REPORT

of the

Auditor-General

for the

FINANCIAL YEAR ENDED DECEMBER 31, 2017

ON

APPROPRIATION ACCOUNTS, FINANCE AND REVENUE STATEMENTS AND FUND ACCOUNTS

Presented to Parliament of Zimbabwe

2018

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

The Hon. Mr. P. Chinamasa
Minister of Finance and Economic Development
New Government Complex
Samora Machel Avenue
Harare

Dear Sir,

I hereby submit my Report on the audit of Appropriation Accounts, Finance and Revenue Statements and Fund Accounts of Zimbabwe for the year ended December 31, 2017 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
June 12, 2018.

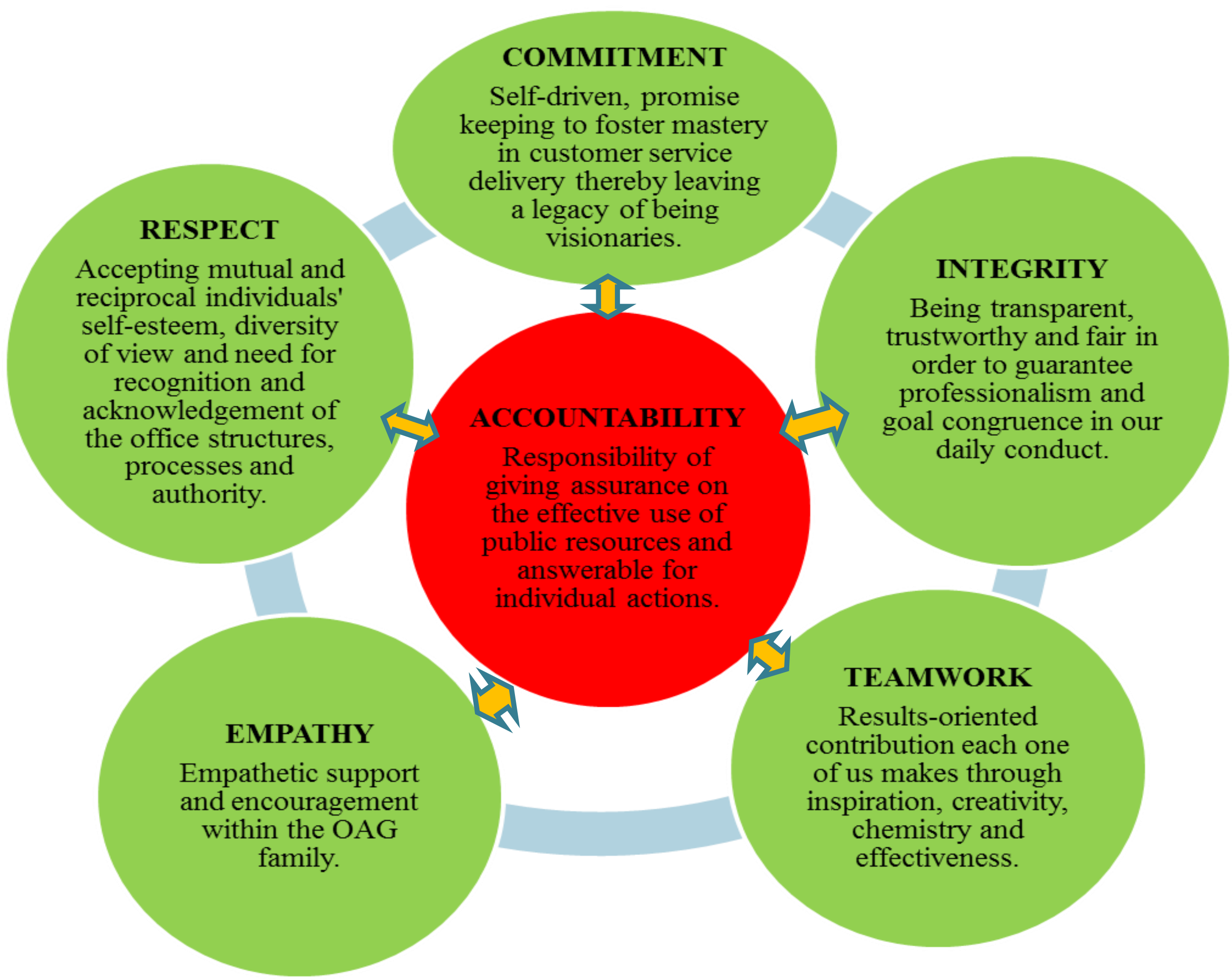
OAG VISION

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

AfDB	African Development Bank
AFROSAI-E	African Organisation of Supreme Audit Institutions for English Speaking Countries
AMTOs	Assisted Medical Treatment Orders
APM	Accounting Procedures Manual
BAZ	Broadcasting Authority of Zimbabwe
BBR	Beitbridge - Bulawayo Railway
BEAM	Basic Education Assistance Module
BOI	Board of Inquiry
CAAZ	Civil Aviation Authority of Zimbabwe
CBZ	Commercial Bank of Zimbabwe
CCTV	Closed-Circuit Television
CMED	Central Mechanical Equipment Department
CRF	Consolidated Revenue Fund
CSC	Cold Storage Company
CVR	Central Vehicle Registry
DDF	District Development Fund
DIMAF	Distressed Industries and Marginalized Firms
DIPA	Departmental Integrated Performance Agreement
DMFAS	Debt Management and Financial Analysis System
DMO	Debt Management Office
EU	European Union
GAAP	Generally Accepted Accounting Principles
GMB	Grain Marketing Board
IAS	International Accounting Standards
IDBZ	Infrastructure Development Bank of Zimbabwe
IDC	Industrial Development Corporation
IMF	International Monetary Fund
IMPI	Information and Media Panel of Inquiry
KRAs	Key Result Areas
LDC	Livestock Development Committee

MIPA	Ministerial Integrated Performance Agreement
MMCZ	Minerals Marketing Corporation of Zimbabwe
MOU	Memorandum of Understanding
NOCZIM	National Oil Company of Zimbabwe
NOIC	National Oil Infrastructure Company
NRZ	National Railways of Zimbabwe
NSSA	National Social Security Authority
OAG	Office of the Auditor-General
PAAB	Public Accountants and Auditors Board
PAC	Public Accounts Committee
PDMO	Public Debt Management Office
PFMA	Public Finance Management Act
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
PTA	Preferential Trade Area
PVA	Public Viewing Areas
RBM	Results Based Management
RBZ	Reserve Bank of Zimbabwe
SAP	Systems Application Programme
SDGs	Sustainable Development Goals
SEDCO	Small Enterprises Development Corporation
SI	Statutory Instrument
SME	Small and Medium Enterprises
SMEDCO	Small and Medium Enterprises Development Corporation
SPB	State Procurement Board
SSB	Salary Service Bureau
T&S	Travelling and Subsistence
UNDP	United Nations Development Programme
UNICEF	United Nations Children Education Fund

UNWTO	United Nations World Tourism Organisation
VAT	Value Added Tax
VTC	Vocational Training Centre
VED	Vehicle Examination Department
VES	Visitor Exit Survey
VID	Vehicle Inspection Department
YEF	Youth Empowerment Facility
ZAC	Zimbabwe Anti-Corruption Commission
ZEC	Zimbabwe Electoral Commission
ZERA	Zimbabwe Energy Regulatory Authority
ZESA	Zimbabwe Electricity Supply Authority
ZETREF	Zimbabwe Economic and Trade Revival Fund
ZimASSET	Zimbabwe Agenda for Sustainable Socio-Economic Transformation
ZIMDEF	Zimbabwe Manpower Development Fund
ZIMRA	Zimbabwe Revenue Authority
ZINARA	Zimbabwe National Roads Administration
ZINWA	Zimbabwe National Water Authority
ZMDC	Zimbabwe Mining Development Corporation
ZRP	Zimbabwe Republic Police
ZTA	Zimbabwe Tourism Authority

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FOREWORD AND EXECUTIVE SUMMARY

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FOREWORD

1 SUBMISSION OF ANNUAL REPORT

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

Section 302 of the Constitution of Zimbabwe requires that all fees, taxes and borrowings and all other revenues of the Government, whatever their source, unless an Act of Parliament-

a) requires or permits them to be paid into some other fund established for a specific purpose; or

b) permits the authority that received them to retain them, or part of them, in order to meet the authority's expenses,

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]*.

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 partly accruals accounting for Fund Accounts.

The Public Accountants and Auditors Board (PAAB) has the responsibility to set such standards, in terms of section 44(2) of the Public Accountants and Auditors Act [*Chapter 27:12*]. The public sector has adopted the International Public Sector Accounting Standards (IPSAS) which should be fully implemented by 2021. PAAB is playing a pivotal role in assisting in the implementation of the standards.

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 conformity with the generally accepted auditing standards. The checks are intended to provide an overall assurance of the general accuracy of the accounting transactions and not to disclose each and every error.

I conducted audits at Head Offices of Ministries and made visits to outstations as well. Results of the audit of Provincial and District stations are included in my findings in this report. In 2017 I visited 317 stations as compared to 316 in 2016, which indicates no change at all. This was mainly due to the inadequacy of financial and manpower resources. Details of the stations visited are on **Annexure A**. It is my wish to increase the number of outstations visits as most Ministries are decentralised.

There was an improvement in the transparency and accountability in financial matters of the Republic of Zimbabwe. A sizeable number of Ministries and Funds took heed of my recommendations and implemented them. The number of Funds without material issues reported decreased from 18 to 13 in 2017. Out of the 80 audited Fund Accounts, 67 (84%) compared to 56 (76%) in 2016 had material audit findings warranting management attention (11 disclaimers, 29 qualified and 27 unqualified with material issues). Out of the 38 audited Appropriation/Ministry Accounts 19 were qualified, 14 were unqualified with material issues while the remainder had clean certificates. **Annexure D** has more details.

Annexure B shows the staff position during 2017. I was granted authority to fill vacant Auditor posts at the beginning of 2017 and hope to increase the number of State Enterprises, Parastatals and Local Authorities under my audit and contract out less. From January 2017 to December 2017, my staff complement increased from 259 to 283.

5 TRAINING AND STAFF DEVELOPMENT

Staff training and development remained as one of the key objectives of my Office. With the assistance of the African Organisation of Supreme Audit Institutions for English speaking countries (AFROSAI-E) to which Zimbabwe is a member, Development Partners, Public Service Commission, study visits to other Supreme Audit Institutions (SAIs), and other stakeholders, a number of training programmes and Continuous Professional Development (CPDs) were once more attended by my staff in order to keep them updated with the developments taking place in the audit profession. The training programmes attended are on **Annexure C**.

6 CERTIFICATION OF PUBLIC ACCOUNTS

I certify that I have examined the public accounts of Zimbabwe in accordance with the Constitution of Zimbabwe Amendment (No. 20) Act 2013, the Audit Office Act *[Chapter 22:18]* and the Public Finance Management Act *[Chapter 22:19]*.

AUDIT OPINION

The audit opinion on Appropriation Accounts, Fund Accounts, Finance and Revenue Statements varied from account to account. **Annexure D** shows the opinion per each 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 recognize the importance of the part played by all the Accounting Officers, Receivers of Revenue, cooperating partners and other stakeholders which made it possible for me to submit my Report for the year under review.

My sincere gratitude and appreciation goes to my staff who demonstrated a high level of dedication and support in the production of my reports. It is upon this premise that there is profound hope to overcome any challenges that the future may hold in the accomplishment of my mandate in pursuance of good governance, transparency and accountability in the Public Sector.

HARARE
June 12, 2018.

M. CHIRI,
AUDITOR-GENERAL.

EXECUTIVE SUMMARY

This section is a summary of the major audit findings in the report which were common to most Government Ministries and Departments. These issues call for urgent attention and action for redress by those charged with the responsibility of governance, in order to improve transparency and accountability in the public sector as required by section 298 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013. The issues are summarized as follows:

1 GOVERNANCE ISSUES

1.1 Maintenance of Accounting Records

It has been observed that maintenance of accounting records remained a challenge especially for Fund accounts. Some Ministries did not maintain proper accounting and assets records such as cash books and ledgers to record revenue and expenditure, immovable property registers, motor vehicle registers, fuel and other asset registers. As a result, some financial statements were compiled from bank statements, payment vouchers and cash books instead of using general ledgers. Omission of certain information occurred resulting in misstatement of financial statements. For example, some Funds failed to provide for depreciation on non-current assets hence distorting assets values in the financial statements.

Variances between the PFMS and the Sub-Paymaster-Generals' accounts in various Ministries increased from $3 016 107 to $19 114 509. One of the major causes was direct payments made to suppliers by Ministry of Finance on behalf of the ministries hence making reconciliations and identification of the source of the variances a challenge. **(Annexure G).** As a result, I was unable to rely on the total expenditure figures disclosed in the Appropriation Accounts of those Ministries.

1.2 Advance of Moneys from Fund Accounts to Parent Ministries

As previously reported in my report for 2016, Ministries continued to use monies from Fund accounts to augment Appropriation/Ministry expenditure. This is done in the form of advances to Parent Ministries in respect of payments to suppliers on procurement of goods and services for appropriation activities. Parent ministries however did not reimburse the monies advanced or transferred, hence resulting in the Funds failing to fulfil their constitutional mandates. The total amount that was utilized amounted to $1 769 421 (2016: $894 251). (**Annexure H)**

1.3 Suspense Account Balances in Fund Accounts

Suspense accounts balances are still in existence in some Fund accounts. This should have been avoided if reconciliations were periodically done. For the audited accounts, the suspense balances increased to $11 568 344 (2016:$6 780 856) demonstrating little effort made to clear the suspense accounts balances from financial statements (**Annexure I refers**). The figure could be much higher if all Fund accounts had been audited. **Annexure E** and **F** show the number of accounts that were not audited and those that were submitted late for which audit was still in progress by May 24, 2018.

1.4 Outstanding Payments to Suppliers of Goods and Services

Ministries and Funds had outstanding payments to suppliers of goods and services to the tune of $65 945 456 against last year's figure of $84 085 505 which shows a variance of $18 140 049, **Annexure J** refers. The major reason being inadequate funding by Treasury and in some cases minimum follow up action by those charged with the responsibility of governance of Public resources. Although there seemed to be an improvement the practice of deferring payment was against Treasury Instructions which require Ministries to pay suppliers promptly when goods and services are received. The total Government expenditure for the period under review was therefore understated by $64 191 699. If suppliers are not paid promptly, the supply system is disturbed and Ministries incur cost overruns on contracts and litigation costs may also end up being incurred.

1.5 Direct Payments

Ministry of Finance continued, despite recommendations in my previous report, making direct payments to various suppliers of goods and services on behalf of Ministries and in most cases without adequate documentation. A typical example is a Ministry whose bills totaling $2 590 508 had 97% of this amount paid directly to its suppliers by Ministry of Finance. Consequently, a number of Ministries were qualified for not following up on these direct payments and some payments were not properly accounted for in the financial statements. There is need for this area to be re-looked at in order to improve coordination between Ministry of Finance and Ministries so that all transactions are validated and properly accounted for. There must also be a vibrant management accounting system that bridges the communication gap between the Ministry of Finance and Ministries.

1.6 Unsupported Expenditure

Ministries and Fund accounts were processing payments which did not have adequate supporting documents. Without adequate supporting documents, it was difficult to determine the nature of the payments and whether they were being done in accordance with rules and regulations and in line with their mandate. The unsupported total expenditure was $27 101 167 (2016: $8 315 064) **(Annexure K).** One Ministry made a payment of $3 603 243 without supporting documents as compensation for immovable properties.

1.7 Use of Fund Resources as Collateral Security

As reported in the previous year, the Ministry of Youth, Indigenisation and Economic Empowerment used money in the bank account of the Youth Development and Economic Empowerment Fund as collateral security for loans issued to private individuals. As a result, the Fund whose bank account was used as collateral security was exposed to risk of losing a total amount of $1 808 271 as the beneficiaries were struggling to repay the loans. Of concern is the fact that the funds in the Bank cannot be utilized to fund youth projects that are in dire need of funding. The Ministry should come up with interventions to recover the unpaid loans so as to redeem the amount locked up in the Bank and reduce the risk of loss of Public resources.

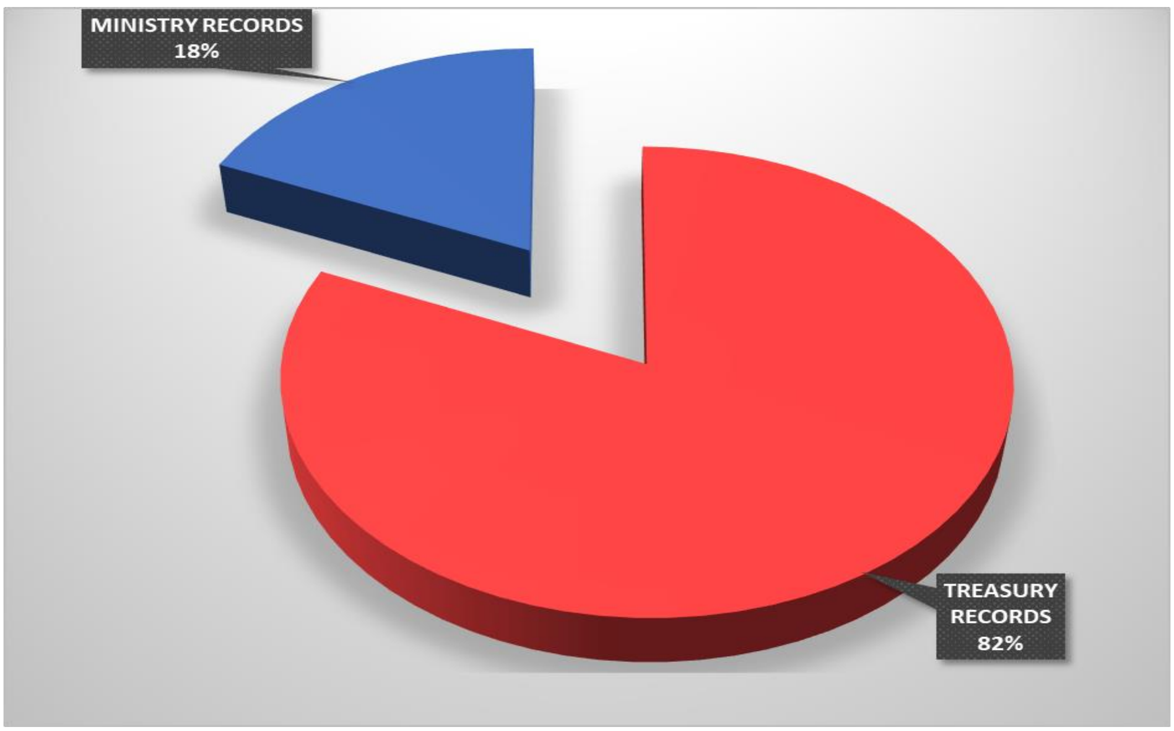
1.8 Budgetary Control

Most Funds exhibited poor budgetary control systems hence resulting in twenty-four (24) incurring excess expenditure over income totaling $69 161 624 (2016: $61 695 986).This demonstrated some laxity in the area of Budgetary Control. This was further aggravated by the borrowing of money by parent Ministries, as shown on **Annexure H** to finance Appropriation activities expenditure. (**Annexure L).**

1.9 Unallocated Reserves

According to the schedule presented by the Treasury, Unallocated Reserves were increased by $2 987 617 531 to $3 019 137 531 (**Annexure N**) and transferred to line Ministries. According to Section 305 (5) of the Constitution of Zimbabwe, an additional or supplementary estimate should have been made. What was reported by line Ministries as Unallocated Reserves Transfers and what was reported by Treasury is depicted in the graph below:

Unallocated Reserve Transfers as per Treasury and Ministry Records



1.10 Assets Management

The issue of uploading assets in the PFMS was still a challenge. The registers for assets maintained in the Public Finance Management System could not be displayed at the time of my audit due to certain procedures not being done to enable registers to be viewed. Most Ministries could not display assets in the system as uploading still remained a major challenge in the management of Public assets. Assets might go missing without trace if registers in the PFMS are not available for audit. In some cases, some Asset Certificates did not incorporate assets in the sub-votes and donations received.

