conjunction with Treasury Instruction Section 28 (7) which requires the Accounting Officer to issue detailed written instructions governing the conduct of financial business and control of all public moneys and property for which they are responsible.

Management Response

Audit observation and recommendation have been noted. Treasury has gazetted Public Finance Management Regulations and Treasury Instructions and recommended Ministries and Departments to develop theirs within the framework set in these Statutory Instruments and submit for approval before implementation. The Ministry shall oblige to avoid such observations in future.

1.2 Risk Management Policy

Finding

Contrary to Section 50 of the Public Management Act [*Chapter 22.19*], the Ministry operated without a Risk Management Policy during the year under review. As a result, no risk assessment on key internal controls was conducted to identify, assess, mitigate and evaluate risks inherent to the Fund.

Risk/Implication

If risks are not identified, inappropriate control systems could be put in place which may result in setting up defective internal control systems.

Recommendation

The Ministry should ensure that a Risk Management Policy is put in place. In addition, risk assessments should be carried out regularly in order to identify risks and take preventative measures on potential and likely risks.

Management Response

The observation is noted. The Ministry is developing the Risk Management Policy for implementation.

1.3 Awarding of Contracts

Finding

Section 17(1) of the Public Procurement and Disposal of Public Assets (General) Regulations, 2018 requires a procuring entity to obtain at least three competitive quotations when using the request for quotations method. However, audit noted that on several occasions, the Fund procured goods and services from service providers where two of the three quotations were sourced from companies that appeared to be controlled by the same individuals according to company registration documents or bearing similar telephone numbers.

The action defeated the essence of sourcing quotations for the purpose of obtaining competitive prices. I was therefore unable to determine whether the procurement of goods and services valued at $43 210 was done in the best interest of the Fund considering that quotations were regarded as coming from different suppliers yet details on the quotations showed that they were controlled by the same people. Table below shows vouchers with such anomalies:

Award of Contracts

Date	Voucher Number	Contract Winner	Related Company	Amount $	Shared/Common Information
17 Apr 18	161/4/18	Remarkable Images	Trinity Products	9 984	Directors
03 Apr 18	345/8/18	Remarkable Images	Trinity Products	2 650	Directors
24 Aug 18	383/8/18	Remarkable Images	Trinity Products	9 800	Directors
19 Apr 18	168/4/18	Remarkable Images	Trinity Products	620	Directors
08 Apr 18	350/8/18	Remarkable Images	Trinity Products	2 590	Directors
15 Aug 18	364/8/18	Remarkable Images	Trinity Products	3 200	Directors
06 Feb 18	46/2/18	Remarkable Images	Trinity Products	9 976	Directors
15 Jan 18	18/1/18	Wadecom Enterprises	Wellustech Investments	4 390	Similar Cell phone Numbers
Total				**$43 210**	

Risk/Implication

The Ministry may fail to obtain value for money in the procurement process, as the process of competitiveness is eliminated through collusive quoting of prices.

Recommendation

The Ministry should obtain assurance on the authenticity and reliability of its service providers before engaging them.

Management Response

The audit observation has been noted. In future due diligence in verifying company directors of companies in tendering processes shall be made to avoid recurrence of such practices by suppliers. The Procurement Management Unit shall be advised accordingly.

2 REVENUE COLLECTION AND DEBT

RECOVERY 2.1 Accounts Receivable

Audit noted that incorporated companies were not submitting annual returns as per requirement of Section 123 of the Companies Act [*Chapter 23:04*]. The regulations require annual returns and lodging fees to be submitted within 18 months from the date of incorporation and 15 months thereafter.

Risk/Implication

Failure to abide by the regulations may result in the Fund losing potential revenue due from company registrations and the financial statements might as well be materially misstated due to non-disclosure of revenue due.

Recommendation

Management of the Fund should ensure that all revenue receivable from any source are accounted for so that the financial statements produced depict the actual results of operations. In order to collect and enforce payment of lodging fees in respect of annual returns for registered companies, the registrar should apply provisions of section 320 of the Companies Act which permits him to strike off defunct companies from the register provided that there are reasonable grounds that such entities are not carrying on business operations.

Management Response

The audit findings and observations are concurred with. The Public Finance Management System and Systems Application Products (SAP), is being configured by hired Consultants. The consultants are supposed to configure the system to depict overdue Annual Returns, however, they are facing difficulties in computerizing modules required by the Department for its efficiency and effectiveness.

3 PROCUREMENT

3.1 Procurement Procedures

Finding

The Fund procured goods and services totalling $21 054 without going through the bidding process in violation of Section 10 (3) of the Public Procurement and Disposal Public Assets (General) Regulations 2018 which requires that procurement of goods and services above the threshold of $10 000 be done through invitation for suppliers to bid.

Risk/Implication

Failure to adhere to procurement procedures may result in the Fund losing funds through irregular procurement.

Recommendation

The Fund should ensure that procurement is done in accordance with regulations and procedures including adherence to thresholds for bidding where this is necessary.

Management Response

The observation is noted. The Ministry shall in all future procurements be guided by the relevant regulations as applicable. In this regard, the procurement management unit shall be advised accordingly.

ATTORNEY-GENERAL'S OFFICE ADMINISTRATION FUND 2018

OBJECTIVE OF THE FUND

The Fund was established for the purposes of providing resources to the Attorney-General's Office for enhancing the effectiveness and efficiency of administration of justice.

Opinion

I have audited the Attorney-General's Office Administration Fund for the Ministry of Justice, Legal and Parliamentary affairs. These 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 notes.

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

Statement of Comprehensive Income

Item	**$**
Income	915 987
Expenditure	730 354
Surplus	**$185 633**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non – Current	294 825	-
Accumulated Fund	-	386 032
Current	104 957	13 750
Total	**$399 782**	**$399 782**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is a material issue noted during the audit;

1 GOVERNANCE ISSUES

1.1 Risk Management Policy

Finding

Contrary to Section 50 of the Public Finance Management Act [*Chapter 22.19*], the Fund operated for the year under review without a risk management policy as required by good corporate governance. As a result, no risk assessment on key controls was conducted to identify, assess and evaluate risks inherent to the Fund.

Risk/Implication

If risks are not identified and assessed, inappropriate control systems could be put in place which could result in the existence of an ineffective internal control.

Recommendation

The Fund should ensure that a risk management policy is put in place. In addition, risk assessments should be carried out regularly and timeously in order to identify risks and take preventative measures on potential risks.

Management Response

The observation is noted and action is underway to put a Risk Management Policy in place.

ZIMBABWE PRISONS AND CORRECTIONAL SERVICE RETENTION FUND 2018

OBJECTIVE OF THE FUND

The Fund was established for the purpose of providing resources to the Zimbabwe Prisons and Correctional Service Retention Fund for enhancing the effective and efficient administration of the service. The Fund retains 100% of all the revenue generated by the department.

Opinion

I have audited the Zimbabwe Prisons and Correctional Service Retention Fund Account for the year ended December 31, 2018. Below is the summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	407 227
Expenditure	348 291
Surplus	**$58 936**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	94 635
Current assets	94 635	-
Total	**$94 635**	**$94 635**

In my opinion, the financial statements present fairly, in all material respects, the statement of financial position of Zimbabwe Prisons and Correctional Service Retention Fund as at December 31, 2018 and the comprehensive income, cash flow statements and notes to the financial statements for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However**,** below is a material issue noted during the audit:

1 REVENUE COLLECTION AND DEBT RECOVERY

1.1 Transfer Piggery Project to a Private Company

Finding

Khami Medium Prison Farm has a piggery project with a total herd of 280 pigs as at July 7, 2019. However, documentation availed for audit showed that the project was transferred from Zimbabwe Prisons and Correctional Service (Khami Medium Prison Farm) to a private company known as Pamberi-Qhubekani on February 8, 2019 with a herd balance of 302 pigs at the time of transfer. The company is continuing to enjoy the Government resources including technical services, pig pens and prison labour. There was no service contract entered into by the parties that was shown to the audit team. I am concerned about the transfer of the prison property and resources to a private company whose activities and the use of resources meant to benefit the Fund are not privy to audit.

Risk/Implication

The state may be prejudiced of potential revenue and resources by the transfer of public resources to a private company which does not report its activities in terms of the Public Finance Management Act [*Chapter 22:19*].

Recommendation

The private company should not use free prison labour, public property and resources for its activities and should present its financial records for audit for the periods it was benefiting from the use of free prison labour, public property and resources. Alternatively, the private company should pay rentals and wages for labour used.

Management Response

Management resolved that all piggery projects be transferred and administered by Pamberi-Qhubekani for the sustenance of the projects after a directive to bank all revenues by the Ministry of Finance.

Evaluation of Management Response

The directive by management should have been sanctioned by Treasury first before the transfer was effected since Treasury are the managers of all public finances.