1.11 Posting Financial Transactions to Closed Financial Years

In my last three (3) Audit Reports, concern was raised over posting of financial transactions to closed financial years, contrary to the standard thirteenth (13th) period of one month after the end of the financial year. At the time of finalising the audit, on May 10, 2018, Ministries were still posting expenditure figures to the PFMS. The uploading of expenditure after the submission of the Appropriation Accounts for audit implies that all the inputs after the said submission are not audited.

1.12 Transfer of Funds from Appropriation to Fund Accounts

Three Ministries transferred monies from the Paymaster General Account, amounting to $17 943 820, without Treasury Authority, to their respective Fund accounts. This action violated the provisions of the Appropriation Act and the Public Finance Management Act *[Chapter 22:19]*. I could not therefore satisfy myself whether Public funds were used for the intended purpose.

1.13 Programmes Funded Under IDBZ

The Infrastructure Development Bank of Zimbabwe (IDBZ) disburses funds and provides technical expertise on behalf of Ministries for projects funded by Ministry of Finance. It was noted that IBDZ was not communicating effectively with relevant Ministries on Public Funds disbursed and progress made. The problem was compounded when IDBZ channeled resources from one project to other projects without any formal communication. Three (3) ministries were affected in various ways i.e. Local Government Public Works and National Housing, Transport and Infrastructure Development, and Youth, Indigenisation and Economic Empowerment. Furthermore, no agency contracts were drawn between IDBZ and Ministries to clarify on responsibilities and accountability. One example is when in one of the Ministries, a sum of $20 590 000 was deposited into IDBZ for projects but only $2 104 612 was confirmed utilized by IDBZ. In view of the above, my Office was not able to determine with certainty how much money was received and disbursed through IDBZ in the absence of adequate information. Clear guidelines for management, funding, supervision and reporting must be put in place and documented. There is also a need by IDBZ to produce monthly returns for all monies received and utilized.

1.14 Payment of Labour Costs

During the year under review two (2) Funds employed contract workers and incurred labour costs totalling $431 073. This was in contravention of Section 199 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013 and the Public Service Act [*Chapter 16:04*] Section 8 (1) (a) which states that it shall be the function of the Public Service Commission to appoint persons to the Public Service, whether as permanent members or on contract or otherwise, to assign and promote them to offices, posts and grades in the Public Service and to fix their conditions of service.

Without adhering to laid down laws and procedures, public resources may be misappropriated or misused.

Ministries should seek authority from the Public Service Commission to employ contract workers.

2 PROCUREMENT

2.1 Violation of Procurement Regulations

During the current year some Ministries and Fund accounts purchased goods and services without following tender procedures. Tender splitting was still prevalent in some Ministries especially where bulk buying was the case. The violation occurred mostly in the purchase of Motor Vehicles, Fuel and equipment. In one Ministry 12 motor vehicles purchased were not delivered. A total of $3 788 495. (2016:$1 025 384) was spent without following informal tender procedures, Out of this figure, 38% of the amount is attributable to Zimbabwe Development Fund who incurred expenditure under STEM which claim to have procured goods and services on the strength of a directive from the Parent Ministry of Higher and Tertiary Education, Science and Technology Development.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Amounts not collected from Debtors

Various Ministries and their Fund accounts were not putting more effort to recover amounts due to the Government to the tune of $133 897 975 which is in the form of rent due, surcharges, disallowances and penalties. In my previous report, I cited lack of efficient accounting systems and inadequate effort to collect amounts due from employees. During the current period under review the debtors increased to $133 897 975 by 46% (2016:
$91 409 864). The increase demands for more effort to be put to recover the outstanding revenue by employing efficient accounting systems. The bulk of the amount has remained uncollected for long periods of time hence the collectability of the monies was doubtful. The huge balances were related to the Ministry of Health and Child Care with an amount of $26 981 166 and Ministry of Primary and Secondary with $24 296 475 (**Annexure M**).

4 SERVICE DELIVERY

The 2017 National Budget Allocations were related to Zim Asset Clusters which included, among others, the Social Services and Poverty Eradication hence two Ministries in charge of Health and Education received $281 976 000 and $803 771 000 respectively. However, challenges in Governance Issues compromised service delivery in the Public Sector. From the health institutions visited, nine had their critical departments operating below capacity due to medical equipment constantly breaking down and shortage of technicians to operate the hospital machinery and medical equipment.

5 IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATIONS

I would want to acknowledge the Ministries which have taken steps to implement my recommendations details of which are highlighted in my Follow-Up Report on the Implementation of Recommendations in the 2016 Report of the Auditor-General on Appropriation Accounts, Finance and Revenue Statements and Fund Accounts.

6 COMMENT ON MANAGEMENT OF PUBLIC RESOURCES TO ACHIEVE NATIONAL OBJECTIVES

Good governance is an essential ingredient for a prosperous and vibrant economy through effective and efficient service delivery. National objectives are achieved when good governance, transparency and accountability are embraced. There is need to increase the performance and efficiency of systems in the Public Sector so as to positively impact on service delivery and consequently bring good to society at large.

Ministries, Departments and Funds should produce financial statements that show how programmes were implemented and resources utilized. The liquidity crunch also negatively impacted on the availability of resources as and when they were required to fund operations and programmes. Due to the harsh economic environment, Treasury was unable to release funds to meet demand on all projects and programmes but prioritised on the payment of employment costs. Based on audited Appropriation accounts, an amount of $2 236 193 911 was spent on Employment costs out of a total expenditure figure of $3 372 141 316, **Annexure P refers.** Receivers of Revenue must put in place effective robust systems to collect all moneys due to the State and also guard public funds against all forms of leakages.

APPROPRIATION ACCOUNTS, FINANCE AND REVENUE STATEMENTS AND FUND ACCOUNTS

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VOTE 1. - OFFICE OF THE PRESIDENT AND CABINET

DISTRICT DEVELOPMENT FUND 2016

OBJECTIVE OF THE FUND

The main objective of the Fund is to develop Communal Land and such other developmental areas as may be declared by the Minister. The Fund's budget is approved by Parliament.

I have audited the financial statements of the District Development Fund for the year ended December 31, 2016. Below is a summary of the statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	28 316 793
Expenditure	29 553 654
Surplus/ (Deficit)	**($1 236 861)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current General Fund	-	- **(1 652 259)**
Current	1 277 209	2 929 468
Total	**$1 277 209**	**$1 277 209**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the District Development Fund as at December 31, 2016 and its performance for the year then ended.

However, below are material issues noted during the audit:

1 PROCUREMENT

1.1 Non adherence to procurement regulations

Finding

I noticed that the Fund was inconsistent in following tender procedures in the procurement of various goods and services. There were instances where quotations and comparative schedules were neither attached to payment vouchers nor availed for audit inspection.

Furthermore, the Fund purchased cement from Lafarge Cement worth $13 332 without going through informal tender. This was contrary to Section 6 (1)-(3) of Statutory Instrument (S.I.)171 of the Procurement Regulations, which stipulates that letters of quotations shall be invited and recorded on the comparative schedule together with the Accounting Officer's decision. The table below shows some of these instances:

Inconsistences in procurement of goods

DATE	**P/Voucher No.**	**Supplier**	**Type of tender**	**Amount ($)**	**Anomaly**
	CBZ-VR002772	Lafarge Cement	Informal tender	13 332	No informal tender Documents
19/01/2016	CBZ-VR006439	V & W Engineering	Competitive Quotes	7 075	No Comparative schedule
03/09/2016	CBZ-VR006439	V & W Engineering	Competitive Quotes	3 360	No Comparative schedule
20/09/2016	CBZ-VR006818	Treger plastics	Competitive Quotes	4 559	No Comparative schedule
28/09/2016	CBZ-006854	V & W Engineering	Competitive Quotes	9 560	No Comparative schedule
	TOTAL			**$37 886**	

Risk/Implication

Without following proper tender procedures the Fund may not get value for money.

Recommendation

The Fund should adhere to procurement procedures as required by Section 6 of S.I.171, Procurement Regulations.

Management Response

The Fund purchased borehole drilling and building materials (Cement in particular) from V & W Engineering, Treger Plastics and Lafarge Cement respectively to the best advantage of the organization. The Procurement Committee noted that the selected suppliers were manufacturers of the products which were of a proprietary nature. Any competitor would be buying from these manufacturers and sale to DDF at a much higher price than the manufacturer price. However, the finding was noted and in future Procurement minutes will be attached to support deliberations of the Procurement Committee.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Accounts Receivable

Finding

I noted that DDF was owed an amount of $678 842 as at December 31, 2016, with some debts having been outstanding for more than one hundred and eighty (180) days. This was 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.

Risk/Implication

The Fund may be prejudiced of the much needed working capital to finance its day to day operations as substantial amounts will be tied up in debtors.

Recommendation

Management should adhere to Treasury Instruction 0501 so that all debts are collected.

Management Response

Every effort has been made to ensure that DDF debts are recovered as evidenced by correspondences between Fund lawyers and respective debtors. As for staff debts, management has effected deductions through the Salary Services Bureau.

VOTE 2. - PARLIAMENT OF ZIMBABWE

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for Parliament of Zimbabwe for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$39 713 000	$11 489 146	**$51 202 146**	$46 827 170	**$4 374 976**
Constitutional and Statutory Appropriation				
$240 000	-	**$240 000**	$220 968	**$19 032**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects the financial position and performance of Parliament of Zimbabwe as at December 31, 2017.

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

1 GOVERNANCE ISSUES

1.1 Unreconciled expenditure amounts

Finding

Under normal circumstances, the expenditure reflected in the accounts should agree with the expenditure processed in the Public Finance Management System (PFMS) which is a computerized system used by Government for processing transactions. My audit noted that the total expenditure in the Public Finance Management System (PFMS) of $47 399 197 and the expenditure figure disclosed in the Appropriation Account of $47 048 138 (made up of $46 827 170 from Appropriation and $220 968 from constitutional) had a difference of $351 059. The difference was made up of $471 450 which was processed in the PFMS by Treasury but no documentation was sent to Parliament and $120 391 which was paid to the supplier by Treasury but was not processed in the PFMS.

Risk/Implication

The reported accounts might have been misstated.

Recommendation

Parliament should liaise with Ministry of Finance and Economic Development so that they investigate, reconcile and obtain supporting documents for the amounts posted in the PFMS for both records to show the correct position.

Management Response

Efforts are being made to reconcile the variance.

VOTE 3. - PUBLIC SERVICE, LABOUR AND SOCIAL WELFARE

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Public Service, Labour and Social Welfare for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	**Unallocated Reserve Transfers**	**Total Allocated**	**Expenditure**	**Net Under spending**
$193 789 000	$15 206 070	**$203 995 070**	$171 808 936	**$37 186 134**
Constitutional and Statutory Appropriation				
$150 000	-	**$150 000**	$150 000	-

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Public Service, Labour and Social Welfare for the year ended December 31, 2017.

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Unallocated Reserve (UR) Transfers

Finding

There was a variance of $182 467 234 between the UR transfer figure disclosed in the Ministry Appropriation Account and that disclosed in Treasury records. According to the schedule from Treasury, the Ministry's UR transfers amounted to $197 673 304. However, as at May 10, 2018 the Ministry confirmed receipt of $15 206 070 through the Public Finance Management System (PFMS). The difference which is 94% of the initial budget of the Ministry, had not been uploaded on the PFMS to enable the Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the related expenditure.

Risk/Implication

Failure to upload on the PFMS Unallocated Reserves amounting to $182 467 234 and related expenditure misstated the Appropriation Account.

Recommendation

The Ministry should reconcile Unallocated Reserves with Treasury so that the variance of $182 467 234 and the related expenditure are validated and properly accounted for.

Treasury should ensure that all transfers from Unallocated Reserve are communicated to the Ministry and uploaded in the system timeously.

Management Response

The observation is acknowledged. The Ministry will adjust the Appropriation Account after Treasury has uploaded the Unallocated Reserves in the PFMS.

1.2 Use of Fund Accounts Money to meet Appropriation Account Expenditure

Finding

In my 2016 audit report I made mention of the fact that the Ministry owed various Fund Accounts under its administration. The practice persisted in 2017. At the beginning of the year under review, the balance owed was $1 374 446. During the year, the Ministry borrowed $1 030 046 and managed to reimburse $911 051 leaving an outstanding balance of $1 493 441. Expenditure incurred from the borrowed funds was processed outside the Public Finance Management System (PFMS). **Table below refers.**

Name of Fund / Programme	**Balance Brought Forward 01.01.2017 ($)**	**Amount borrowed from the Fund in 2017 ($)**	**Repayment made in 2017 ($)**	**Outstanding Balance 31.12.2017 ($)**
Disabled Persons Fund	303 734	316 717	429 501	190 950
National Rehabilitation Welfare Fund	27 313	14 662	6 703	35 272
Child Welfare Fund	5 355	5 521	3 025	7 851
National Drought Fund	207 651	221 166	291 974	136 843
Public Assistance Programme	184 029	-	-	184 029
Older Persons Fund	53 666	-	-	53 666
Public Service Training Loan Fund	99 988	203 646	167 542	136 092
Public Service Amenities Fund	434 105	219 756	12 306	641 555
BEAM Programme	58 605	48 578	-	107 183
Total	**$1 374 446**	**$1 030 046**	**$911 051**	**$1 493 441**

Risks/Implications

The practice of borrowing money from Fund Accounts cripples operations of the same.

Expenditure for the Ministry was understated by the amount incurred through Fund accounts.

Recommendations

The Accounting Officer should approach Treasury for additional funding instead of borrowing from the Fund Accounts.

Further, the amounts borrowed should be refunded to the respective Fund Accounts and programmes.

Management Responses

It is acknowledged that the Parent Ministry owed various Funds a total of $1 493 411 as at December 31, 2017. The new thrust is to desist from borrowing from the Fund Accounts and make efforts to reimburse all outstanding arrears. This should be done gradually over a period so that Ministry operations are not crippled.

1.3 Fuel Allocations

Finding

Paragraph 6 of Treasury Circular number 5 of 2016, gives guiding ceilings on monthly fuel allocations to members entitled to Personal Issue Vehicles. Contrary to the above stipulation, I observed that the Ministry implemented a variation without seeking Treasury approval that doubled the fuel allocations to some management levels based on an internal minute dated January 24, 2017. This resulted in excess allocation of 25 200 litres from January to December 2017 which should be recovered.

Risk/Implication

Varying provisions of circulars at Ministry level without seeking Treasury approval defeats the objective of expenditure control and fair charge against public funds and this does not promote good corporate governance.

Recommendations

The Ministry should allocate fuel to members with personal issue vehicles as per Treasury circular number 5 of 2016.

Further, the Ministry should recover from the managers, the cost of fuel issued in excess of Treasury limits.

Management Response

The observation is noted. The Ministry has reverted to the rationalized limits as stipulated by the Treasury. The Ministry is going to establish excess fuel issued to members with personal issue vehicles and effect recovery.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Rentals

Finding

I observed that officers who were occupying Government houses at the Ministry's training centres and Children's Homes were not paying rentals. This was contrary to the Accounting Officer's circular dated December 14, 2015 which requires the Ministry to collect five percent (5%) of a tenant's salary as rent. The outstanding rentals as at December 31, 2017 amounted to $16 703. The rentals are required to enable Ministry of Local Government, Public Works and National Housing to maintain and carry out repairs to the properties so that they remain habitable.

Risk/Implication

Non collection of rentals by the Ministry may result in loss of revenue to the state. Also the properties may not be repaired on time when need arises.

Recommendation

The Ministry should enforce payment of rentals and effect deductions from salaries of officers occupying the properties.

Management Response

The observation is noted. We have already started to address the issue of rentals, with Kadoma Training Institute having been visited. All houses at the Kadoma Training Institute were checked and lease agreements completed for each tenant. The Ministry has also written to Zimbabwe Prisons and Correctional Services (ZPCS) and effected deductions against all tenants from the date of occupation. This exercise is being replicated to all the Ministry centres which have got institutional accommodation and the exercise is expected to have been completed by June 30, 2018.

3 PROGRAMMES

3.1 Basic Education Assistance Module (BEAM)

Finding

According to the provisions of Section 2 of the BEAM Operational manual, the Programme was established to provide school fees waivers for eligible primary and secondary school children for tuition, examination fees and applicable levies. In my 2016 audit report I recommended that the Ministry should desist from the practice of utilizing the programme's funds for other purposes. However, the practice persisted in 2017 as the Ministry used $48 578 to meet expenditure not in line with the objectives of the Programme. As at December 31, 2017 school fees and levy arrears had accumulated to $81 721 416.

Risk/Implication

BEAM may not meet its objectives if its financial resources are utilized for other expenses that are not advancing the education of the vulnerable children.

Recommendation

Management should ensure expenditure incurred is in line with the objectives of BEAM. The Ministry should ensure settlement of outstanding school fees and levies bill.

Management Response

The observation is noted and the Ministry has made efforts to minimize the use of the BEAM funds for non-programme related activities. In future all non-programme related activities are to be treated as an advance to the parent Ministry.

Evaluation of Management Responses

The Ministry's indication to continue using BEAM funds on non-programme related activities and treating it as an advance to the parent Ministry is not a solution. The Ministry should approach Treasury for funding.

3.2 Health Assistance

Finding

In my 2016 Audit report I mentioned that the Ministry's Health Assistance Programme had outstanding bills from various health service providers amounting to $7 128 128 and R550 for services rendered to the vulnerable and indigent people. As at December 31, 2017 the outstanding bill had risen to $7 299 398. This is an indication that the Ministry was not making prompt payment of the bills from health service providers as the debt continued to increase over the years.