VOTE 25.- PUBLIC SERVICE COMMISSION

PENSIONS OFFICE RETENTION FUND 2018

OBJECTIVE OF THE FUND

The Fund was established to provide resources for; decentralisation of the department to provinces, computerisation as the department is moving towards a new computerised pensions payment system, training mainly in the new computerised system and other related skills, studies in pension reform initiatives aimed at enhancing pension benefits for retirees as approved by Cabinet in 2000.

Opinion

I have audited the financial statements of Pensions Office Retention Fund for the Public Service Commission. These financial statements comprise the statement of financial position as at December 31, 2018, statement of comprehensive income, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes.

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

Statement of Comprehensive Income

Item	$
Income	3 268 235
Expenditure	3 457 211
Deficit	**($188 976)**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current Accumulated Fund	1 754 621 -	- (5 354 306)
Current	1 893	7 110 820
Total	**$1 756 514**	**$1 756 514**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Pensions Office Retention Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice.

However, below is a material issue noted during the audit

1 GOVERNANCE ISSUE

1.1 Accumulated Fund

Finding

As previously reported, the Fund continued to have a negative accumulated fund balance of $5 354 306 (2017: $5 165 330). Although the Fund paid $2 405 214 in the year 2018 to Treasury, the debt continued to increase in value due to further revenue generated in 2018 which was due and payable to Treasury but was not remitted during the financial year under review.

Risk/Implication

Financial mis-management might occur if resources are not duly remitted to Treasury.

Recommendation

The Fund should put in place robust financial management systems to safeguard its operational existence by remitting amounts due to Treasury.

Management Response

The observation is noted. The Chairperson to the Public Service Commission communicated with Treasury requesting condonation. However, efforts are ongoing to pay towards the deficit through further remittances to the Exchequer Account which were made in 2019. An amount of $1 320 215 had been remitted to Treasury.

PUBLIC SERVICE TRAINING CENTRES AMENITIES FUND 2018

OBJECTIVE OF THE FUND

The purpose of the Fund is to provide funding for the provision and maintenance of Public Service Training Centres as well as to provide cost recovery courses to Government Departments, Parastatals and Non-Governmental Organizations.

Qualified Opinion

I have audited the financial statements of the Public Service Training Centres Amenities Fund for the Public Service Commission. These 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 the statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	1 253 944
Expenditure	1 384 640
Deficit	($130 696)

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	926 094
Current	1 084 906	158 812
Total	$1 084 906	$1 084 906

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Public Services Training Centres Amenities Fund for the year ended December 31, 2018 and its financial performance for the year then ended.

Basis for Qualified Opinion

(i) Sundry Payables

Finding

There were no schedules, supporting documents nor reconciliations availed to support the figure of sundry payables amounting to $30 559 appearing in the financial statements. The basis of coming up with the figure without supporting schedules or reconciliations could not be determined. This was contrary to the provisions of Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] which states that every Accounting Officer of a Ministry should keep or cause to be kept proper records of account. I therefore, could not confirm with accuracy the completeness of the amounts outstanding at year end.

Risk/Implication

Errors may not be detected timeously if adequate records are not maintained resulting in under/overstatement of balances outstanding.

Recommendation

The supporting documents should be availed for audit examination.

Management Response

Reconciliations of sundry payables are done timeously. The balance will be offset in 2020, financial year.

Evaluation of Management Response

The Ministry should avail the supporting documents pertaining to the sundry payables amounting to $30 559.

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

1 GOVERNANCE ISSUES

1.1 Advances to Parent Ministry and Public Service Commission

Finding

As previously reported, the Fund issued advances to the parent Ministry and the Commission without Treasury authority. The advances were for the payment to suppliers for procurement of goods and services, for the sustenance of Appropriation activities. This was contrary to the objectives of the Fund as outlined in the Constitution. In addition, the Fund issued advances amounting to $4 712 to the Public Service Commission, closing the balance at $664 339 up from $659 627 in 2017. This trend has been going on unabated from as far back as 2016.

Risk/Implication

The Fund may fail to implement its programmes if financial resources generated are used to defray non-Fund related expenditure.

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 and Commission should be fully recovered and Treasury Authority should be obtained.

Management Response

The Ministry of Public Service, Labour and Social Welfare owed $624 823 and they have since written to Ministry of Finance and Economic Development looking for funding to settle the outstanding amount. However, Public Service Commission was advanced an amount of $39 516 which was subsequently cleared in 2019.

1.2 Temporary Deposit Account

Findings

There was no evidence in form of written documentation that the Fund's management reviewed the Temporary Deposits amounting to $128 253 in the current financial year. Treasury Instruction 1804 requires that Temporary Deposits held for at least six months be reviewed and if need be paid into the Consolidated Revenue Fund.

Furthermore, Treasury Instruction 1803 provides that it is the duty of the Accounting Officer or receiver of revenue to ensure that Temporary Deposits are cleared by payment or adjustment without delay. However, during the year ended 31 December 2018, two centres Senga and Toronto received $3 480 and $539 respectively under Public Sector Investment Programme and credited into Temporary Deposit Account. At the time of concluding my audit the amounts were still not cleared and the real value would have been eroded by inflation being experienced in the country. I highlighted the same issue in my previous audit report.

Risks/Implications

Failure to pay unclaimed deposits in excess of six months into revenue may result in the funds being abused.

Non utilization of Public Sector Investment Programme funds retards progress in accomplishing the intended programmes.

Recommendations

The Fund's management should ensure that all deposits on hand and unclaimed for a period in excess of six months are reviewed and paid into revenue.

The PSIP funds should be used to cater for activities that are in line with furtherance and achieving the objectives of the intended programmes otherwise the value is eroded by inflation.

Management Response

The observation was noted. Follow-ups were being made for those that remained unclaimed. Further, the Commission acknowledge delays in processing PSIP funds and endeavor to utilize PSIP funds timeously.

2 REVENUE COLLECTION AND DEBT

MANAGEMENT 2.1 Management of Debtors

Finding

Treasury Instruction 0501 requires Officers responsible for collecting debts to take adequate steps to collect any sums due to the Government on due date. As at December 31, 2018, the Fund had a total of $396 682 in respect of long outstanding debtors stretching as far back as 2001. This therefore meant that the Fund's working capital position was being seriously compromised thereby affecting the smooth flow of operations and further the real value was being eroded by inflation. This scenario could have been due to lack of a robust debt recovery system. I raised the same issue in my previous audit report.

Risk/Implication

Delays in recovering outstanding debts may result in the outstanding amounts being irrecoverable.

Recommendations

Management should continue issuing follow-up letters to debtors to expedite recovery of outstanding debts.

For debtors in government service the amounts owing should be recovered through Salary Service Bureau (SSB).

Management Response

The observation is noted. The internal auditors have made visits to the debtors concerned and debtors who are civil servants have been garnished. Further, there are no more services being rendered to clients on credit.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

3.1 Administration of the Fund

There was no evidence of sittings of the Management Committee as there were no minutes availed confirming that the committee had indeed sat.

PUBLIC SERVICE TRAINING LOAN FUND 2018

OBJECTIVE OF THE FUND

The Fund was established to provide loans to enable civil servants and officers of Parliament to obtain such qualifications as may be prescribed by the Public Service Commission.

Qualified Opinion

I have audited the financial statements of Public Service Training Loan Fund for the Public Service Commission. These financial statements comprise the statement of financial position as at December 31, 2018, statement of comprehensive income and the 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	$
Income	39 250
Expenditure	5 373
Surplus	**$33 877**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	714 187
Current	721 428	7 241
Total	**$721 428**	**$721 428**

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 results of operations of the Public Service Training Loan Fund as at December 31, 2018, 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) Trade Receivables

Finding

As previously reported, no reliance could be placed on Trade Receivables amounting to $377 395 (2017: $403 225) due to the fact that the Fund improperly recognized interest income in the financial statements of $39 250 (2017: $39 033) in its totality at the point when a loan was disbursed to an applicant, instead of recognizing revenue on a time proportionate basis in the appropriate financial period.

Risk/Implication

The financial statements might mislead policy makers.

Recommendation

The Fund should properly recognize income from interest in the financial year it is earned.

Management Response

Observation is noted. The Pastel system installed for the Training Loan Fund does not have an amortization platform. The Fund has engaged Pastel Software Zimbabwe to improve the system through installation of an amortization platform which will provide correct output. We undertake to implement the proposed use of amortization schedules for loans issued from January 2019 going forward.

However, below is a material issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Advances to the Parent Ministry

Finding

As previously reported, management of the Fund was transferred from the Ministry of Public Service, Labour and Social Welfare to the Public Service Commission (PSC) at a time when the Fund had a remaining unsettled portion of an advance of $132 078 to the parent Ministry as at December 31, 2017. However, the Fund had not yet recovered the debt despite an undertaking made by the Ministry in year 2017 to formulate a repayment plan.

Risk/Implication

The delay in recovering the amount deprives beneficiaries who are supposed to access loans from the Fund.

Recommendation

The Fund is advised to engage the Ministry of Public Service, Labour and Social Welfare in order to reach an agreement on measures that can be taken to liquidate the debt.