Risk/Implication

The holders of Assisted Medical Treatment Orders (AMTOs) may end up failing to access health and medical facilities as health service providers might demand cash upfront thereby defeating the objectives of the Health Assistance Programme.

Recommendations

The Ministry should ensure that bills from health service providers are settled promptly.

The Ministry should engage and create a good rapport with health service providers to ensure that holders of AMTOs are not denied access to health and medical facilities.

Management Response

It is acknowledged that the bill for Health Assistance has continued to rise and the cumulative figure as at April 30, 2018 had gone up to $7 299 398 and R550. This is because of limited funding by Treasury. This is an item which cannot be stopped

because it concerns the health of the vulnerable members of society who seek heath assistance when they fall sick. At the 2018 budget meeting Treasury took cognisance of the need to fund the health item and agreed to settle all outstanding arrears by way of set offs against other commitments which the service provider may be owing.

The initial bill that had been submitted by Ministry of Health had some billing system errors. The bill included patients who were not eligible beneficiaries of the programme such as pregnant women, children under five years and those over sixty-five years who are already covered by other programmes under Ministry of Health.

The Ministry of Health was tasked to correctly quantify the health bill up to December 31, 2017 and submit to Treasury after the Ministry of Labour and Social Welfare has confirmed that it is a fair charge against public funds. The Ministry of Health is still in the process of compiling the figures and it is our hope that the matter would be resolved by June 30, 2018.

CHILD WELFARE FUND 2016

OBJECTIVE OF THE FUND

The purpose of the Fund shall be the development and promotion of the welfare and protection of children and young persons.

I have audited the financial statements for the Child Welfare Fund as at December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	18
Expenditure	990
Surplus/ (Deficit)	**($972)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	- 4 990
Current	5 741	751
Total	**$5 741**	**$5 741**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position and performance of the Child Welfare Fund as at December 31, 2016.

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

1 GOVERNANCE ISSUES

1.1 Advances to Parent Ministry

Finding

In my 2015 audit report I mentioned that the Fund was owed $5 355 back dated to 2011 by the parent Ministry in respect of payments to suppliers on procurement of goods and services, for the sustenance of Appropriation activities. There was no reimbursement of the borrowed funds during the period under review.

Risk/Implication

The Fund may fail to meet its objectives if the outstanding amount is not reimbursed to the Fund by the parent Ministry.

Recommendation

The parent Ministry should facilitate the reimbursement of the Funds borrowed from the Fund to enable it to implement its plans.

Management Response

It is acknowledged that an amount of $5 355 advanced to the Ministry by the Fund has been outstanding since 2011. This was due to inadequate funding from Treasury and will reimburse as soon as funding improves.

DISABLED PERSONS FUND 2016

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.

I have audited the financial statements for the Disabled Persons Fund as at December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	173 895
Expenditure	83 734
Surplus/ (Deficit)	**$9 061**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	- **372 366**
Current	410 456	38 090
Total	**$410 456**	**$410 456**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Disabled Persons Fund as at December 31, 2016 and its performance for the year then ended.

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

1 GOVERNANCE ISSUES

1.1 Internal Control Issues

In my 2014 and 2015 reports, I mentioned that the Fund had not yet recovered loans it advanced to beneficiary members. The Fund's total loan balance as at the end of 2016 was $59 319. The failure to recover the loans continued in 2016 but still the Fund did not institute the provisions of section 4 (d) of the Loan Agreement form 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. Furthermore, no allowance was created to recognise the potential loss that would arise as a result of irrecoverable loans.

Risk/Implication

Failure 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 form so that the outstanding loans are recovered.

Management Response

It is acknowledged that most of the loans that were outstanding as at the time of the audit have remained uncleared notwithstanding numerous reminders that have been sent to the debtors. Legal advice would be sought on how best the provisions of the contract can be implemented.

1.2 Advances to Parent Ministry

Finding

Section 3 (c) of the Fund's Constitution states that, monies in the Fund not immediately required for the purposes of the Fund shall be invested at the discretion of the Secretary in consultation with the Treasury. The Fund had a brought forward balance of advances to parent Ministry amounting to $250 622. During the year under review, a further $53 526 was issued bringing the total amount advanced to $304 148 as at December 31, 2016. This amount was still outstanding as at May 8, 2017.

Risk/Implication

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

Recommendations

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

Management Response

It is acknowledged that a total of $304 148 had been advanced to the parent Ministry as at December 31, 2016 and is still outstanding. The advance to parent Ministry arose out of a need to address certain Ministry commitments. The Fund loaned out the amount hoping that once the fiscal space improved, reimbursement will be made.

NATIONAL DROUGHT FUND 2016

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.

I have audited the National Drought Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	5 799 273
Expenditure	5 238 862
Surplus/ (Deficit)	**$560 411**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current	-	-
Accumulated Fund		581 634
Current	581 634	-
Total	**$581 634**	**$581 634**

Opinion

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 and performance of the National Drought Fund Account as at December 31, 2016.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Classification of financial transactions

Finding

Treasury Instruction 0706 states that Accounting officers shall, within the framework of these Instructions, issue detailed written instructions governing the conduct of financial business and the control of all public moneys and the property for which they are responsible. Such instructions shall include directions as to the operation of internal check systems.

However, the ten Provincial and District Drought Relief Offices visited, did not have an approved chart of accounts leading to inconsistences in the classification of transactions.

Risk/Implication

Without an approved chart of accounts there is no guidance on how financial transactions should be accounted for and this might result in misstatement of financial statements.

Recommendation

The Accounting officer should come up with an approved chart of accounts to give guidance on the classification of financial transactions.

Management Response

Following Head Office's visit to some Drought Relief Offices from mid-2016 to mid-2017, guidance was given as to the proper classification of financial transactions. This is to be effected as from January 2017 acquittals.

1.2 Disbursements to Provincial, District drought relief offices and Agencies

Findings

The National Drought Fund Accounting Procedures and Operational Guidelines provides that at the end of each month the District Drought Relief Account should be closed up and reconciled. Each District is required to furnish Ministry Head Office with a comprehensive acquittal of advance (disbursements) showing budget line items under which funds were expended. During the year under review, the Fund's Head Office disbursed $2 471 957 to 72 provincial and district drought relief offices and expended $2 098 397 towards traveling and subsistence allowances, vehicle hire, purchase of fuel, purchase of stationery, purchase of airtime, vehicle repairs and maintenance costs and other incidental costs in distribution of grain and rice. Such expenditures were accounted as Province monitoring expenses and not in the appropriate ledger account.

Furthermore, $1 646 041 classified as rental and hire expenses included $1 330 900 which was disbursed to the District Development Fund (DDF) and Zimbabwe National Army (ZNA) to facilitate deliveries for the Drought Relief Programme. **Table below refers**. The disbursed funds went towards traveling and subsistence allowances, purchase of fuel, purchase of stationery, purchase of airtime, vehicle repairs and maintenance costs incidental to distribution of grain and rice. Such expenditures were accounted as rental and hire expenses and not in the appropriate ledger account.

Name of Organisation	**Amount ($)**
District Development Fund	725 000
Zimbabwe National Army (Welfare Fund)	605 900
Total	**$1 330 900**

On the other hand, there were no acquittals showing how the $600 000 disbursed to Grain Marketing Board (GMB) was utilised.

Risks/Implications

The management and monitoring of resource requirements for the drought relief programme would be made difficult, if expenditure by provincial, district drought relief offices and agencies is not recognised under appropriate line items.

In the absence of acquittals from Grain Marketing Board (GMB), it would be difficult to verify whether the funds were utilised solely on the activities related to the Drought Relief Programme. Funds may have been utilised for non-Fund related activities thereby derailing meeting objectives of the Fund.

Recommendations

All expenditure by provincial, district drought relief offices and agencies should be recognised under appropriate line items when consolidating acquittals of advances (disbursements) to enhance accountability.

Furthermore, funds disbursed to stakeholders should be fully accounted for, in the form of acquittals and reports.

The Fund management should avail the acquittals of funds disbursed to Grain Marketing Board (GMB).

Management Response

The funds disbursed to Provincial and District Offices were purely for the monitoring and supervision of the programme to ensure that food went to the intended beneficiaries. However, it is acknowledged that Provincial and District Offices should have classified the expenses as Travelling and Subsistence, Stationery etc. The Fund's chart of accounts has now been aligned to the government chart of accounts.

DDF and ZNA submitted their acquittals and have been availed for audit inspection except GMB which has not yet been submitted to the Ministry.

Evaluation of Management Response

The Provincial, District Offices and agencies classified their respective expenditures as shown by their monthly acquittal returns, however these were not consolidated at Head Office level.

The Fund may require a chart of accounts which is Fund specific to its activities and alignment to the government chart of accounts may not be useful in its circumstances.

1.3 Maintenance of accounting records

Finding

A sample of ten Provincial and District Drought Relief Offices visited did not maintain full accounting records such as, general ledgers, debtors' ledgers and creditors' ledgers. This was contrary to Section 35(6)(a) of the Public Finance Management Act *[Chapter 22:19]*, which provides that every Accounting Officer of a Ministry shall keep or cause to be kept proper records of account.'

Risk/Implication

Without proper maintenance of books of accounts and reconciliations, financial records may not be complete and accurately disclosed. Also errors may go undetected and the financial statements' integrity would be compromised.

Recommendation

All Centres should maintain full accounting records such as the cashbook, general ledgers, debtors and creditors control ledgers.

Management Response

The audit finding is acknowledged.

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

1 GOVERNANCE

1.1 Administration of the Drought Relief Programme

Findings

A total of 155 metric tonnes of rice were distributed to the Midlands Province whilst Hurungwe District Drought Relief Office issued 202 metric tonnes of maize as donations. The rice and maize were meant to improve food security to the vulnerable groups in the country. However, there was no evidence availed for my examination in the form of acquittals to support that the rice and maize issued reached the intended beneficiaries.

Mt Darwin District Drought Relief Office issued 1 724 bags of rice to the under listed distribution centres. However, no acquittals were availed for my examination as evidence that the rice issued reached its intended beneficiaries. The table below refers:

Date	Issued from	Issued to	Quantity (50kg bag)
08/11/2016	GMB Bindura	Mt Darwin East	500
08/11/2016	GMB Bindura	Mt Darwin West	500
08/11/2016	GMB Bindura	Mt Darwin North	500
17/11/2016	GMB Mt Darwin	Karanda	224
Total			**1 724**

According to the Food Deficit Mitigation Strategy(FDMS) Grain Marketing Board (GMB) would provide grain storage facilities whilst District Drought Relief Offices are responsible for authorising the issuance of grain to ward distribution centres as well as record maintenance of quantities of grain received and issued including distribution schedules (acquittals) to beneficiaries. However, for the year under review, Hurungwe, Kariba, Mt Darwin and Guruve District Drought Relief Offices had no records of quantities of rice and maize received for distribution in their respective centres and also there were no reconciliations against stock on hand.

An examination of grain withdrawal slips revealed that Kariba District Drought Relief Office withdrew 2 625 metric tonnes of maize from Grain Marketing Board (GMB) for distribution to vulnerable members of the district for the year under review. Although there were distribution lists signed as acquittal, these could not be matched to the grain withdrawal slips. This was attributed to the absence of reconciliations between grain withdrawn and issued to beneficiaries. I was therefore not satisfied that all the grain withdrawn reached the intended beneficiaries.

Furthermore, according to Mashonaland Central Provincial Drought Relief Office records, Guruve and Mt Darwin District Drought Relief Offices received 181 and 400 metric tonnes of rice respectively. However, there were no records at Guruve and Mt Darwin District Drought Relief Offices to reconcile with quantities received from Mashonaland Central Provincial Drought Relief Office.

Risks/Implications

Without acquittals supporting issues, rice and maize may be misappropriated, thereby defeating the objective of the Drought Relief Programme.

In the absence of acquittals of 1 724 bags of rice issued to distribution centres it would be difficult to establish whether beneficiaries received their rice allocation.

Without records of quantities of rice and maize received and reconciliation of quantities received and issued and stock on hand, grain could be misappropriated, thereby depriving the intended beneficiaries.

Recommendations

All the rice and maize distributed should be supported by acquittals for accountability purposes and as evidence that beneficiaries received their grain allocations.

Furthermore, records of acquittals of the 155 metric tonnes of rice and 202 metric tonnes of maize issued should be obtained and availed for audit validation.

Also acquittals of 1 724 bags of rice for Mt Darwin Drought Relief Office issued to Mt Darwin West, Mt Darwin East, Mt Darwin North and Karanda Mission Hospital should be obtained and availed for audit validation.

Drought Relief Offices should maintain records of quantities of grain received and reconciliation of quantities received and issued and stock on hand to enhance accountability of grain.

Management Response

The audit finding is acknowledged. The issue of rice was a directive from head office that it should be issued to constituencies.

Acquittals and reconciliations for allocations will be put in place whenever such allocations are made. All correspondence for the allocations will be filed for accountability and in cases of any challenges in having the acquittals, Head Office will be notified so that the acquittals will be submitted to the office.

The observation is acknowledged. Guruve and Mt Darwin District Relief Offices had been relying on distribution registers signed by beneficiaries as proof of grain received and issued. However, the office will immediately start reconciliation of all grain received and issued since the beginning of the programme.

The observation is acknowledged. Due to the unavailability of a Grain Marketing Board (GMB) depot in Kariba District, the District Drought Relief Committee (DDRC) had to rely on other districts for grain withdrawals such as Hurungwe and Gokwe Districts. This made it difficult for the district to retrieve all records but however all the grain withdrawn reached the intended beneficiaries as highlighted in the distribution lists. However, there is need to improve on coordination and have full records for accountability purposes as recommended by audit.

Evaluation of Management Response

*The directive from Head Office was not produced for audit examination***.**

1.2 Grain management

Findings

My examination of the Masvingo Provincial Drought Relief Committee minutes dated June 28, 2016 indicated that a truck hired to ferry bags of maize in Mwenezi district was involved in an accident and 76 bags were contaminated with diesel. The Provincial Drought Relief committee resolved that the transporter and Councillor should reimburse the grain at $22.50 per bag in respect of the 76 bags lost by the end of July 2016. However, at the time of concluding the audit on December 19, 2017 no evidence of recovery had been done**.**

Furthermore, my examination of the Mt Darwin District Drought Relief correspondence file had a complaint letter dated October 18, 2016 written by the Kaitano ward 1 councillor, indicating that bags of maize weighing less than the stipulated 50 kilograms (kgs) were delivered in the ward on the 15th of October 2016. As a result of the bags weighing less than 50kgs the projected prejudice amounted to 207 bags.

Risks/Implications

Failure to recover the 76 bags of maize lost would deprive the intended beneficiaries of the grain.

Failure to conduct investigations timeously over the projected prejudice of 207 bags of maize would delay recovery and deprive the intended beneficiaries of the grain.

Recommendations

The Masvingo Provincial Drought Relief Office should make a follow up and have the transporter and the Councillor compensate the 76 bags lost as recommended by the Board of Inquiry.

Mt Darwin District Drought Relief Office Committee should carry out an enquiry over the projected prejudice of 207 bags and appraise me with results and action taken.

Management Response

We acknowledge the audit observation made, however the transporter and the Councilor were advised to compensate for the lost grain but they are citing lack of funds to do so. Efforts shall be intensified as per board of inquiry's recommendation to ensure that the transporter and the councilor make compensation.

It is true that there was a complaint of underweight bags of maize from GMB. The district team visited the centre to verify. We discovered that the bags were very old and of various sizes. GMB was informed about the matter and took corrective measures.

Evaluation of Management Response

It is appreciated that GMB took corrective measures over underweight bags, however management should make a determination on dealing with the projected prejudice of 207 bags of maize.

1.3 Grain transportation

Finding

The objective of National Drought 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. Furthermore, the National Drought Fund Accounting Procedures Manual, provides that funds availed to District Drought Relief Offices would cater for the District's budget items that includes transportation of grain from GMB to distribution centres. However, beneficiaries in Gutu ward 14 (Masvingo Province) and Mt Darwin District (Mashonaland Central province) were made to pay $5 per bag broken down as $3 for transport from Grain Marketing Board (GMB), $1 for guarding and $1 for offloading at the Ward Distribution Centre to receive their grain allocations. There was no documentation availed for my examination authorising such contributions from the beneficiaries.

Risks/Implications

The objective of the National Drought Fund of alleviating adverse effects of drought is defeated if beneficiaries are made to pay for transportation of grain to their Ward Distribution Centres.

If beneficiaries make contributions towards grain transportation without approval, this may result in funds being misappropriated as there would be no proper accountability of such funds.

Recommendations

Grain transportation costs should be borne by the District Drought Relief Centre and not by the beneficiaries.

The Ministry should explain the circumstances surrounding the transport contributions by beneficiaries including how the funds were accounted for as no receipts were issued.

Management Response

The audit observation is noted. The issue of $5 per bag transport payment by the beneficiaries of Drought Relief was reported in the Masvingo Provincial Drought Relief Committee (PDRC) meeting and the committee tasked the Department of Social Welfare to investigate the issue. During the next meeting of 5 July 2016, it was reported that investigations were made and nothing of that sort happened. It was reported that the transporter Mr. Zenda had collected a dollar per bag. At the same time, the ward councillor had collected money from the community to build a clinic and used the food aid programme as a way to induce compliance, since people would respond quickly to issues to do with food.

The PDRC also directed that guarding of maize grain should be done by Zimbabwe Republic Police (ZRP) and councilor was to desist from hiring own people to guard.

While the policy provides for administration funds to cater for movement of grain from GMB to ward Centres, the funds received were far from enough hence the idea to have beneficiaries chip in with transportation of grain. All districts were instructed to ensure that no transporter charged a fee beyond a dollar. The District Drought Relief committees selected transporters after getting quotations to make sure beneficiaries are not overcharged.

The audit finding is acknowledged, however the $1 charge was an instruction from our national office after thorough consultations. The administration funds which were being availed from Head Office were insufficient to transport the huge volumes of grain allocated to each district. Communities at ward level were therefore tasked to mobilize their own transport resources since government trucks were also inadequate. lt was at ward level where grain transportation fees were handled. Mashonaland Provincial Drought Relief Office only accounted for funds that came from Treasury through our Head office. We hope that sufficient funds and more government trucks will be availed in future so that no beneficiary pays.

We acknowledge the observation by the audit team. In Mt Darwin, due to the unavailability of enough administration funds, beneficiaries had to pay for transportation of grain. See attached circular from the Ministry of Rural Development and the Department of Social Welfare respectively. It is recommended that funds be availed for the transportation of the grain to the beneficiaries freely.

Evaluation of Management Response

The circular from the Ministry of Rural Development and the Department of Social Welfare was not availed for my examination to support the claim that beneficiaries had to pay for transportation of grain.

The Ministry should ensure that the money collected from the public has been accounted for by those who collected it.

1.4 District Drought Relief Committees

Finding

My inspection of the Chiredzi and Mwenezi Drought Relief Offices records revealed that there was no evidence in the form of minutes of meetings suggesting that the District Drought Relief Committee responsible for the administration of the Drought Relief programmes did hold meetings during year under review.

Risk/Implication

Non holding of meetings by the District Drought Relief Committee may cause poor planning resulting in unequitable distribution of resources thereby crippling the operations of the Drought Relief Programme.

Recommendation

The Accounting Officer should ensure that District Drought Relief Committee holds its meetings to enable the Drought Relief Programme deliver its mandate.

Management Response

The Observation has been noted. However, Chiredzi Drought Relief Committee meetings have been held for coordination purposes during the financial year under review. The minutes have been filed at the District Administrator's Office. Efforts have been made to retrieve the minutes and get them filed at the District Social Welfare Office as evidence.

The observation is noted. Mwenezi District Drought Relief Committee occasionally held meetings at Rutenga where a representative from our office was always sent to attend. Minutes of such meetings are kept at Agritex Office where there is no electricity at the moment. I managed to get those of January and February 2016. The rest of these minutes will be sent to you when the transmitter is repaired by ZESA.

1.5 Debt management

Findings

My examination of the Fund's records revealed that in 2015 the Fund's total advance to its parent Ministry totalled $21 022 in respect of payments to suppliers for procurement of goods and services, for the sustenance of Appropriation Account activities. During the year under review, an additional $374 171 was advanced to the Parent Ministry and $187 547 was re-imbursed in 2016 closing the account balance at $207 646 as at December 31, 2016.

Mashonaland Central Provincial Drought Relief Office used $1 500 meant for drought relief programme for the International day of the Older Persons commemorations held on November 11, 2016 at Mazowe Bridge Old People's Home in Rushinga District. At the time of concluding the audit on January 10, 2018 the $1 500 had not been reimbursed.

Risk/Implication

The Fund may fail to implement drought relief programmes if its financial resources are used to defray non-Fund related expenditure.

Recommendations

The financial resources for drought relief programmes 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 $1 500 meant for drought relief programme used to host International day of the Older Persons commemorations should be recovered.

Management Response

It is acknowledged that a total of $207 646 was owing as advances to the parent Ministry at the close of the year. In future, efforts shall be made to avoid making advances from this or any other Fund for the purpose of financing non-Fund related activities.

The audit observation is acknowledged. Mashonaland Central Provincial Drought Relief Office shall engage Head Office and have the funds reimbursed.

NATIONAL REHABILITATION CENTRES WELFARE FUND 2016

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, Lowdon Lodge and Beatrice.

I have audited the National Rehabilitation Centres Welfare Fund Account for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	103 484
Expenditure	96 330
Surplus/ (Deficit)	**$7 154**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current	17 790	-
Accumulated Fund		74 781
Current	59 094	2 103
Total	**$76 884**	**$76 884**

Opinion

In my opinion the financial statements present fairly, in all material respects, the financial position and performance of the National Rehabilitation Centres Welfare Fund for the year ended December 31, 2016.

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

1 REVENUE COLLECTION AND DEBT RECOVERY

1.1 Debt Management

Finding

Treasury Instruction 0501 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. Contrary to the above provision, there was no evidence to show that effective and appropriate steps such as reminders and follow-up letters were issued to recover all outstanding debts. At the time of concluding my audit on May 12, 2017, school fees amounting to $26 485 were still outstanding.

Furthermore, the Centre had $272 worth of debtors dating back to 2012 in respect of chickens sold on credit to government employees most of whom are still in service.

Risk/Implication

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

Recommendation

Management should issue reminders and follow-up letters to all debtors in order to boost working capital.

Management Response

The observation is acknowledged. In future reminders and follow up letters will be issued to all debtors.

The Centre had once completed TY30 forms in respect of employees with outstanding amounts. However, the forms were rejected by Salary Service Bureau (SSB) citing the need for the creation of an account that will link with Welfare Fund Account.

Assistance from Head Office will be sought in this regard to improve debt collection.

2 GOVERNANCE ISSUES

2.1 Advances to Parent Ministry

Finding

My examination of the Fund's records revealed that in 2015 the Fund's total advance to its parent Ministry totalled $17 602 in respect of payments to suppliers on procurement of goods and services. During the year under review, an additional $35 726 was advanced to the Parent Ministry and $27 744 was re-imbursed in 2016, closing the account balance at $25 584 as at December 31, 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 should be fully recovered.

Management Response

The observation is acknowledged. This arose due to the need to meet certain critical expenditures by the Ministry after Treasury failed to release funds that had been budgeted for that purpose. Budgetary releases have since improved and the Ministry shall desist from taking funds from statutory funds. All outstanding advances will have been cleared by the close of the financial year.

2.2 NSSA contributions

Finding

The Fund employed teachers on contract basis for National Rehabilitation Centre Ruwa High School who are contributing to National Social Security Authority (NSSA) from their monthly salaries. However, a total amount of $1 503 in NSSA contributions by teachers had not been remitted to the responsible authorities at the time of concluding my audit in May 2017 creating a liability to the Welfare.

Risk/Implication

Without remitting contributions to NSSA the respective employees may be denied access to benefits should the need arise.

Recommendation

All contributions should be remitted to NSSA.

Management Response

The finding is acknowledged. The National Rehabilitation Centre High School had not been formally registered with the appropriate Ministry. The school has now been registered with the Ministry of Primary and Secondary Education and arrangements are underway to formalise all school operations. The sum of $1 503 which had not been remitted to NSSA will be submitted by April 30, 2018.

3 ASSET MANAGEMENT

3.1 Depreciation policy

Finding

Paragraph 4(a) of the Accounting Officer's Instructions states that proper books of accounts shall be kept on commercial accounting basis. However, for the fifth year running, the Fund's non-current assets had not been depreciated. The Fund's management in their 2015 audit response highlighted that the depreciation policy would be in place by December 31, 2016. No explanation was given on why the policy was not in place at the time of audit on May 24, 2017.

Risk/Implication

Non-current assets, profit for the year and accumulated fund will be overstated by the depreciation value of the assets thereby distorting the financial statements.

Recommendation

Management should come up with a depreciation policy and have non-current assets properly disclosed.

Management Response

It is acknowledged that the Fund has up to now not been able to come up with a depreciation policy. This delay has been occasioned by delays in finalisation of the Ministry's accounting procedure manual which has been submitted to Treasury for approval. It is our sincere belief that since the new Treasury Instructions and PFMS regulations are now out, no further delays will be experienced in getting the Accounting Officer manual approved.

Accordingly, we believe that this policy will be in place before commencement of the second half of 2018.

OLDER PERSONS FUND 2016

OBJECTIVES 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.

I have audited the financial statements of the Older Persons Fund as at December 31, 2016. Below is a summary of statement of comprehensive income and financial statement position for the year:

Statement of Comprehensive Income

Item	**$**
Income	6
Expenditure	13 413
Surplus/ (Deficit)	**($13 407)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	 44 004
Current	54 429	10 385
Total	**$54 429**	**$54 429**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position and performance of the Older Persons Fund as at December 31, 2016.

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

1 GOVERNANCE ISSUES

1.1 Advances to Parent Ministry

Finding

My examination of the Fund’s records revealed that in 2015 the Fund made advances to its parent Ministry of $49 643, an amount that had not been reimbursed to the Fund by the end of 2015. During the year under review, a further $4 673 was advanced to the parent Ministry and by December 31, 2016 only $650 had been reimbursed. The outstanding advance as at December 31, 2016 was $53 666.

Risk / Implication

The Fund's objectives may not be fully achieved if funds generated are used to finance services which are not in line with the provisions of the Older Persons Act.

Recommendations

The Fund should ensure that its financial resources are expended only on activities stipulated in the Older Persons Act.

The Fund should recover all outstanding advances and channel them towards assisting the Older Persons.

Management Response

It is acknowledged that the Ministry was advanced the sum of $53 666 from Older Persons Fund as stated in the finding. Due to limited fiscal space, the Ministry has been receiving very erratic releases from the Treasury making it very difficult to deliver on most of its programmes. In some instances, budgets have been released but the cash would not come, necessitating reversals of the transactions.

In an effort to ensure that the Ministry continues running advances were of necessity made from the Statutory Funds to Finance commitments that could not be deferred.

It is our sincere hope that Treasury will avail the requisite funding to allow reimbursements of the outstanding advances.

PUBLIC SERVICE TRAINING CENTRES AMENITIES FUND 2016

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.

I have audited the Public Service Training Centres Amenities Fund Account as at December 31, 2016. Below is a summary of statement of comprehensive income and financial statement position for the year:

Statement of Comprehensive Income

Item	$
Income	997 604
Expenditure	830 169
Surplus/ (Deficit)	**$167 435**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	-	- 895 259
Current	978 416	83 157
Total	**$978 416**	**$978 416**

Opinion

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 and performance of the Public Service Training Centres Amenities Fund Account as at December 31, 2016.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Expenditure control

Finding

Section 3.2 of the Fund's Accounting Policies and Procedures Manual states that, the funds of the Public Services Training Centres Amenities Fund shall only be used for expenditure related to the activities and administration of the Fund. Contrary to the above provision, the Fund incurred expenditure amounting to $79 968 on non-fund related expenditure activities such as payment of travelling and subsistence allowances, purchase of vehicles and buying fuel for Head Office staff. Also, the Fund's resources were used to settle Head Office bills in respect of NetOne, Telone and Econet Wireless during the year under review. The continued use of money on non-fund related expenditure deprives the centres of resources needed for maintenance and meeting running costs.

Risk/Implication

The Fund may not be able to achieve its objectives if its financial resources are used to defray non-Fund related expenditure.

Recommendation

The Fund's financial resources should be used to cater for activities that are in line with the furtherance and achievement of the objectives of the Fund.

Management Response

The observation is acknowledged. The audit recommendations will be implemented. The Fund will ensure that all non-fund related expenditure will be classified as borrowings in future.

1.2 Failure to Capitalise Non-Current Assets

Finding

Non-current assets acquired in 2016 valued at $88 241 were written off during the year under review. This was contrary to paragraph 4.7 and 14.8 of the Fund's Accounting Policies and Procedures Manual which states that fixed assets are to be capitalized at the time of purchase. The assets are to be depreciated using the straight line method and should be based on the life span of the asset. However, there was no documentation provided to justify the change of policy. Failure to capitalise non-current assets and disclosure of depreciation in the financial statements resulted in misstatement of financial statements.

Risks/Implications

Expensing of assets in the income statement may seriously expose them to pilferage.

Changes in Accounting Policies and Procedures Manual that are not supported and approved may result in inconsistencies in accounting for non-current assets.

Recommendation

The Fund's management should ensure that fixed assets are capitalized at the time of purchase as provided in the Accounting Policies and Procedures Manual. If there were approved changes made in depreciation policies, they should be adequately documented and fully disclosed in the financial statements as notes to the accounts.

Management Response

The observation is acknowledged. Going forward we will capitalise the assets in the current year as per your recommendations.

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

1 GOVERNANCE ISSUES

1.1 Advances to Parent Ministry

Finding

My examination of the Fund's records revealed that in 2015 the Fund's total advance to its parent Ministry totalled \$333 044 in respect of payments to suppliers of goods and services for the sustenance of Appropriation activities. In 2016, an additional \$191 095 was advanced to the parent Ministry against \$65 026 reimbursed the same year resulting in a closing account balance of \$459 113 as at December 31, 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 should be fully recovered.

Management Response

The observation is acknowledged. It is important to note that excess of income over expenditure from the Amenities Fund is supposed to be channelled into the Manpower Planning Department and contribution to the fiscus as per the Blue Book. However, use of these Funds for Head office expenditure is to be expected in some cases.

1.2 Temporary Deposit Account

Findings

Treasury Instruction 1804 provides that at least once in each financial year all Temporary Deposits must be reviewed and any which have been on hand and unclaimed for a period in excess of six months shall, unless the Accounting Officer, Receiver of revenue or other responsible officer appointed for the purpose decides otherwise, be paid into revenue -

"Unclaimed and confiscated money or property." Contrary to the above mentioned instruction, the Fund's management did not review the temporary deposits as required. As a result, $14 687 which relates to deposits on hand and not claimed from 2009 to 2015 was not paid into revenue.

Treasury Instruction 1802 provides that financial records in respect of temporary deposit accounts shall be maintained in accordance with instructions issued by the Accounting Officer or receiver of revenue. However, no instructions by the Accounting Officer were availed for my examination on how the temporary deposits for Public Sector Investment Programme for Senga (PSIP Senga) were to be maintained.

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. On November 28, 2016 the Fund received $60 000 from the Ministry's Sub Paymaster General Account for Senga Public Sector Investment Programme and credited it into the temporary deposit account. At the time of the audit in May 2017 $24 016 was still to be cleared.

Furthermore, $8 157 of the $60 000 was used to defray non-programme related expenditure.

Risks/Implications

Failure to pay unclaimed deposits in excess of six months into revenue account and disclosing it in the Fund's Account may result in misstatement of financial statements.

The Programme may not meet its objectives if its financial resources are used to defray non-programme related expenditure.

Recommendations

The Fund's management should ensure that all deposits on hand and unclaimed for a period in excess of six months are paid into revenue in accordance with Treasury Instruction 1804.

The Senga PSIP's financial resources should be used to cater for activities that are in line with the furtherance and achieving the objectives of the programme.

Management Response

Your first observation is acknowledged. The Accounting Officer's authority will be sought to clear $14 687 in the current year which relates to deposits not claimed.

The observation is acknowledged. The instructions used were the same since the expenditure was incurred using the Fund.

The balance at the date of audit was $6 791 and this will be paid to the vendor after commissioning Senga Kitchen.

The Ministry in future will not use Funds for programme to finance non-programme related expenditure.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Management of Debtors

Finding

Section 3 paragraph 16.2 of the Fund's Accounting Policies and Procedures Manual provides that all invoices should be paid on sight. If for any reason the monies are not paid by the end of the month, the Principal shall take steps to recover such debts in terms of the Treasury Instruction 0501 which requires Officers responsible for collecting debts to 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**.** As at December 31, 2016, a total of $459 113 was outstanding and of this amount, $32 893 had been outstanding for more than five years.

Risk/Implication

Delays in recovering outstanding debts may result in the outstanding amounts being irrecoverable. This also deprives the Fund of the much needed financial resources.

Recommendation

Management should recover all outstanding debts.

Where debts have become bad, appropriate procedures have to be followed as outlined by Section 3 paragraph 16.7 of the Fund's Manual which provides that in the event that debts have to be written off, all applications for write offs of bad and doubtful debts should be referred to the Accounting Officer through the Management Committee for his approval. Justifications for write off should be provided.

Management Response

The observation is acknowledged. The audit recommendation will be implemented. The Principals will be advised to minimise providing services on credit and ensure that all overdue debts will be followed up. The Fund will ensure that all overdue debts will be handed over to legal department for recovery.

An amount of $32 893 for debtors which was opening figure in the books of accounts was not supported by any schedule of debtors. To this end all outstanding debtors are accounted for in the books of accounts. The Fund will seek approval to expense the figure as it is no longer supported by a list of debtors.

Evaluation of Management Response

The Accounting Officer is required to establish the sources of such debts and put in place mechanisms to recover same as appropriate.

PUBLIC SERVICE TRAINING LOAN FUND 2016

OBJECTIVES OF THE FUND

The purpose of the Fund is to provide loans at interest rates up to a maximum determined from time to time by the Secretary for Public Service, Labour and Social Welfare with the approval of the Ministry of Finance, to enable civil servants and officers of Parliament to obtain such qualifications as may be prescribed by the Public Service Commission; or to grant loans for the purchase of text books and tuition equipment necessary for attendance at College/Institute or any other Training School for technical, managerial and professional for which it is an integral part of a State Training Scheme.

I have audited the financial statements for the Public Service Training Loan Fund as at December 31, 2016. Below is a summary of statement of comprehensive income and statement financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	47 537
Expenditure	28 440
Surplus/ (Deficit)	**$19 097**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	- 672 114
Current	674 271	2 157
Total	**$674 271**	**$674 271**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position and performance of the Training Loan Fund as at December 31, 2016.

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

1 GOVERNANCE ISSUES

1.1 Management of Trade Receivables

Findings

For the Fourth year in succession, the trade Receivables Account was characterised by anomalies that included over recoveries and non-recoveries of loans. As at December 31, 2016, over recoveries amounted to $2 213 and non-recoveries amounted to $45 468. This was attributable to failure to carry out regular reconciliations on individual receivables accounts and lack of supervisory checks by management.

Treasury Instruction 0501 requires Officers responsible for collecting debts to 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 Fund has not been effective in recovering loans. As at December 31, 2016, the Fund had long outstanding and non-performing loans amounting to $45 468.

Risks/Implications

Delays and failure by management to institute effective recovery measures on receivables might result in the Fund failing to meet its objectives as the outstanding debts end up being irrecoverable.

Recommendations

The Fund should carry out reconciliations of individual debtors' ledgers and make adjustments as necessary.

Management should make efforts to recover all outstanding debts are made and where debts have become irrecoverable the appropriate procedures have to be followed.

Management Response

The observation is acknowledged. The fund owed $2 157 disclosed in the Financial Statements under liabilities for over recovery. The list of payables was attached on the Financial Statements as Note 1. The fund was unable to get banking details to refund the creditors as contact numbers indicated on the application forms were not reachable.

The Fund has written letters of demand for those trade receivables not paying. The Fund will try by all means possible to recover all the advances made to customers.

1.2 Advance to Parent Ministry

Finding

My examination of the Fund's records revealed that the Fund made an advance during the year to its parent Ministry of $99 049 in respect of payments to suppliers on procurement of goods and services for the sustenance of Appropriation activities. The Fund had not been reimbursed the borrowed amount as at the end of my audit on May 12, 2017.

Risk/Implication

The objectives of the Fund may not be fully met if its resources are used to fund activities outside its mandate. This would also expose the public funds to misuse.

Recommendation

The Accounting Officer, as the responsible authority, should ensure that the amount involved is refunded to the Training Loan Fund and desist from lending funds to the parent Ministry.

Management Response

The observation is acknowledged. The Ministry borrowed the funds to pay for commitments made to various learning institutions to staff members who were approved on educational assistance in 2015. The Ministry had a balance of $115 654 in 2015, during the year a reimbursement of $16 605 was made leaving a balance of $99 049 which will be reimbursed in phases when the Ministry gets releases for operations.

VOTE 4. - DEFENCE

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Defence for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$340 522 000	$56 575 406	**$397 097 406**	$384 012 815	**$13 084 591**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Defence as at December 31, 2017.