Management Response

Public Service Commission management has engaged the Ministry of Public Service Labour and Social Welfare concerning the outstanding debt advanced to the Appropriation Account. The Ministry of Public Service Labour and Social Welfare made a write-up to Ministry of Finance and Economic Development requesting resources to extinguish the debt.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT

FINDINGS 2.1 Debt Management

Efforts were being made to recover the outstanding debt of $53 424 through direct contacts with members most of whom have left the Civil Service.

2.2 Administration of the Fund

The issue of Accounting Officer’s Instructions was not addressed as the Fund continued to operate without the same.

PUBLIC SERVICE TRANSPORT MANAGEMENT FUND 2018

OBJECTIVE OF THE FUND

The objective of the Fund is to ensure that public servants are provided with affordable and efficient transport services to enable them to travel to and from the workplace.

Qualified Opinion

I have audited the financial statements of Public Service Transport Management Fund for the Public Service Commission. These financial statements comprise the statement of financial position as at December 31, 2018, statement of comprehensive income, statement of cash flow and the 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	$
Income	835 521
Expenditure	913 882
Deficit	**($78 361)**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current	582 039	-
Current	46 267	49 991
Accumulated Fund		578 315
Total	**$628 306**	**$628 306**

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 results of operations of the Public Service Transport Management Fund as at December 31, 2018, 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) Maintenance of Accounting

Records Finding

Contrary to Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*], the Fund did not maintain ledger accounts for all significant account balances. The accounting records available, were being maintained on an unsecure spreadsheet package. The financial statements were therefore based on inadequate underlying accounting records.

Risks/Implications

Lack of information security controls on spreadsheet package might result in the manipulation of accounting records.

Financial information disclosed might not reflect the exact status of the Fund's operations during the year under review.

Recommendations

The Fund is advised to procure and use a proven and secure accounting package to ensure credible records and financial statements.

The Fund should ensure that ledger accounts are maintained in order to have accurate figures in the financial statements.

Supervision of subordinates should be enforced to ensure that accounting records are properly maintained.

Management Response

The observation is acknowledged. The Public Service Commission intends to introduce Pastel accounting software by the end of December 2019.

(ii) Non-Current

Assets Finding

I observed that the Fund conducted a revaluation exercise of its transport fleet on March 21, 2016, whereby one bus was revalued to represent all the buses in a particular class such as VW, Kinglong or Faw. However, I was not provided with documents relating to the revaluation of three (3) train buses to enable me to carry out an objective assessment of this valuation exercise.

Furthermore, the financial statements were not adjusted for the impairment loss incurred by the Fund when one of the train buses with an estimated realisable value of $61 559 was burnt in an accident during the year under review. All these omissions render the financial statements misstated.

Risk/Implication

Misstated financial statements mislead users in decision making.

Recommendations

The Fund should avail for audit inspection the buses revaluation guiding documents and reports. All assets should be accounted for to ensure that accurate values are reported.

Management Response

Observation is noted. In future, after the revaluation exercise has been completed all documents will be submitted for audit inspection. Disclosure by way of accompanying notes shall be made to the financial statements.

However, below is a material issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Sustainability of Services

Finding

I observed with concern that the Fund incurred excess expenditure over income of $78 361 (2017: $93 097). Furthermore, the current ratio indicates that it is not able to meet its current obligations. This reflects weaknesses in financial management, that may cast a significant doubt on the Fund’s ability to continue offering good service to public servants.

Risk/Implication

The future sustainability of the Fund’s operations was doubtful under these circumstances.

Recommendation

The Fund should put in place robust financial management systems to ensure that revenue is generated in an effort to safeguard the transport management services.

Management Response

Audit observation is acknowledged. Regular reconciliation of records shall be periodically conducted to enable the Fund to review operations.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

2.1 Measurement of Inventory

On the issue of closing inventory balance as at December 31, 2017, the Fund could not give a satisfactory explanation on disparities between the figure of $21 657 shown in the year 2017 financial statements and another inventory figure of $40 332 whose basis could not be ascertained. In addition, the omission of the year 2016 closing balance of $23 950 remained unsupported as there was no write off authority.

SKILLS RETENTION FUND 2018

OBJECTIVE OF THE FUND

The Fund was established to build and retain the capacity of public service so as to enable Government to implement the economic turnaround strategies and achieve sustainable development and economic growth.

Opinion

I have audited the financial statements of Skills Retention Fund for the Public Service Commission. These financial statements comprise the statement of financial position as at December 31, 2018, statement of comprehensive income, and the 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	**$**
Income	240 000
Expenditure	104 449
Surplus	**$135 551**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Non-Current Accumulated Fund	863 -	- 335 802
Current	338 990	4 051
Total	**$339 853**	**$339 853**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Skills Retention Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice.

However, below are material issues noted during the audit.

1 GOVERNANCE ISSUES

1.1 Money held in Zimbabwe Allied Banking Group (ZABG) Account

Finding

As highlighted in my previous report, the Fund had not yet recovered an amount of $39 875 locked-up in the liquidated Zimbabwe Allied Banking Group (ZABG). The value of the money continues to be eroded by spiralling inflation.

Risk/Implication

The recoverability of public resources might be doubtful under these circumstances.

Recommendation

The Fund should put in place robust mechanisms to recover the sum of $39 875 from ZABG.

Management Response

The issue of $39 875 held in the defunct ZABG remains unresolved. We are waiting to be guided by a comprehensive report from Tudor Consultant, who are handling this matter in the courts. We have since requested a report on the current status and we are now waiting for their written response.

1.2 Board of the Fund

Finding

As previously reported, a Board of the Fund had not yet been appointed in violation of section 4 (b) of the Fund's Constitution. Consequently, skills retention allowances amounting to $88 339 were paid out without Board approval.

Risk/Implication

The selection of beneficiaries might not be done in a transparent manner.

Recommendation

The Authorities should appoint a Board in compliance with the Fund's Constitution to ensure efficient and effective administration of the Fund.

Management Response

The Public Service Commission went through structural changes in 2018 which led to changes in modus operandi. Proposals for amendments to the constitution of the Skills Retention Fund were sought so as to create a New Board for the Fund after only the Chairman was left to run its affairs.

The Accountant General has approved our amendments to the Fund's Constitution hence the Commission is now in a position to work towards the appointment of a new Board. A copy of the approved "Draft" Constitution is available for inspection.

Evaluation of Management Response

Although the amendment to the Fund's Constitution was approved by Treasury, it has to be laid in Parliament before the changes are implemented by the client in line with section 18 (4) of the Public Finance Management Act [Chapter 22:19].

1.3 Submission of Annual Report to Parliament

Finding

Contrary to Section 12 of the Fund's Constitution, the Chairman's annual report was not forwarded to the Minister of Finance and Economic Development for tabling in Parliament. This issue has been raised by audit in the previous audit reports.

Risk/Implication

Parliament might not be adequately informed on the usage of public funds.

Recommendation

The Fund should ensure that the Chairman's annual report is regularly submitted to the Minister of Finance and Economic Development in compliance with the requirements of Section 12 of the Fund's Constitution.

Management Response

The Annual Report could not be produced due to managerial issues which are set to be resolved with the appointment of a new Board for the Fund.

ANNEXES

ANNEXURE A

AUDIT OPINION PER ACCOUNT AUDITED

Vote No.	ACCOUNT	Current Year Opinion	Prior Year Opinion
Fund Accounts			
1	**Office of the President and Cabinet**		
	District Development Fund 2018	Qualified	Unqualified
	State Enterprises Restructuring Agency Fund 2018	Unqualified	Unqualified
3	**Public Service, Labour and Social Welfare**		
	Child Welfare Fund 2018	Unqualified	Unqualified
	Children on the Street Fund 2018	Unqualified	Unqualified
	Disabled Persons Fund 2018	Unqualified	Unqualified
	National Drought Fund 2018	Unqualified	Unqualified
	National Rehabilitation Centre Welfare Fund 2018	Qualified	Unqualified
	Older Persons Fund 2018	Unqualified	Unqualified
	Yvonne Eustasie Parfitt Homes for the Aged 2018	Unqualified	Unqualified
4	**Defence and War Veterans**		
	Defence Procurement Fund 2018	---	Qualified
	National Heroes' Dependents Assistance Fund 2018	---	Unqualified
	War Veterans Fund 2018	---	Qualified
5	**Finance and Economic Development**		
	Summary of Transactions on the Exchequer 2018	Adverse	Adverse
	Summary of Transactions on the Exchequer 2017	Adverse	Adverse
	Statement of Contingent Liabilities 2018	Adverse	Adverse
	Statement of Public Financial assets 2017	---	Adverse
	Statement of Revenue written Off 2018	Unqualified	Unqualified
	Statement of Revenue written Off 2017	Unqualified	Qualified
	Schedule of Revenue Received 2018	Qualified	Qualified
	Schedule of Revenue Received 2017	Qualified	Qualified
	Schedule of Outstanding Revenue 2017	Qualified	Qualified
	Schedule of Outstanding Revenue 2018	Qualified	Qualified
	Statement of Receipts and Disbursements 2018	Adverse	Adverse
	Statement of Receipts and Disbursements 2017	Adverse	Adverse
	Summary of Transactions of the Consolidated		