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

1 GOVERNANCE ISSUES

1.1 Unallocated Reserves

Finding

There was a variance of $60 451 168 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and the one disclosed in Treasury records. According to the schedule from Treasury that was received after the audit had been concluded, the Ministry was supposed to have received $117 026 574, however as at May 10, 2018 the Ministry confirmed having received $56 575 406 through the PFMS, and the difference of $60 451 168 had not been uploaded on the PFMS to enable the Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Risk/Implication

The Appropriation Account may be misstated.

Recommendation

The Ministry should liaise with Treasury and provide all the necessary documentation for Unallocated Reserves and related expenditure.

Management Response

The observation is noted. Unallocated Reserves concerned relate to direct payments made by Treasury to service providers. The communication was received well after the accounts had been submitted. Ministry of Finance was engaged on the possibility of releasing the budget into PFMS for expenditure to be introduced. However, the Ministry said it had not yet finalized the issue of releasing the additional budget.

1.2 Non-Submission of Returns

Finding

The Ministry did not submit the under listed returns for audit. As a result, I could not evaluate the performance of the Ministry in terms of revenue collection and debt recovery.

- Receipt and Disbursements
- Revenue Received
- Outstanding Revenue
- Statement of Public Financial Assets

Risks/ Implications

Failure to submit returns may compromise the accountability of the Ministry as the public financial resources may not be fully disclosed.

In the absence of revenue statements, it is difficult to assess whether revenue collected or outstanding was properly accounted for.

Recommendation

The Ministry should submit all the returns so as to enhance accountability and reliability of the financial information produced and management of public resources.

Management Response

The Ministry was in the process of consolidating data received from the formations. The returns were to be submitted by end of day (May 10, 2018).

Evaluation of Management Response

Statutory guidelines should be observed as the returns were already two months late and the returns were not submitted as promised by the end of audit on May 10, 2018.

2 MANAGEMENT OF ASSETS

2.1 Donations

Findings

The Ministry received various donations in the form of a bus, computers, television sets, refrigerators, radio, printers, chairs and decoders. However, these donations were not recorded in the asset register as per the requirements of Treasury Instruction 2012 which states that all gifts should be entered into the asset register immediately upon acceptance.

Furthermore, the donations return submitted for audit had a nil balance and did not disclose the donations.

Risk/Implication

Donated assets may be lost or converted to personal use without detection if they are not recorded in the Ministry's asset register or disclosed in the donations return.

Recommendations

The donated assets should be included in the Ministry asset register for accountability purposes.

The Ministry should also ensure that all relevant information is disclosed so as to enhance the usefulness of financial information.

Management Response

The observation is acknowledged. The Ministry undertakes to address the anomaly.

VOTE 5. - FINANCE AND ECONOMIC DEVELOPMENT

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Finance and Economic Development for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	**Unallocated Reserve Transfers**	**Total Allocated**	**Expenditure**	**Net Under/(Over) spending**
$206 374 000	Transfers in $6 381 290 Transfers out ($3 019 137 531)	**($2 806 382 241)**	$150 277 082	**($2 956 659 323)**
Constitutional and Statutory Appropriation				
$1 089 000 000	_	**$1 089 000 000**	$1 061 415 762	**$27 584 238**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Finance and Economic Development as at December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Unallocated Reserves

Finding

The initial budget for Unallocated Reserves (URs) was $31 520 000. They were increased to $3 019 137 531 through issuance of Treasury Bills and the URs were being disbursed to line Ministries. However, as at May 10, 2018 line Ministries had confirmed receipt of disbursements from Unallocated Reserves amounting to $637 010 651 giving a variance of $2 382 126 880. At the time of finalizing my audit, the URs had not been uploaded on the Public Finance Management System. According to Section 305 (5) of the Constitution of Zimbabwe, an additional or supplementary estimate should have been made.

There was a variance of $39 443 813 between the Unallocated Reserve transfers disclosed in the Ministry's Appropriation account and the balance reported by Treasury. The schedule from the Treasury disclosed Unallocated Reserves for the Ministry as $45 825 103. However, the Public Finance Management System (PFMS) reflected a figure of $6 381 290 as at May 10, 2018 when I concluded my audit. As a result of the above anomalies, I was unable to validate the expenditure funded from Unallocated Reserves as it was not reflected in the system and the supporting documents were not available *(Annexure N refers).*

Risk/Implication

The Appropriation account may be materially misstated.

Recommendations

Supplementary estimates should be presented to the National Assembly when additional resources are required.

Treasury should ensure that all transfers from Unallocated Reserve are communicated to line Ministries and uploaded in the system timeously. The supporting documentation to all transactions should be properly filed and availed for audit validation.

Management Response

The Ministry was still to respond.

1.2 Service and repayment of Public Debt

Finding

The Constitutional and Statutory Appropriation account disclosed an amount of $1 061 415 762 as total expenditure for the year under review for servicing and repayment of the Public Debt. However, the Public Finance Management System had a balance of $835 530 278, the Debt Management and Financial Analysis System had a figure of $470 552 840. Treasury made the payments on the strength of Reserve Bank of Zimbabwe (RBZ) debt payment schedule. This resulted in varying figures in respect of settlement of government loan debts during the year. No reconciliations were carried out to show the correct expenditure figure.

Risk/Implication

The repayment of public debt balances may be materially misstated.

Recommendations

Treasury should consider integrating the DMFAS and the SAP systems so that they interface in order to gain maximum benefit and efficient use of the two systems. In the meantime, Treasury should consider maintaining independent records for the public debt repayments.

The public debt balances from the DMFAS, SAP system and from Treasury should be reconciled on a monthly basis.

Management Response

The observation is noted and acknowledged. The differences in the Constitutional and Statutory Appropriation Account of $1 061 175 193 as total expenditure for the year under review for servicing and repayment of the Public Debt against payments made by Treasury were due to non-updating of these transactions into the PFMS system.

These transactions have now been updated and inputted into the PFMS. A total of $800 000 000 has been transacted into the system and exercise is still ongoing. Reconciliations have now been done with the Debt Management and Financial Analysis System.

Treasury is in the process of integrating the DMFAS and the SAP System with a view to allow for reconciliation purposes. Currently, the team working on this integration starting by carrying out a scoping exercise for this process.

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

1 PROCUREMENT OF GOODS AND SERVICES

1.1 Outstanding Payments Due to Creditors

Finding

Assets and liabilities from a demerged Ministry were transferred to Treasury. I noted that the Ministry of Finance and Economic Development was still to pay debts amounting to $1 723 776 owed to various service providers for goods and services. Treasury Instruction 0913 requires Accounting Officers to ensure that all claims payable through their offices are made within a reasonable time in order to prevent arrear claims long after the services have been rendered. Other payments made amounting to $582 346 had no supporting invoices and were processed on the basis of an acknowledgement of debt certificate. It was noted that the Ministry does not have documented guidelines or procedures to be followed when a ministry is wound up, demerged or merged to ensure proper accountability for the assets and liabilities.

Risks/ Implications

If there are no Accounting guidelines on demerger and merger of Ministries assets may not be properly accounted for and liabilities may be difficult to substantiate or validate.

Unsupported payments and delayed settlement of bills may result in duplicate and or fraudulent payments.

Recommendations

The Ministry of Finance and Economic Development should issue guidelines and procedures to be followed when ministries are wound up, demerged or merged.

All payments should be supported by adequate documentation and should be processed as soon as goods and services have been received.

Management Response

The Treasury Instructions give guidance on procedures to be followed by Accounting Officers when clearing outstanding arrears. However, it has been noted that there is need to come up with regulations for guidance when ministries are merged or demerged. Currently, Treasury issues out circulars and letters when such merging and demerging takes place. These communications will be giving guidance on the handing over arrangements to be followed whenever such exercises and changes take place.

2 GOVERNANCE ISSUES

2.1 Expenditure incurred by Statutory Funds on behalf of Parent Ministries

Finding

The budget estimates for the year ending December 31, 2017 indicated that $717 414 990 from Statutory Funds could be used to augment resources for the parent Ministries. However, the Ministry did not issue guidelines on how the expenditure and assets acquired on behalf of the parent Ministries were to be disclosed and accounted for. Section 9 (3) of the Public Finance Management Act [*Chapter 22:19*] requires that instructions of a specific or general nature be given to Accounting Officers on the management of public resources.

Risk/Implication

Accountability of public funds may be compromised in the absence of guidelines for related party transactions.

Recommendation

The Ministry should issue accounting guidelines and procedures on inter- related party transactions.

Management Response

The administration of finances within statutory funds is governed by provisions of Acts in terms of which they were set-up. These Acts clearly spell out that prior Treasury approval should be sought before expenditure which is not for the purposes of the fund are met on behalf of parent Ministries.

3 ASSET MANAGEMENT

3.1 Donations

Findings

The Ministry received from the African Development Bank a donation of 1 200 computers worth $1 110 000. The computers were distributed to government departments country wide.

Most issue and receipt vouchers were not signed by officials who received the donations. In the absence of signed and stamped issue/ receipt vouchers, I could not ascertain whether all the computer equipment reached the intended beneficiaries. This was contrary to provisions of Section 4.5 of the Accounting Procedures' Manual which requires that movement of assets in government be documented through signed issue and receipt vouchers for accountability.

The criteria used for the distribution of computers was not disclosed to enable me to evaluate whether the distribution was need driven.

Risks/Implications

In the absence of signed copies of receipt/ issue vouchers, the computers may not have been properly accounted for.

Computers may have been distributed to undeserving officers in the absence of a criteria for distribution.

Recommendation

Officers who received donated computers should be asked to confirm receipt.

Management Response

The African Development Bank donated computers to the government of Zimbabwe in 2016 financial year and the computers were distributed to various Ministries in various provinces.

The computers were signed for in the Ministry issue voucher books. The voucher books are readily available for inspection in the Ministry's Administration Department. I have attached a few signed vouchers, as evidence that the vouchers were signed by the recipients. This is for your ease of reference.

The receiving Officers also provided their phone numbers and ID numbers for follow ups that may be necessary.

The Ministry of ICT, in consultation with the Accountant General are responsible for coming up with a criteria of distribution taking into account, needs of Ministries, and net worked areas that deserve to be given computers.

The Ministry of Finance, Administration department is only responsible for distribution and accounting for the distributed assets.

Evaluation of Management Response

At the time of audit, there were issues that had no evidence of being signed for and confirmations by final recipients were also not availed.

4 RECONCILIATIONS

4.1 Open Items in Public Financial Management System

Finding

Open items represent committed funds through issue of purchase requisitions and purchase orders pending receipt of goods and services. At the end if goods have not been delivered, they should be reversed to release funds and avoid overstating the expenditure. The Ministry's PFMS cashbook had open items amounting to $113 716 424 which had not been cleared at the time of completing the audit. Furthermore, purchase orders with a value of $13 920 were not reversed in the PFMS system with some balances dating as far back as 2010. This was an indication that open items had not been review and reversed.

Risks/Implications

Expenditure may be overstated or misstated materially if open items are not reversed.

Open items may be used to commit fraud.

Recommendation

Open items should be reversed in the system before the end of the financial year in order to ensure that expenditure is not overstated.

Management Responses

The Ministry has cleared open items on ZIMRA amounting to $57 113 000. Meanwhile, the Accountant General is working on introducing the corresponding entries of Treasury bills onto the Public Financial Management system and this will further reduce the cash book balance by $58 707 797. There are also entries on SAP payments. The Finance department is working with the Accountant General to clear the amounts. The exercise should be completed by Friday, 1 June, 2018.

PUBLIC FINANCE MANAGEMENT SYSTEM 2017

BACKGROUND INFORMATION

The Public Finance Management System (PFMS) is an Enterprise Resource Planning (ERP) system which processes financial transactions and produces reports for all ministries. It was implemented in 1999.

The following modules have been implemented:

a) Financial Accounting (FI) – for external reporting
b) Materials Management (MM)- for procurement
c) Sales and Distribution (SD) – for receipting
d) Customer Relationship Management (CRM) – for managing online services.

OBJECTIVE OF THE PUBLIC FINANCE MANAGEMENT SYSTEM

The objective of the PFMS is to process the financial transactions, produce reports and financial statements for all ministries and government departments.

I conducted an audit to determine the effectiveness of general information technology controls for the PFMS. The audit also aimed at ascertaining the implementation and operating effectiveness of Application Controls.

I have audited the General and Application Controls of the Public Finance Management System for the period ended December 31, 2017.

Below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Posting Financial Transactions to Closed Financial Years

Finding

At the time of audit, I observed that some Ministries were still posting figures to closed financial period in the PFMS contrary the standard thirteenth (13^{th}) period**.** All six ministries examined were still posting expenditure at the time of my audit, three (3) months after the end of the financial year.

Risk/Implication

The expenditure reported in the Appropriation Accounts may be misstated if transactions continue to be posted after financial statements have been prepared and audited.

Recommendation

The thirteenth (13^{th}) period needs to be fixed to one calendar month after the end of the financial year to avoid processing of expenditure after financial statements have been prepared and audited.

Management Response

A procedure to address this issue is under discussion and will be availed by end of this second quarter.

1.2 Master Data Maintenance

Finding

Vendor master data contains information of a permanent nature about the vendor organisations one is dealing with. It includes information such as vendor name, address and bank account.

Segregation of duties was not duly effected in the maintenance of vendor master data. I observed that thirty-three (33) users could create new vendors as well as delete vendors from the vendor master data file. Ideally these functions should be segregated.

Risks/Implications

The integrity of vendor master data may be compromised if access to create vendors is not restricted.

Fictitious vendors may be created and deleted for fraudulent transactions if adequate segregation of duties is not effected between the creation and deletion of vendors.

Recommendations

Vendor master data creation should be limited to personnel from the business function.

Users assigned with the rights to create new vendors should be separate from those who can delete vendors from vendor master records to effect segregation of duties.

Management Response

Noted. Will investigate and rectify by the week ending April 27, 2018. Compensating controls of verifying the activities done by the officers will be done.

1.3 Goods-Receipt/Invoice-Receipt Clearing Account

Finding

The Goods Receipt/ Invoice Receipt (GR/IR) is a clearing account for goods received and invoices received. Ideally the account should have a zero balance.

There was no documented policy and procedure in place to ensure an effective and timely resolution of outstanding items in the GR/IR account. An extraction of the GR/IR Account revealed that several amounts had not been cleared.

Risk/Implication

Fraud and errors in procurement may not be timely discovered and resolved if policies and procedures for maintaining the GR/IR Account are not in place and implemented.

Recommendation

The Ministry should develop and implement policies and procedures to facilitate timeous resolution of outstanding items in the GR/IR Account.

Management Response

A Policy Document will be in place by the end of third quarter of 2018 and we will make sure that Ministries adhere to standing regulations.

2 ASSET ACCOUNTING CYCLE

2.1 Master Data Maintenance

Finding

Asset master record includes details such as asset descriptions, asset class and asset number ranges. In Ministries, asset maintenance is ordinarily done by the Administration Departments.

I noted that some users who could maintain master asset records were not from the Administration department but belonged to departments such as Accounting and Audit.

Risk/Implication

Unauthorised changes may be made to master asset records if access to master asset records is not adequately controlled thereby impacting integrity of records.

Recommendation

Access to asset master data should be restricted to Administration Department Staff in line with job descriptions.

Management Response

Controls on Asset Master Data Maintenance will be addressed by the User Access Matrix.

2.2 Register of Assets

Finding

The register for assets maintained in the Public Finance Management System could not be displayed at the time of audit because year-end procedures which enable registers to be viewed had not been done. I could therefore not satisfy myself whether all assets for Ministries had been accounted for in the system. As a result, the scope of my audit was limited.

Risks/Implications

Assets might go missing without trace if registers in the Public Finance Management System are not available for audit.

Completeness and accuracy of registers may not be determined if registers cannot be displayed in the system.

Recommendation

There is need to perform year-end procedures that enable the register to be displayed in the system.

Management Response

Classroom training is provided to Ministries and Departments' system users especially the Administration Officers on how they create assets at the point of raising the requisition. Re-training would be the immediate solution to avert the wrong processes being followed.

FINANCE STATEMENTS

STATEMENT OF PUBLIC DEBT 2016

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.

I have audited the Statement of Public Debt for the Ministry of Finance and Economic Development for the year ended December 31, 2016. Below is a summary of what was borrowed and repaid during the year.

Details	External Borrowings ($)	Domestic Borrowings ($)	Total ($)
Balance as at Jan 01, 2016	6 934 075 607	1 173 287 798	8 107 363 405
Borrowings	165 634 406	1 697 985 036	1 863 619 442
Adjustments	194 976 711	(143 111)	194 833 600
Total	**7 294 686 724**	**2 871 129 723**	**10 165 816 447**
Repayments	(149 603 104)	(738 491 554)	(888 094 658)
Balance at Dec 31, 2016	**$7 145 083 620**	**$2 132 638 169**	**$9 277 721 789**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Statement of Public Debt presents fairly, in all material respects the financial position and performance of Public Debt as at December 31, 2016.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Treasury Bill/Bond Issuances

Findings

An examination of the Treasury bills/bonds issuance register revealed that Treasury bills/bonds with a total value of $679 701 741 were not serialized and had no issuance note numbers, tenure and coupon rates as per good internal control practice. Request to raise funds for payment of Government creditors and programmes through issuance of Treasury bills/bonds originated from two different offices. One office serialised and numbered issuance instructions while the other office did not, leaving some of the records incomplete. There was no coordination between the two offices.

Further, Treasury bills/bond issuances as per the RBZ Issuance Account for the year 2016 amounted to $356 316 100. However, issuances posted in the PFMS General Ledger were $337 516 100. The resultant variance of $18 800 000 was not reconciled.

Treasury bills/bonds issuances for 2016 as per the Statement of Public Debt (SPD) were $1 827 619 442 while the RBZ Treasury Bills and Government Stock Issuances report had $1 818 150 725 giving a variance of $9 468 717. The Back Office Issuance register had a balance of $1 171 973 808. A reconciliation was not performed.

The Statement of Public Debt disclosed Treasury bonds totaling $17 579 552 for two creditors resulting in over issuances by $5 675 597.

Risks/Implications

It may be difficult to detect missing or unrecorded Treasury bills/bonds issuances where issuance notes are not numbered and/or serialised.

The 2016 Treasury bills and bond issuances may be misstated.

Recommendations

All Treasury bills/bonds issuances should be numbered and serialised.

Treasury bills/bonds issuance records from different offices should be reconciled to ensure that they are complete and accurate.

Management Response

There is a technical committee comprising of Public Debt Management Office (PDMO), Financial and Capital Markets, Accountant General and Reserve Bank of Zimbabwe in place. The committee ensures that Treasury bills/bonds issued are matched with the instructions given.

Going forward, serial numbers will be appended by the PDMO on the Minister's letter head and will be used by both offices. RBZ will also adopt the serial numbers on their issuance confirmations.

Reconciliations are still in progress, so far the office has identified Treasury Bills amounting to $7 468 717 which are in the PDS and not on the issuance report.

1.2 Variances on Debt Service Amounts

Finding

The principal and interest payments reflected on the Treasury payment Schedule, Statement of Public Debt (SPD) and Public Finance Management System (PFMS) reports as at December 31, 2016 were different. The Treasury payment Schedule had $1 002 218 524, the SPD had $919 115 459 while the PFMS report had $899 848 828. The balances were not reconciled. The three sources should have the same information on debt service amounts and where differences existed they should have been reconciled. The table below shows the different balances.

Debt Repayments As At December 31, 2016

	PFMS Repayments $	**Payment Schedule $**	**Statement of Public Debt $**
Foreign debt Principal repayment	26 509 788	47 080 592	149 603 104
Foreign debt Interest paid	770 501	24 256 242	31 020 801
Borrowing Costs	98 139	413 937	-
Domestic debt Principal repayment	758 591 206	756 090 826	738 491 554
Domestic debt Interest paid	113 879 193	100 755 287	64 155 214
Total	**$899 848 827**	**$1 002 218 524**	**$919 115 459**

Risk/Implication

It will be difficult to detect correct amounts if reconciliations are not performed regularly.

Recommendation

Monthly reconciliations should be carried out.

Management Response

The Public Debt Management Office noted variances between Accountant General Payment Schedule and SPD as follows:

An amount of $149 593 104 on the PDS included $109 076 250 paid to International Monetary Fund (IMF) on Special Drawing Rights (SDRs) to extinguish IMF debt through RBZ and this was not included in the Accountant General's schedule.

Capital for African Development Bank included in the schedule from the Accountant General's office were for subscriptions paid to International Financial Institutions (IFIs) which are not debt and were not supposed to be included in the PDS. Token payments to European Investment Bank (EIB) included in the schedule of payments from the Accountant General's office were disclosed as notes in the PDS. Currently, the creditors are not allocating these token payments to any loan.

The Accountant General will provide a reconciliation of the PFMS balance and the Debt Payment Schedule.

Evaluation of Management Response

No documentary evidence was provided to support the response given.

1.3 Agricultural Marketing Authority (AMA) bills

Findings

On June 24, 2016 an amount of $54 581 949 was paid in settlement of principal and interest due on the Agriculture Marketing Authority (AMA) bills. However, these Treasury bills were not disclosed in the Statement of Public Debt and were not recorded in Debt Management and Financial Analysis System (DMFAS) contrary to good accounting practice.

Risk/Implication

The PDS may be materially misstated.

Recommendation

The Public Debt Management Office should record and disclose all Treasury bills and bonds to enhance accurate reporting.

Management Response

AMA bills are not Treasury Bills. They are a contingent liability on the part of government hence they did not appear on the Statement of Public Debt.

We acknowledge that the AMA bills should be recorded in DMFAS as a contingent liability.

Evaluation of Management Response

Since Government paid the principal and interest on behalf of AMA, the transactions should have appeared in the SPD.

1.4 Penalties Interest Charges

Findings

The current DMFAS version 6.1.1.2 was not capable of calculating compounded penalty interest charges on loans. However, the Statement of Public Debt reflected penalty charges of $72 148 900 which could not be validated.

Furthermore, there were foreign loans with negative penalty interest charges amounting to $582 445 that were disclosed in the SPD. The negative balances were not explained. This may have resulted from wrong calculations of penalties.

Negative Penalty Interests Charges

Loan ID	Creditor	2016 Penalty Interest ($)
27816000	E.I.B – Telecom II (MINFIN)	(359 468)
27803000	EIB/ (Smallholders coffee, fruits& irrig)	(23 813)
22507000	SE-NBK/UPGRADE TURBINE UNITS	(94 183)
27819000	EIB/ZDB III GLOBAL LOAN	(104 981)
Total		**($582 445)**

Risk/Implication

Penalty interest charges on the Statement of Public Debt may be materially misstated.

Recommendation

The Public Debt Management Office should acquire the DMFAS version which will ensure completeness, accuracy and integrity of debt information.
The negative balances should be investigated with a view of correcting the errors.

Management Response

Management was still to respond.

1.5 Disclosure of debts in the Statement of Public Debt (SPD)

Finding

A Treasury bond TB1461-20141204 issued to CBZ valued at $14 960 000 was disclosed on the SPD but was not recorded in DMFAS. Good accounting practice requires that balances in the financial statements agree with the balances in the accounting records.

Risk/Implication

The Statement of Public Debt may be misstated.

Recommendation

The DMFAS and SPD should be reconciled with a view of identifying and correcting errors.

Management Response

DMFAS has been updated accordingly.

Evaluation of Management Response

The response did not disclose how the DMFAS was updated.

1.6 RBZ Debt Treasury bond issuances

Finding

According to the correspondence dated January 28, 2016 that was addressed to the RBZ, domestic debt owing to creditors, Fieldspark INV and Fredex Financial Services amounted to $2 356 281 and $9 547 674 respectively. The amounts agreed with those disclosed in the Public Debt Management Office's mid–term report on the RBZ Debt Assumption Act, dated August 01, 2017. However, the Statement of Public Debt disclosed Treasury bonds totaling $17 579 552 for the two creditors resulting in over issuances by $5 675 597.

Risks/Implications

The SPD might be misstated.

Creditors may have been over paid resulting in loss of public funds.

Recommendation

The over issuance should be investigated and recovery action taken.

Management Response

Management was still to respond.

1.7 Publicly Guaranteed External Debt

Finding

As highlighted in my 2015 audit report, the Statement of Public Debt had Publicly Guaranteed External Debts amounting to $1 792 493 657 which were said to have been taken over by Government. I was not provided with documents relating to the assumption of the guaranteed loans. I was therefore unable to confirm the correctness of the assumed debts.

Rik/Implication

The Statement of Public Debt may be materially misstated.

Recommendation

Supporting documents relating to the takeover of guaranteed debts should be availed for validation.

Management Response

As per PDM Act, the Public Debt Management Office is required to report on guarantees (Public and Publicly Guaranteed Debt).

These are not assumed debts, they still appear on the entities books and appear on the statement of Contingent Liabilities.

Evaluation of Management Response

The documents that were used to take over the publicly guaranteed debt were not availed. Best practice requires that a transaction of such magnitude be disclosed as a note to the account.

1.8 Variances on Take on Balances

Finding

The take on balance of $8 107 363 405 (representing the External and Domestic borrowings) as at January 1, 2016 was different from the closing balance of $8 062 476 399 as at December 31, 2015 resulting in a variance of $44 887 008. Good accounting practice require that opening balances be the same as the closing balances. Should any variance arise and corrections be effected, a note to the financial statements should explain the adjustments. Errors and mistakes could have contributed to the anomalies. The following table shows the variances:

External and domestic borrowings Variances between closing and opening balances

Details	Balances as at December 31, 2015 $	Balances as at January 1, 2016 $	Variances $
EXTENAL BORROWINGS			
Treasury bond Issues	356 245 561	356 245 561	0
Non-Guaranteed loans	4 721 370 073	4 829 996 451	(108 626 379)
Guaranteed loans	1 747 833 595	1 747 833 595	0
DOMESTIC BORROWINGS			
Treasury bills Issues	460 550 970	466 471 165	(5 920 195)
Treasury bond Issues	776 476 199	706 816 633	69 659 566
Total	**$8 062 476 398**	**$8 107 363 405**	**($44 887 008)**

Risk/Implication

The Statement of Public Debt may be misstated.

Recommendation

Adjustments affecting take on balances should be explained as a note to the financial statements.

Management Response

The opening balance for Non-Guaranteed Loans had erroneous balances due to cancelled and omitted loans. Some Treasury Bills were misclassified as Treasury Bonds and vice versa.

Evaluation of Management Response

There were no documents submitted to support the explanations provided. The variances were as a result of failing to carry out reconciliations.

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

1.1 Variances on Domestic Interest Amounts

Finding

Interest payments for Treasury bonds reflected on the Statement of Public Debt and in DMFAS were different. Thirty-two Treasury bonds that I examined had variances. The Statement of Public Debt had interest payments amounting to $4 469 039 while DMFAS had $3 591 718 resulting in a variance of $877 321.

Risk/Implication

Interest payments for 2016 may be materially misstated.

Recommendation

Interest payments should be subjected to through checks to minimise errors.

Management Response

Two Treasury Bonds were reorganized in DMFAS. Twenty-five Treasury Bills were amended from semi–annual to annual. Corrections in DMFAS have been effected. Treasury Bills for ZAMCO amounting to $877 322 were erroneously entered in the DMFAS.

Evaluation of Management Response

Evidence for reorganisation and variations of terms of repayments were not availed. Copies supporting reversal of ZAMCO bonds were not availed.

1.2 Draft Manuals

Finding

As highlighted in my prior year audits, the Operational Risk Management Framework, Business Continuity and Disaster Recovery Plan, Regulations and Procedure manuals for on-lending, the Front, Middle and Back Offices were in draft form. In view of material resources, time and effort channeled towards drafting the above mentioned policies and manuals, the delay in approving them impeded the efficiency and effectiveness in the management of Public Debt. Good debt management practice requires that policies and manuals be in place to enhance efficiency and accountability.

Risks/Implications

The Public Debt Management Office may not effectively anticipate and mitigate the risks that could have negative impact on the management of Public Debt.

Implementation of continuity, recovery strategies and procedures may be challenging where policies and manuals are in draft form.

Recommendation

Policy documents should be approved and implemented to enhance the efficiency of the Debt Management Office.

Management Response

The draft manuals are under active consideration.

1.3 Medium Term Debt Strategy

Findings

As highlighted in my prior year audits, best practice require that the Public Debt Management Office prepare and publish a Medium Term Debt Strategy (MTDS). However, the Office did not have a strategy in place. As a result, an annual borrowing plan which is derived from the MTDS was not in place which would have provided guidance on borrowing limits, tenure, and preferred debt portfolio mix.

Risks/Implications

The absence of the Medium Term Debt Strategy and the annual borrowing plan may result in debt managers failing to recognize new risks and complexities affecting the debt portfolio, cost and risk trade-offs.

The country may incur debt that stifle economic growth.

Recommendation

The Public Debt Management Office should develop a Medium Term Debt Strategy and an annual borrowing plan.

Management Response

A Medium Term Debt Strategy has been approved and a draft annual borrowing plan is in place.

STATEMENT OF PUBLIC DEBT 2015

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.

I have audited the Statement of Public Debt for the Ministry of Finance and Economic Development for the year ended December 31, 2015. Below is a summary of what was borrowed and repaid during the year:

Details	External borrowings ($)	Domestic borrowings ($)	Total ($)
Balance as at Jan 01, 2015	6 439 230 730	688 494 005	7 127 724 735
Borrowings	416 548 541	892 282 458	1 308 830 999
Adjustments	154 622 977	(497 779)	154 125 198
Total	**7 010 402 248**	**1 580 278 684**	**8 590 680 932**
Repayments	(45 251 692)	(343 251 514)	(388 503 206)
Balance at Dec 31, 2015	**$6 965 150 556**	**$1 237 027 170**	**$8 202 177 726**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Statement of Public Debt presents fairly, in all material respects the financial position and performance of Public Debt as at December 31, 2015.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Treasury Bills/Bond Issuances

Findings

Treasury bills and bond issuances for 2015 as per the Statement of Public Debt (SPD) were $1 237 027 170 while the Reserve Bank of Zimbabwe (RBZ) report had a figure of $1 282 255 640 and the back office issuance register had a balance of $870 297 516. Ordinarily, these three records should have the same figure and where differences exist, reconciliations should be done. I could not establish the correct value of treasury bills/bond issuances as the balances were not reconciled.

Risk/Implication

The 2015 Treasury bills and bond issuances may be materially misstated.

Recommendation

Monthly reconciliations should be carried out.

Management Response

The Public Debt Management Office and the Accountant-General formed a Technical Committee to oversee monthly reconciliations and to take immediate corrective action on variances.

The back office issuance register has been updated to include all details pertaining to Treasury bills.

1.2 Unmatched Payments

Finding

Principal and interest payments amounting to $136 928 411 for domestic debt were not matched to specific loans and as a result were disclosed as a note to the Statement of Public Debt. The anomaly was caused by non-disclosure of loan details on payment vouchers. Therefore, the balances disclosed in the statement were misstated as some payments were not taken into account.

Risks/Implications

Failure to post principal and interest repayments to specific loans may result in overstatement of public debt.

Improper activities may go undetected if payments are processed without disclosing loan details.

Recommendations

The unmatched payments should be investigated and corrective action taken.

The payment vouchers should disclose all the loan details to enhance accountability and transparency.

Management Response

An amount of $136 928 410.91 has been cleared.

Evaluation of Management Response

Audit evidence was not provided to show how the balance was cleared.

1.3 Variances on Debt Service Amounts

Finding

The principal and interest payments reflected on the Treasury payment Schedule, Statement of Public Debt (SPD) and Public Finance Management System (PFMS) report as at December 31, 2015 were different. The balances amounted to $643 907 736, $444 645 538 and $499 688 011 respectively and they were not reconciled. The three sources should have had the same information on debt service amounts and where differences exist they should have been reconciled. The table below shows the variances.

Debt repayments as at December 31, 2015

	PFMS Repayments $	Payment Schedule $	Amounts reflected on the Statement of Public Debt $
Foreign debt Principal repayment	68 984 457	118 565 857	45 251 692
Foreign debt Interest paid	9 892 067	17 272 541	18 669 829
Borrowing Costs	179 487	6 560 673	85 673
Domestic debt Principal repayment	349 559 239	430 662 608	343 251 514
Domestic debt Interest paid	71 252 761	70 846 057	37 386 830
Total	**$499 688 011**	**$643 907 736**	**$444 645 538**

There were instances where foreign loans were classified as domestic loans. As a result, $7 629 959 for foreign loan repayments to Holburd & Hydrery and GePetrol were erroneously classified as domestic loan repayments. Most of the affected loans were those that were assumed by the Government from the RBZ. Due to the above anomalies and unreconciled differences, I could not validate the correctness of the figures disclosed.

Risk/Implication

Fraudulent activities may go undetected if reconciliations are not performed regularly and loans are misclassified.

Recommendation

Monthly reconciliations should be carried out and loan repayments should be classified correctly.

Management Response

Differences between payment schedule from Treasury and Statement of Public Debt may have been as a result of unmatched payments, which were highlighted as notes to the Statement of Public Debt.

Although the Treasury classified the payments as domestic debt, the Public Debt Management Office correctly classified the debts as external.

For a response on monthly reconciliations, refer to paragraph 1.1.

1.5 Publicly Guaranteed External Debt

Finding

The Statement of Public Debt reflected Publicly Guaranteed External Debts amounting to $1 747 833 595 which were said to have been taken over by Government. However, in 2014 the Statement of Contingent Liabilities had a closing balance of $1 077 521 256 which was far less than the $1 747 833 595 which was disclosed in the Statement of Public Debt. Further, there was no evidence that Publicly Guaranteed External loans that had been called-up were taken over by the government of Zimbabwe.

Risk/Implication

The Statement of Public Debt may be materially misstated.

Recommendations

The supporting documents relating to the takeover of guaranteed loans should be made available for audit examination.

The discrepancies in the Statements of Public Debt and Contingent Liabilities should be investigated and corrective action taken.

Management Response

The guaranteed loans were called-up and are now part of Government Debt. The Public Debt Management Act provides for the repayments of these loans to Government when the public entities turn around.

Evaluation of Management Response

Correspondence relating to called-up loans was not made available for audit examination.

1.6 Disclosure of debts in the Statement of Public Debt

Finding

The Statement of Public Debt did not reflect a loan from Netherlands Guilders valued at

$25 000 000 contracted in 1992. This issue has not been resolved although I raised it in my 2014 audit report. The non-disclosure resulted in the understatement of Public Debt and is attributable to weak record keeping and supervisory controls.

Risk/Implication

The Statement of Public Debt may be misstated.

Recommendation

Accurate debt records should be maintained and supervisory controls improved to promote accountability and transparency.

1.7 Penalties Interest Charges

Finding

The current version of DMFAS version 6.1.1.2 is not capable of calculating compounded penalty interest charges on loans, therefore the penalty interest was being calculated manually on excel. However, the Statement of Public Debt reflected penalty charges of $72 378 481 which could not be validated.

Risk/Implication

Penalty interest charges reflected on the Statement of Public Debt may be materially misstated.

Recommendation

The Public Debt Management Office should acquire a DMFAS version which will ensure completeness, accuracy and integrity of debt information.

Management Response

Resources permitting, a more proficient version of DMFAS capable of computing penalties will be acquired from UNCTAD, the developers of the system.

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

1 GOVERNANCE ISSUES

1.1 Disclosure of debts in the Statement of Public Debt (SPD)

Finding

Treasury bills valued at US$19 059 553 were recorded in DMFAS but were excluded from the Statement of Public Debt. Good public debt management practice requires that debts recorded in DMFAS be disclosed on the Statement of Public Debt. Although the SPD was corrected, the magnitude of omissions may be an indication that there were inadequate supervisory controls over the compilation of the SPD. The table below gives the details of loans that were omitted from the SPD.

Loans that were omitted from the Statement of Public Debt.

Loan Id	**Status As At July 2017**	**Date Signed**	**Loan Amount $**
TB352-20150408	FULLY PAID	8-Apr-15	499 303
TB146120141204C	ACTIVE	4-Dec-14	976 239
TB351-20150408	FULLY PAID	8-Apr-15	998 686
TB0612014	FULLY PAID	12-Dec-14	1 000 000
TB170-20150408	FULLY PAID	8-Apr-15	1 528 359
TB271-20150701	FULLY PAID	1-Jul-15	2 000 000
TB91-20150305	FULLY PAID	5-Mar-15	2 000 000
TB91-20150624B	FULLY PAID	24-Jun-15	2 000 000
TB169-20150408	FULLY PAID	8-Apr-15	3 056 966
TB180-20150210	FULLY PAID	10-Feb-15	5 000 000
Total			**$19 059 553**

Risk/Implication

The Statement of Public Debt may be misstated.

Recommendation

The DMFAS and SPD should be reconciled with a view of identifying and correcting errors.

Management Response

Noted. However, the omitted Treasury bills/bonds were subsequently recorded in the Statement of Public Debt.

1.2 Record Keeping

Findings

Formal instructions for cancellations and amendments of some Treasury bills and bonds were not made available resulting in information gaps as evidenced by four scenarios given below:

According to Issuance instruction 18/2014, the RBZ was authorised to issue three Treasury bonds with the same principal amount of $16 548 552 to Meikles (Pvt) with tenures of 3, 4 and 5 years. The 2015 PDS disclosed one Treasury bond with I.D (TB0492014M3) for $16 548 552 leaving out the other two.

Approval of the issuance of a Treasury bond worth $15 000 000 for a Grain Facility. However, a Treasury bond of only $1 502 000 to Afrigrain was disclosed in the SPD leaving out the balance of US$13 498 000 unexplained.