	Revenue Fund 2017 Summary of Transactions of Consolidated Revenue Fund 2018 Statement of Public Debt 2018 Statement of Public Debt 2017 National Development Fund 2018 National Development Fund 2017	Adverse Adverse Qualified Qualified Adverse Adverse	Adverse Adverse Qualified Qualified Adverse Qualified
7	**Industry and Commerce** Standards Development Fund 2018 Trade Measures Fund 2018 Indo-Zimbabwe Fund 2018	 Unqualified Unqualified ---	 Qualified Unqualified Unqualified
8	**Lands, Agriculture, Water, Climate and Rural Resettlement** Agricultural Revolving Fund 2018 Land Compensation Fund 2018 Lands and Resettlement Fund 2018 National Coordinating Unit Fund 2018 Water Fund 2018 Pig Levy Fund 2018 Meteorological Services Fund 2018 Tobacco Levy Fund 2018	 Disclaimer Unqualified Unqualified Unqualified Unqualified Disclaimer Qualified Disclaimer	 Disclaimer Qualified Qualified Unqualified Qualified Qualified Qualified
9	**Mines and Mining Development** Mines and Mining Development Fund 2018 Mines Industrial Loan Fund 2018 Special Gold Unit Fund 2018	 Unqualified Unqualified Unqualified	 Qualified Qualified Qualified
10	**Environment, Tourism and Hospitality Industry** Secretary's Fund 2018 Lake Kariba Fisheries Fund 2018 Rhodes Matopos Fund 2018	 Unqualified --- ---	 Qualified Unqualified Unqualified
11	**Transport and Infrastructural Development** Department of Roads Fund 2018 New Limpopo Bridge Fund 2018 New Vehicle Security Registration Number Plate Revolving Fund 2018 Traffic and Legislation Fund 2018	 --- Unqualified --- Unqualified	 Disclaimer Qualified Qualified Qualified
13	**Local Government, Public Works and National Housing** Civil Service Housing Loan Fund 2016 Government Pool Properties Retention Fund 2018 National Housing Fund 2017 Stadia Revolving Fund 2018 Housing Guarantee Fund National Civil Protection Fund 2018 National Civil Protection Fund 2017	 Unqualified Qualified --- Qualified --- Qualified Unqualified	 Unqualified Qualified Disclaimer Qualified Qualified Unqualified Qualified

14	**Health and Child Care**		
	Health Services Fund 2018	Qualified	Qualified
	Medical Research Council of Zimbabwe 2016	---	-
	Medical Research Council of Zimbabwe 2017	---	-
	Medical Research Council of Zimbabwe 2018	---	-
15	**Primary and Secondary Education**		
	Education Materials Disbursement Fund 2018	Unqualified	Unqualified
	Independent Colleges Guarantee Fund 2018	Qualified	Unqualified
	School Service Fund 2018	Qualified	Qualified
16	**Higher and Tertiary Education, Science and Technology Development**		
	Amenities Fund 2018	---	Disclaimer
	Innovation and Commercialisation Fund 2018	Qualified	Qualified
	National Education and Training Fund 2018	Qualified	Qualified
	Vocational and Technical Examinations Fund 2018	Unqualified	Qualified
	Tertiary Education and Training Development Fund 2018	---	Disclaimer
	Industrial Training and Trade Testing Fund 2018	---	Unqualified
17	**Women Affairs, Community, Small and Medium and Enterprise Development**		
	Women's Development Fund 2018	Unqualified	Unqualified
	Women's Development Fund 2017	Unqualified	Disclaimer
	Small and Medium Enterprises Revolving Fund 2018	---	Unqualified
	Community Development Fund 2018	Qualified	Qualified
	Youth Development Fund 2018	---	Qualified
18	**Home Affairs and Cultural Heritage**		
	Immigration Services Fund 2018	Unqualified	Unqualified
	Registrar General Retention Fund 2018	Adverse	Adverse
	Zimbabwe Republic Police Retention Fund 2018	Qualified	Unqualified
19	**Justice, Legal and Parliamentary Affairs**		
	Attorney-General`s Office Administration Fund 2018	Unqualified	Unqualified
	Deeds and Companies Office Fund 2018	Unqualified	Unqualified
	Legal Aid Fund 2018	Unqualified	Unqualified
	Zimbabwe Prisons and Correctional Service Retention Fund 2018	Unqualified	Qualified
22	**Energy and Power Development**		
	Strategic Fuel Reserve Fund 2018	Unqualified	Unqualified
	NOCZIM Debt Redemption Fund 2018	Unqualified	Unqualified
	Pipeline and Rail Fund 2018	Unqualified	Unqualified
24	**Judicial Services Commission**		
	Courts Administration Fund 2018	Unqualified	Qualified
	Guardian's Fund 2018	Unqualified	Unqualified