On March 30, 2015 RBZ was authorised to issue Treasury bills valued at $2 530 381 to Agribank, however, a Treasury bond worth $2 783 419 was issued. The amount exceeded the authorised limit by US$253 038.

On December 02, 2015 RBZ was also authorised to issue Treasury bills valued at $32 167 117, however, a Treasury bill for US$35 318 460 was issued. The authorised limit was exceeded by US$3 151 343.

Risk/Implication

Unauthorised borrowings may be made where amendments and cancellations are not formalised.

Recommendation

All amendments and cancellations should be formalized.

Management Response

The Treasury bonds were amended and reissued with different terms. However, all amendments and cancellations are now documented and formalised.

1.3 Draft Manuals

Finding

The Operational Risk Management Framework, Business Continuity and Disaster Recovery Plan, Regulations and Procedure manuals for on-lending, for the front, middle and back offices were in draft form. In view of material resources, time and effort channeled towards drafting the above mentioned policies and manuals, the delay in approving them has impeded the efficiency and effectiveness in the management of Public Debt. Good debt management practice requires that policies and manuals be in place to enhance efficiency and accountability.

Risks/Implications

The Debt Office may not effectively anticipate and mitigate the risks that could have negative impact on the management of Public Debt.

Implementation of continuity, recovery strategies and procedures may be challenging where policies and manuals are in draft form.

Recommendation

Policy documents should be approved and implemented to enhance the efficiency and effectiveness of the Public Debt Management Office (PDMO).

Management Response

Draft manuals are in place and are awaiting approval.

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REVENUE STATEMENTS

SCHEDULE OF REVENUE RECEIVED 2015

BACKGROUND INFORMATION

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

I have audited the Schedule of Revenue Received of the Ministry of Finance and Economic Development for the year ended December 31, 2015. Below is a summary of revenue received during the year:

Estimate	Receipts	Less/More Than Estimated
$3 990 000 000	$3 582 220 290	**$407 779 710**

Opinion

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 Schedule of Revenue Received as at December 31, 2015.

Basis for Qualified Opinion

1 GOVERNANCE ISSUE

1.1 Misstatement of Revenue Received

Finding

I noted that revenue figures disclosed by Treasury did not agree with revenue disclosed by line ministries. Line ministries/departments disclosed total revenue of $3 631 607 738 while Treasury had $3 582 220 290, resulting in a variance of $49 387 448. Under normal circumstances, revenue received balances on the Schedule of Revenue Received and line ministry returns should agree. Reconciliations statements supporting the differences were not availed for audit verification.

Risk/Implication

The Schedule of Revenue Received may be misstated.

Recommendation

Treasury should prepare monthly reconciliations and clear variances.

Management Response

Management is still to respond.

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

1 GOVERNANCE ISSUE

1.1 Interface of Systems Application Products platforms

Finding

There is a principal-agent relationship between the Government and ZIMRA. ZIMRA collects revenue from taxes on income and profits, on behalf of the Government and processes it through its SAP in the Commissioner-General's Account. ZIMRA then submits reports of pay overs into the Consolidated Revenue Fund (CRF) to Treasury which then manually uploads the collections into its SAP system. There was no interface between ZIMRA and Ministry of Finance SAP systems, and as such, the Accountant – General (principal) had no access to the Commissioner–General's Account (agent), save for the weekly reports that the Accountant–General received from ZIMRA on pay overs into the CRF.

Risk/Implication

Transparency and accountability maybe compromised if the principal has no viewing rights in respect of collections made on his behalf.

Recommendation

ZIMRA and Ministry of Finance SAP systems should be interfaced to enhance accountability and transparency.

Management Response

Management is still to respond.

SCHEDULE OF OUTSTANDING REVENUE 2015

BACKGROUND INFORMATION

This relates to revenue which is due to the State.

I have audited the Schedule of Outstanding Revenue of the Ministry of Finance and Economic Development for the year ended December 31, 2015. Below is a summary of the statement of outstanding revenue:

Taxation	Investments	Fees	Other	Total outstanding revenue
$2 125 154 761	$5 604 814	**$7 633 113**	$18 956 320	**$2 157 349 008**

Opinion

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 Schedule of Outstanding Revenue as at December 31, 2015.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Outstanding Revenue

Findings

There were variances between the Treasury return and the audited returns from Ministries/Departments amounting to $42 987 616. Outstanding revenue disclosed by Ministries/Departments was $2 200 336 623 whereas Treasury reported outstanding revenue amounting to $2 157 349 007. Treasury did not provide supporting documents or records used to prepare the Schedule of Outstanding Revenue neither were the variances reconciled.

Furthermore, the Treasury return was not supported by a breakdown showing which Ministries contributed figures making up the 'Other fees' revenue head with an amount of $4 928 920 disclosed on the return. There was also lack of common understanding of what constituted outstanding revenue by some Ministries as evidenced by misclassification of disallowances and loans. I was therefore not able to validate the figure.

Outstanding Revenue variances between Line Ministry Returns and Consolidated Treasury Return

	Treasury $	Ministry $	Variances $
Interest and dividends	-	16 884 441	(16 884 441)
Rents	5 604 814	17 702 476	(12 097 662)
Judicial Fines	-	59 369	(59 369)
Land Fees	1 966 293	4 860 958	(2 894 665)
Other Fees	4 928 920	1 871 824	3 057 096
Public Service Surcharges, Penalties and Fines	3 479 588	415 544	3 064 044
Departmental Surcharges	690 593	5 079 489	(4 388 897)
Treasury Orders	1 672 440.01	461 696	1 210 744
Refunds of Miscellaneous Payments from Votes	3 365 703	47 555	3 318 148
Taxation	2 125 154 761	2 142 467 374	(17 312 613)
Total	**$2 157 349 007**	**$2 200 336 623**	**($42 987 616)**

Risk/Implication

The Schedule of Outstanding Revenue may be materially misstated as a result of the uncorrected errors.

Recommendations

Treasury should avail records and supporting documents used to prepare the Schedule of Outstanding Revenue.

The variances should be investigated and corrective action taken.

Management Response

Management is still to respond.

1.2 Zimbabwe Revenue Authority (ZIMRA) Outstanding Revenue return

Finding

The Zimbabwe Revenue Authority contributed about 98% of the total outstanding revenue disclosed on the return. However, the ZIMRA Outstanding Revenue return for the year ended December 31, 2015 was qualified and the misstatements affected the Consolidated Schedule of Outstanding Revenue.

Risk/Implication

The Schedule of Outstanding Revenue may be materially misstated as a result of the ZIMRA misstatements.

Recommendations

Treasury should liaise with the Zimbabwe Revenue Authority and take corrective action on the misstatements which resulted in the ZIMRA outstanding revenue return being qualified.

Management Response

Management is still to respond.

HOWEVER, below is another material issue noted during the audit

1.3 Outstanding Revenue

Findings

The Outstanding Revenue as at December 31, 2015 of $2 157 349 008 compared to the revenue received/collected during the year of $3 582 398 181 was 60%, which appears to be excessive. Treasury did not submit an age analysis contrary to best practices. I was therefore unable to estimate the recoverability of the outstanding revenue.

Risk/Implication

The Schedule of Outstanding Revenue may be materially misstated as a result of the uncorrected errors.

Recommendation

Treasury should encourage the preparation and submission of age analysis reports by all Ministries/Departments and also enforce the revenue recovery by Ministries in order to reduce the amount of revenue remaining uncollected each year. If revenue is collected, it will go a long way in funding other government activities.

Management Response

Management is still to respond.

STATEMENT OF RECEIPTS AND DISBURSEMENTS 2015

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.

I have audited the Statement of Receipts and Disbursements of the Ministry of Finance and Economic Development for the year ended December 31, 2015. Below is a summary of the statement of Receipts and Disbursements for the year:

Balance as at Jan 01, 2015	Collections	Total	Payments	Balance as at Dec 31, 2015
$6 357 265	$4 732 104 137	**$4 738 461 402**	$4 693 277 675	**$58 779 587**

Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraphs, the financial statements do not present fairly, in all material respects the financial position of the Statement of Receipts and Disbursements as at December 31, 2015.

Basis for Adverse Opinion

1 GOVERNANCE ISSUES

1.1 Accounting records

Finding

Good accounting practice requires that all balances in the financial statements be extracted from accounting records maintained by the responsible entity. The source documents and accounting records used to prepare the Statement were not availed for my examination. Consequently, I had to rely on audited Ministry/Department Statements which in most cases had balances that were at variance with those disclosed in the Treasury Statement of Receipts and Disbursements presented for audit.

Risks/Implications

Accounting staff responsible for preparing the consolidated statements may fail to produce accurate financial statements due to lack of guidance.

Absence of a documented accounting procedures manual/instructions could have resulted in failure to maintain accounting records.

Recommendations

Treasury should come up with instructions for preparing the consolidated Statement of Receipts and Disbursements.

Treasury should maintain accounting records to support financial statements presented for audit.

Management Response

Management is still to respond.

1.2 Variances between year-end returns from Ministries and Treasury

Findings

Year end balances reported by line Ministries and Treasury had variances that remained unreconciled up to the time of concluding the audit. The balances disclosed in the Treasury Consolidated return compared with line Ministry balances showed significant variances as follows; Collections differed by $611 360 841, payments to the main Exchequer Account had a difference of $694 005 410, payments to 'Other Accounts' had a variance of $86 572 495 and take on balances had variances of $2 803 873.

In 2014, Treasury reported a closing balance of $19 285 561 for the Zimbabwe Revenue Authority (ZIMRA) although it disclosed a take-on balance of $13 595 860 for ZIMRA in 2015. The reasons for a reduced take-on balance were not disclosed. However, the ZIMRA audited return had an opening balance of $16 806 376 as at January 1, 2015 compared with $13 595 860 disclosed by Treasury. Furthermore, the closing balance for ZIMRA was $51 691 400 while Treasury disclosed $48 480 885 giving a variance of $3 210 516 which was not reconciled.

For the past seven years, I have been observing these variances and corrective measures have not been taken.

Risk/Implication

The unreconciled variances may be an indication that the Statement is materially misstated.

Recommendation

Treasury should reconcile the variances to enhance accountability and transparency.

Management Response

Management is still to respond.

SUMMARY OF TRANSACTIONS OF THE CONSOLIDATED REVENUE FUND 2014

BACKGROUND INFORMATION

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

I have audited the Summary of Transactions of the Consolidated Revenue Fund for the year ended December 31, 2014. Below is a Summary of Transactions of the consolidated Revenue:

DETAILS	Amount ($)	TOTAL ($)
Revenue and International Grants	3 881 334 346	
less: Expenditure and Net Lending	4 298 325 733	
SURPLUS/(DEFICIT)		**($416 991 387)**
Net Foreign Financing	(54 948 988)	
add: Net Domestic Financing	471 940 375	
TOTAL FINANCING		**$416 991 387**

Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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 Summary of Transactions of the Consolidated Revenue Fund for the year ended December 31, 2014.

Basis for Disclaimer of Opinion

1 GOVERNANCE ISSUES

1.1 Accounting Records

Finding

Good accounting practice requires that all balances in the financial statements be extracted from accounting records maintained by the responsible entity. As reported in my prior year's audit report, Treasury did not have an Accounting Officers Instruction/procedures' Manual guiding the preparation, administration and disclosure of transactions of the Summary of Transactions of the Consolidated Revenue Fund (CRF Summary) to ensure consistence and comparability in the presentation of financial information from one accounting period to another.

The source documents and accounting records used to prepare the Summary were not availed for my examination. Consequently, I had to rely on the Public Finance Management System (PFMS) reports and audited Revenue and Finance statements which in most cases had balances that were at variance with those disclosed in the Summary presented for audit. I could therefore not validate the correctness of figures disclosed on the CRF Summary.

Risks/Implications

The absence of documented procedures manual makes it difficult to effectively administer the CRF and to implement controls that safeguard public resources.

Failure to maintain accounting records may result in errors, fraud and misstatement of financial information.

Lack of consistency in the preparation of the Summary of Transactions of the Consolidated Revenue Fund make comparability from one accounting period to another difficult.

Recommendations

Treasury should seriously consider adopting and implementing accounting and financial reporting standards. Source documents in support of the figures disclosed in the statement should be availed.

The Ministry should come up with instructions for the preparation and reporting of the Summary of Transactions of the Consolidated Revenue Fund.

Management Response

Management is still to respond.

1.2 Discrepancies on the opening balances; 'Net Movement on Suspense Accounts, Floating Debt and Cash'.

Finding

There were inconsistencies between the audited closing balances as at December 31, 2013 and the opening balances as at January 1, 2014 for the items making up the 'Net Movement on Suspense Accounts, Floating Debt and Cash'. The closing balances as at December 31, 2013 amounted to $7 895 147 whereas the take on balances as at January 1, 2014 totalled $104 038 700 resulting in a variance of $96 143 553. There were no journals raised to support the adjustments nor were there explanatory notes for the variances contrary to good accounting practice. Weak accounting and supervisory controls could have contributed to the anomaly. The following table provides information on the variances between opening and closing balances;

Furthermore, the total of the Net Movement on Suspense Accounts, Floating Debt and Cash disclosed in the Summary was $31 794 256 whereas the total as per the breakdown of *note 2* to the Summary was $257 894 098 after recalculation of balances in the Summary submitted for audit, resulting in a variance of $226 099 842.

Risk/Implication

The Summary of Transactions of the Consolidated Revenue Fund may be materially misstated.

Recommendations

Treasury should ensure adequate supervision of staff so that correct records are maintained and correct financial statements are produced and submitted for audit.

Adjustments made on prior year closing balances should be supported by documentary evidence.

Management Responses

Management is still to respond.

1.3 Unreconciled Balances

Finding

The CRF statement submitted revealed imbalances between Treasury records and figures submitted from Ministries. The Table below show some of the examples. No reconciliations were done to trace the variances. Misclassification of expenditures contributed to the anomalies. The statement was materially misstated as a result of the unreconciled balances.

Example of unreconciled balances

Details	Treasury Records($)	Ministry Records($)	Variance($)
Goods and Services	3 413 544 642	3 331 449 591	82 095 051
Current Transfer	554 492 044	634 067 896	79 575 852
Current and capital expenditure	4 261 893 885	4 259 582 536	2 311 349
Total			**163 982 252**

Risks/Implications

The Summary of Transactions of the Consolidated Revenue Fund may be materially misstated if variances are not reconciled.

Misclassification of expenditure may lead to wrong decisions being made.

Recommendations

The variances should be investigated and cleared.

Treasury should ensure expenditure is properly classified so that the Summary shows a correct position.

Management Response

Management is still to respond.

1.4 Financing of the budget deficit

Finding

The CRF submitted for audit revealed a budget deficit of $416 991 387 which did not agree with the total net financing figure of $268 884 363 by an amount of $148 107 024. There was no indication on the sources of funds used to finance the difference of $148 107 024.

Risk/Implication

The Summary of Transactions of the Consolidated Revenue Fund Account may be materially misstated.

Recommendation

Treasury should investigate the variance of $148 107 024 and the financial statements should be adjusted.

Management Response

Management is still to respond.

1.5 Foreign and Domestic Loan Repayments

Finding

The Summary had loan repayments amounting to $374 227 632 whereas the audited Constitutional and Statutory Appropriation Account had loan repayments of $375 262 528 giving a variance of $1 034 897 which was not reconciled. Ordinarily loan repayments reflected on the Summary and on the Constitutional and Statutory Appropriation Account should be the same.

Treasury disclosed foreign loan repayments of $54 948 988 and domestic loan repayments of $94 735 545 although the total loan repayments as per the Summary were $374 227 632 resulting in a variance of $224 543 098. No explanation was provided.

The net foreign and domestic loan repayments, disclosed on the CRF Summary differed with those in the Statement of Public Debt and on the PFMS. The CRF Summary had a total balance of $149 684 533, the PFMS reports had $150 569 430 and the Statement of Public Debt had $47 521 803.

The contributory factors were failure to maintain updated accounting records and to perform reconciliations on a monthly basis on balances reflected on the PFMS, Statement of Public Debt and the Summary. The following table illustrates the differences;

Principal loan repayments

Details	CRF Summary $	PFMS $	Statement of Public Debt $
Domestic Loan Repayments	94 735 545	95 846 656	-
Foreign Loan Repayments	54 948 988	54 722 774	47 521 803
Totals	**$149 684 533**	**$150 569 430**	**$47 521 803**

Risk/Implication

Balances of loan repayments may be materially misstated.

Recommendations

Treasury should make full use of the PFMS in generating reports.

The PFMS and Debt Management and Financial Analysis System should be interfaced to improve on the accuracy and consistency of debt repayment balances.

Management Response

Management is still to respond.

1.6 Interest payments

Finding

There were variances on interest payment balances between the CRF Summary, PFMS and Statement of Public Debt. The CRF Summary had a balance of $43 303 114, the PFMS report had $43 050 078 and the Statement of Public Debt disclosed $35 918 248. Ordinarily, the interest payment balances should have been the same or where variances existed a reconciliation should have been performed. Without the reconciliation, the correct figure could not be determined. The table below shows interest payments on the three reports

Variances on interest payment

Details	CRF Summary ($)	PFMS $	Statement Of Public Debt $
Interest on Treasury Bills	Breakdown not given	21 052 518	23 315 387
Interest on Foreign Debt	Breakdown not given	17 081 842	12 602 861
Interest on Domestic Loans	Breakdown not given	4 915 719	-
Total	**$43 303 114**	**$43 050 079**	**$35 918 248**

Risks/Implications

The Summary of Transactions of the Consolidated Revenue Fund may be materially misstated.

Without the correct figures, the extent of indebtness may not be established.

Recommendation

Treasury should reconcile the interest payment balances from the three reports.

Management Response

Management is still to respond.

1.7 Loans to designated Corporate Bodies

Finding

As reported in my report for the year ended December 31, 2013, loans amounting to $419 839 179 issued to Corporate Bodies remained outstanding beyond 360 days contrary to the provisions of section 64(1) of the Public Finance Management Act (Chapter 22:19). The section requires that loans issued be recovered fully within a period not exceeding three hundred and sixty days.

Section 64 (2) of the same Act requires that the aggregate amount of loans made to all designated bodies remaining unpaid at any given time should not exceed US $500 000. However, loans to designated corporate bodies exceeded the limit by $419 339 179 due to non-compliance with statutory provisions.

Risks/Implication

Excessive lending and delays in recovery of loans may result in loss of public funds.

Recommendations

Treasury should comply with the requirements of Sections 64(1) and 64(2) of the Public Finance Management Act when issuing loans to designated corporate bodies.

Management Response

Management is still to respond.

1.8 Prepayment Account

Finding

The prepayment account had a closing balance of $99 222 781 whilst the PFMS Consolidated Account report had a balance of $122 695 117 resulting in a variance of $23 472 337 which was not reconciled. Ordinarily, the balances should be the same and where differences exist, reconciliations should be carried in line with good accounting practices.