25	**Public Service Commission**		
	Salary Services Bureau General Purpose Fund 2018	Unqualified	Unqualified
	Funeral Assistance Fund 2018	Unqualified	Unqualified
	Pensions Office Retention Fund 2018	Unqualified	Unqualified
	Public Service Transport Management Fund 2018	Qualified	Unqualified
	Skills Retention Fund 2018	Unqualified	Unqualified
	Public Service Training Centres Amenities Fund 2018	Qualified	Qualified
	Public Service Training Loan Fund 2018	Qualified	Qualified
29	**National Prosecution Authority of Zimbabwe**		
	National Prosecution Authority of Zimbabwe Retention Fund 2018	Unqualified	Unqualified

ANNEXURE A *(continued)*

Total Fund Accounts Audited	**62**
Adverse	3
Disclaimer	3
Qualified with material issues	11
Qualified with no material issues	4
Unqualified with material issues	15
Unqualified with no material issues	26
Total Consolidated Finance Accounts Audited	**7**
Adverse	5
Qualified with material issues	1
Qualified with no material issues	1
Total Consolidated Revenue Statements	**8**
Adverse	2
Qualified with material issues	2
Qualified with no material issues	2
Unqualified with no material issues	2

ANNEXURE A *(continued)*

Opinion	Number of Accounts		Percentage total (%) = (A/B)*100	
	Current year	Prior year	Current year	Prior year
Fund Accounts Audited (A)				
Adverse	3	7	5	10
Disclaimer	3	6	5	9
Qualified	15	31	24	41
Unqualified	41	30	66	20
Total (B)	**62**	**74**	**100**	**100**
Consolidated Finance Accounts Audited (A)				
Qualified	2	1	29	33
Adverse	5	2	71	67
Disclaimer	-	Nil	-	Nil
Total (B)	**7**	**3**	**100**	**100**
Consolidated Revenue Statements (A)				
Qualified	4	1	50	20
Adverse	2	4	25	80
Disclaimer	-	Nil	-	Nil
Unqualified	2	Nil	25	Nil
Total (B)	**8**	**5**	**100**	**100**

ANNEXURE B

ADVANCES TO APPROPRIATION ACCOUNT FROM FUND ACCOUNTS

Ministry	**Fund**	**Amount Advanced Balance as at December 31, 2018 ($)**
Public Service, Labour and Social Welfare	Disabled Persons Fund	181 391
	National Rehabilitation Centres Welfare Fund	14 082
Public Service, Labour and Social Welfare	Older Persons Fund	53 666
Local Government, Public Works and National Housing	Government Pool Properties Retention Fund	24 582
Local Government, Public Works and National Housing	National Civil Protection Fund	76 111
Primary and Secondary Education	Independent Colleges Guarantee Fund Account	401 226
Public Service Commission	Public Service Training Centres Amenities Fund	664 339
Public Service Commission	Public Service Training Loan Fund	132 078
Total		**$1 547 475**

ANNEXURE C

FUND ACCOUNTS OUTSTANDING DEBTORS AS AT DECEMBER 31, 2018

Ministry	Fund Account	Balance as at December 31, 2018 ($)
Ministry of Industry and Commerce	Standards Development Fund	6 738 997
Ministry of Local Government, Public Works and National Housing	Stadia Revolving Fund	508 194
Ministry of Lands, Agriculture, Water. Climate and Rural Resettlement	Meteorological Services Fund	2 332 219
	Water Fund	1 078 080
Ministry of Mines and Mining Development	Mining Industry Loan Fund	677 785
Ministry of Local Government, Public Works and National Housing	Civil Services Housing Loan Fund	52 583
	Stadia Revolving Fund	508 194
Ministry of Health and Child Care	Health Services Fund	32 702 923
Ministry of Primary and Secondary Education	Independent Colleges Guarantee Fund	1 358 440
	School Services Fund	28 529 042
Ministry of Public Service, Labour and Social Welfare	National Rehabilitation Centers Welfare Fund	30 807
Total		**$74 517 264**