Risks/Implications

The resultant net movement balance of $12 387 346 being the prepayment account disclosed in the accounts may be misstated.

Recommendation

The variance should be investigated and the Summary adjusted.

Management Response

Management is still to respond.

1.9 Balance of Cash at bank, in transit and on hand

Finding

Supporting evidence of Cash at bank, in transit and on hand for $40 286 015 disclosed in the Summary of Transactions of the Consolidated Revenue Fund was not availed for my examination. I was therefore unable to ascertain the correctness of the cash balances disclosed in the CRF Summary. Furthermore, I noted that the PFMS Consolidated Accounts report reflected a balance of $188 878 739 whereas the CRF Summary had a balance of $40 286 015 giving a variance of $148 592 724. The huge variance was as a result of failure to carry out reconciliations.

Risks/implications

The Summary of Transactions of the CRF Summary might be materially misstated.

Failure to provide proof of cash balances may be an indication that the cash may be non-existent.

Recommendation

Cash balances should be adequately supported and the variance of $148 592 724 should be reconciled.

Management Response

Management is still to respond.

1.10 Exchange Holding Loss

Finding

An amount of $1 733 314 was disclosed as Exchange Holding Loss. However, the PFMS Consolidated Accounts report had a different figure for $7 898 948 for exchange rate losses resulting in a variance of $6 165 635. The different figures were not reconciled contrary to good accounting practice.

Risk/implication

The Summary may be materially misstated.

Recommendation

The different figures should be reconciled and corrective action taken to trace the anomalies.

Management Response

Management is still to respond.

1.11 Misstatements in Revenue and Finance Statements

Finding

The Summary of Transactions of the Consolidated Revenue Fund is made up of balances extracted from Revenue and Finance Statements namely; Schedule of Revenue Received, Statement of Public Financial Assets, Summary of Appropriation Accounts, Exchequer Account and Statement of Public Debt. All these statements including seventeen Appropriation Accounts that feed into the CRF Summary had qualified opinions.

Furthermore, balances disclosed in the Revenue and Finance statements were at variances with PFMS amounts and the variances remained unreconciled. In view of material misstatements in the feeder statements, the Summary of Transactions of the Consolidated Revenue Fund as a whole is inaccurate.

Risk/implication

The Summary may be materially misstated.

Recommendation

Treasury should adopt accounting and financial reporting standards to enable preparation of informative and reliable financial statements.

Management Response

Management is still to respond.

2 REVENUE COLLECTION AND DEBT RECOVERY

2.1 Revenue and International Aid Grants

Finding

The CRF Summary disclosed an amount of $3 881 334 348 being Revenue and International Aid Grants received whereas the PFMS Consolidated Accounts report had a total of $3 926 112 696 giving an unreconciled variance of $44 778 348. Errors remain undetected if reconciliations are not done. The following table reflects variances between the CRF and PFMS reports as at December 31, 2014;

Variances on revenue and international aid grants

Details	**CRF Summary ($)**	**PFMS Consolidated Accounts Report ($)**	**Variances ($)**
Total Tax Revenue	3 591 088 030	3 541 856 860	49 231 170
Total Non-Tax Revenue	290 246 318	384 143 832	(93 897 514)
International Aid and Grants	-	112 004	(112 004)
Total Revenue	**$3 881 334 348**	**$3 926 112 696**	**($44 778 348)**

Risk/implication

The Summary may be materially misstated.

Recommendation

Treasury should reconcile the balances disclosed in the CRF Summary with those in the PFMS Consolidated Accounts Report and effect the necessary adjustments.

Management Response

Management is still to respond.

2.2 Domestic loan balances

Finding

I could not verify the correctness of the domestic loan balance of $150 000 000 disclosed under domestic borrowings as the loan agreements were not availed for my examination. The Statement of Public Debt which should have disclosed domestic loans had a nil balance. The two reports should ordinarily agree as the same source documents are used to report figures for these two statements.

Risk/Implication

Debt figures may be materially misstated.

Recommendations

Treasury and the Zimbabwe Debt Management Office should coordinate and conduct reconciliations for the purpose of accounting and disclosing accurate debt figures.

Treasury should avail loan agreements to support the domestic loan of $150 000 000.

Management Response

Management is still to respond.

2.3 Treasury Bills

Findings

There were variances of balances for Treasury bill issuances and settlements on the CRF Summary, PFMS and Statement of Public Debt. Treasury bill settlements disclosed in the CRF Summary were $224 543 097 which agreed with the balance in the PFMS report. However, the Statement of Public Debt had a different figure of $$335 773 222 for the Treasury bill settlements. Failure to interface the Debt Management and Financial Analysis System (DMFAS) and the PFMS could have contributed to the variances.

The CRF Summary**,** Statement of Public Debt and the PFMS reports had different balances for Treasury bills issuance made during the year. These balances were as follows; the CRF Summary had $281 029 772**;** Statement of Public Debt, $1 189 675 245 and the PFMS, $285 029 742. Under normal circumstances, the balances should agree. The correct value of Treasury bills issued could therefore not be established.

The anomalies were attributed to inadequate financial records and failure to carry out monthly reconciliations.

Risk/Implication

The Treasury bills issuance and settlements may be materially misstated.

Recommendations

Reconciliations of balances on the PFMS and DMFAS should be carried out on a monthly basis to enhance the accuracy of financial information.

Treasury should ensure that the PFMS and DMFAS systems are interfaced.

Management Response

Management is still to respond.

SUMMARY OF TRANSACTIONS ON THE EXCHEQUER ACCOUNT 2015

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.

I have audited the Summary of Transactions on the Exchequer Account for the Ministry of Finance and Economic Development for the year ended December 31, 2015. Below is a summary of Exchequer Transactions as at December 31, 2015:

Balance as at Jan 01, 2015	Deposits	Total	Transfers	Balance as at Dec 31, 2015
$16 072 659	$4 819 073 858	**$4 835 146 517**	$4 820 606 102	**$14 540 415**

Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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 Summary of Transactions on the Exchequer Account for the year ended December 31, 2015.

Basis for Disclaimer of Opinion

1 GOVERNANCE ISSUES

1.1 Bank Overdraft Facility

An examination of the Main Exchequer bank account held at the Reserve Bank of Zimbabwe revealed that during the financial year under review, Treasury operated an overdraft facility with the Central Bank. However, the overdraft facility agreement was not availed for my examination, hence I could not establish the terms of the facility.

Treasury made monthly withdrawals averaging $3 385 907 725 and made average monthly repayments of $3 373 208 658. The overdraft was financed mainly through mobilizing financial resources on the money market. The facility resulted in total annual interest payments of $14 009 420. Treasury was borrowing and repaying the overdraft on a daily basis throughout the year. This was due to failure to operate within the approved budget.

Risks/Implications

Transparency and accountability for public funds may be compromised.

In the absence of a copy of the overdraft facility, I was unable to establish if the interest charges were correct.

Recommendations

Treasury should set a realistic budget which reflects the prevailing economic reality to avoid operating a huge overdraft facility which may be costly.

Treasury should avail for audit and keep on file the overdraft facility agreement with the Reserve Bank of Zimbabwe.

Management Response

Management is still to respond.

1.2 Transfers to Paymaster-General's Account

Findings

The Summary of Transactions on the Exchequer Account disclosed Transfer payments amounting to $4 820 606 102. There were no supporting documents to show the nature of the transactions that made up the figure. I observed that the total expenditure for audited appropriation accounts was $4 442 521 690 whereas the Public Finance Management System general Ledgers had expenditure amounting to $3 613 515 700 resulting in variances of $378 084 412 and $1 207 090 402 respectively; when compared to the balance reflected on the Summary. The different balances were not reconciled. This suggests that expenditure may have been incurred outside the Public Finance Management System as it was not processed and reported through the Ministries' Appropriation Accounts.
.

Risks/Implications

Financial statements maybe materially misstated.

Transparency and accountability for public funds may be compromised if variances are not investigated.

Recommendation

All expenditure should be processed through the Public Finance Management System.

Management Response

Management is still to respond.

1.3 Exchange Rate Gains or Losses

Findings

Treasury maintains various foreign currency accounts in the form of British Pound, Euro, South African rand, Botswana Pula and United States dollar (US$ is the reporting currency). During the year under review, other currencies were converted or transferred to the USD account at the prevailing bank exchange rates. At the year end all balances in the various currency accounts were converted/ transferred into the USD account for reporting purposes. The exchange rate gains or losses that were realized should have been recorded in the books of accounts and disclosed in the Summary but this was not done.

The Public Finance Management System report on Gains from Currency Exchange Rate Differences had a balance of $8 197 301 while the report on Losses from Exchange Rate Differences had a balance of $22 418 166, giving rise to a net Exchange loss of $14 220 865. Lack of guidelines or standing instructions on how transactions that affect the Summary of Transactions on the Exchequer should be handled led to the omission thereby affecting the correctness of the Summary.

Risk/Implication

The Summary of Transactions on the Exchequer Account may be misstated as a result of omission of Exchange rate losses.

Recommendations

Treasury should disclose Exchange rate gains or losses to enhance accountability.

Treasury should develop guidelines and train staff on how to maintain records and report Transactions on the Exchequer Account.

Management Response

Management is still to respond.

1.4 Loan Repayments

Findings

Treasury made loan repayments of $103 686 900 to various international creditors during the year under review. Documents to support the payments were not availed for audit inspection. Furthermore, the amounts paid to the creditors differed with those disclosed in the Statement of Public Debt by $93 446 887 indicating that there were no reconciliations of loan repayments between the Accountant-General's Office and the Public Debt Management Office. The table shows differences between the main exchequer account and the Statement of Public Debt;

Loan repayments

Creditor	**Amount repaid as per Exchequer Account ($)**	**Amount repaid as per Public Debt Statement 2015 ($)**	**Differences ($)**
European Investment Bank	1 250 000	-	1 250 000
African Export-Import Bank	63 066 659	-	63 066 659
Trade and Development Bank, formerly *PTA Bank*	9 329 219	-	9 329 219
World Bank	14 876 054	-	14 876 054
International Development Association	1 690 010	629 456	1 060 554
Kuwait	277 806	233 354	44 452
Asian Development Bank	8 800 000	6 083 219	2 716 781
Arab Bank for Economic Development in Africa	1 874179	523 998	1 350 181
India Export Bank	104 442	434 235	(329 793)
International Fund for Agriculture Development	2 418 531	2 335 751	82 780
Total	**$103 686 900**	**$10 240 013**	**$93 446 887**

Risks/Implications

In the absence of supporting documents, payments may be made to wrong creditors and there is high risk of fraud.

The debt repayment figures may be misstated as variances between balances disclosed by Treasury and the Debt Office were not reconciled.

Recommendations

Treasury should make payments that are adequately supported and reconcile expenditure for loan repayments with the Debt Management Office.

Management Response

Management is still to respond.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Deposits by Receivers of Revenue

Findings

Treasury did not maintain accounting records for deposits amounting to $4 819 073 858 disclosed in the Summary of Transactions on the Exchequer Account. I noted further that, the Statement of Receipts and Disbursements had a balance of $4 142 729 705 resulting in a difference of $676 344 153 when compared with the amount disclosed in the Summary.

On the other hand, the Public Finance Management System Report disclosed deposits by receivers of revenue amounting to $4 090 182 669. Ordinarily, the Exchequer account, Statement of Receipts and Disbursement and the Public Finance Management System report should disclose the same balance for deposits by receivers of revenue and any differences should be reconciled. Lack of monthly reconciliations resulted in the variances remaining uncleared, which was contrary to best practice. Therefore, the correct deposits by receivers of revenue could not be established.

Risks/Implications

Errors and omissions may go unnoticed in the absence of monthly reconciliations.

Fraudulent activities may be perpetrated without detection in the absence of accounting records.

Recommendations

Treasury should carry out monthly reconciliations of balances reflected in the Exchequer Account, Statement of Receipts and Disbursement and the Public Finance Management System reports and clear any variances.

Management Response

Management is still to respond.

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

1 GOVERNANCE ISSUES

1.1 Accountant-General's Warrants

Finding

Transfer payments of $4 820 606 102 disclosed on the Exchequer account were neither supported by the Accountant-General nor the Paymaster-General's warrants authorising transfer of funds from the Main Exchequer Account to the sub Paymaster-General's Accounts of line ministries as provided for in sections 23 (3) of the Public Finance Management Act [*Chapter 22:19*].

Risk/Implication

Transferring funds in the absence of warrants may result in unauthorized expenditure as warrants facilitate budget monitoring and management.

Recommendation

Treasury should authorize transfers from the Main Exchequer account to enhance controls and compliance with national laws and regulations.

Management Response

Management is still to respond.

1.2 Transfer of Funds from Statutory Funds to the Main Exchequer account

Findings

I noted that Treasury was directing Accounting Officers to remit financial resources from their Statutory Fund accounts to enable government to fund its programmes. The Treasury letters sent to Ministries were not serialized, neither was there a register maintained for their issuance. The remittance notes accompanying transfer of funds into the Main Exchequer account were not availed for audit verification. No separate records were maintained for moneys received from Statutory Funds.

Furthermore, the funds received from the statutory fund accounts were not reported, for example, through the Statement of Receipts and Disbursements. I could therefore not establish how much had been requested and whether all money from statutory funds was deposited into the Main Exchequer account. This could have been caused by lack of guidelines and procedures on how to account for the funds. The following table shows instances where funds were deposited by Statutory Funds into the Main Exchequer account;

Sample of deposits by Statutory Funds extracted from the Bank Statements

Statutory Fund	Month	Amount deposited ($)
National Oil Company of Zimbabwe Debt Redemption Fund.	January	2 000 000
	June	7 500 000
	August	1 700 000
New Limpopo Bridge Fund	January	700 000
Standards Development Fund	January	1 500 000
	February	300 000
	March	1 117 840
	July	600 000
	August	960 000
	December	1 500 000
Central Vehicle Registry Number Plate Fund	August	200 000
National Oil Company of Zimbabwe Debt Redemption Fund.	March	403 182
Deeds Retention Fund	February	14 184
Total		**$18 495 206**

Risk/Implication

There is risk of material misstatement of the Summary of the Exchequer Account.

Recommendations

Treasury should ensure that proper records are maintained to ensure accountability for public funds.

The Accounting Officer should issue guidelines and procedures on accounting for funds received from Statutory Funds.

Management Response

Management is still to respond.

1.3 ZIMRA set offs

Findings

Treasury made set-off payments amounting to $176 431 322 to ZIMRA in respect of tax obligations for various vendors who had supplied goods and services on credit to Government. Payment vouchers and supporting documents for set-off payments were not availed for audit contrary to good accounting practice. Payments may have been processed without compiling vouchers.

Risks/Implications

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

There is risk of that financial records may be manipulated in the absence of supporting records.

Recommendation

All set-offs should be supported with relevant documents.

Management Response

Management is still to respond.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Direct payments

Findings

In my previous year's report I pointed out that a payment of $13 820 000 was made for an undisclosed number of vehicles from the Main Exchequer Account to a local Automotive company. In the year under review, a further payment of $1 402 000 was made to the same local Automotive company for the procurement of vehicles. I did not have sight of the payment voucher, tender board resolutions, invoices and goods receipt vouchers. This was in violation of government payment and procurement procedures.

Risks/Implications

Assets bought without following the laid down procurement procedures may be misappropriated without any trace.

If tender procedures are not followed, assets may be bought without taking into account value for money issues.

Recommendation

Treasury management should adhere to the laid down procurement procedures in order to enhance transparency and accountability in the management of public resources.

Management Response

Management is still to respond.

FUND ACCOUNTS

NATIONAL DEVELOPMENT FUND 2016

OBJECTIVE OF FUND

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.

I have audited the National Development Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	6 968 221
Expenditure	3 377 834
Surplus/ (Deficit)	**$3 590 387**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	16 831 867	- 167 454 733
Current	150 622 866	-
Total	**$167 454 733**	**$167 454 733**

Opinion

In my opinion, except for the 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 National Development Fund as at December 31, 2016.

Basis for Qualified Opinion

1 REVENUE COLLECTION AND RECOVERY

1.1 Deal Notes

Finding

The Fund managers did not furnish me with deal notes for investments with a face value of $13 582 321 with the Central Africa Building Society (CABS). I was therefore unable to determine whether the tenor used to calculate interest earned of $897 935 was consistent with the tenor specified in the deal notes. This limited the scope of my audit.

Risk/Implication

Interest income might be misstated.

Recommendation

Deal notes should be availed for audit verification.

Management Response

Management is still to respond.

1.3 Payments without invoices

Finding

A payment of $1 000 to RockShade Car Rentals and Tours (Pvt) was done using quotations and no invoice was availed for audit inspection. The Fund also paid $11 500 to Twenty Third Century without an invoice. I could not verify whether the amounts were correct charges to the Fund.

Risk/ Implication

The possibility of dual payments cannot be ruled out if quotations are used as supporting vouchers

Recommendation

Payments should be supported with invoices.

Management Response

Management is still to respond.

2 GOVERNANCE ISSUES

2.1 Variances on reported cash balances and bank confirmations.

Finding

The financial statements disclosed cash balances of $141 408 for the Ministry of Finance - Sinking Fund call account while IDBZ confirmation statement had a nil balance. Furthermore, $584 321 was reflected as being held in the National Housing and Social Amenities Revolving Fund account in the financial statements while IDBZ bank confirmation statement reflected $971 849.91 for the same account.

There were no reconciliations carried out to agree the different balances.

Risk/ Implication

Bank balances disclosed may be misstated.

Recommendation

Monthly bank reconciliations should be performed to prevent and detect errors.

Management Response

Management is still to respond.

2.2 Cash and cash equivalents

Finding

The financial statements showed an amount of $18 068 044 that was invested in Interfin in 2009 and meant for Zimbabwe Economic and Trade Revival Fund (ZETREF). The bank was placed under curatorship in 2010. A provision for doubtful debts was not created for this investment amount in line with best accounting practice as its recoverability is doubtful. This had the effect of overstating the Fund's cash balances.

Risk/Implication

The cash and cash equivalent balances may be misstated.

Recommendation

A provision for bad debts account should be created in line with good accounting practice

Management Response

Management is still to respond.

2.3 Prior Year Adjustments

Finding

The closing General Fund figure as at December 31, 2015 was $163 875 692. However, the opening General Fund figure as at January 1, 2016 was $163 864 346. The difference of $11 346 was not explained or supported by documentary evidence.

The 2014 financial statements prior year adjustment figure of $9 987 688 which did not have supporting documents, was not investigated. The amount was included in the opening General Fund figure of $153 354 761 on January 1, 2015.

Risk/Implication

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

Recommendation

The prior year adjustment figures should be investigated and corrective action taken.

Management Response

Management is still to respond.

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

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Accounts Receivables

Finding

For the third year running a debtors' age analysis was not being drawn. I was therefore unable to establish how long the project debtors of $126 617 384 had been outstanding. Management may have overlooked the preparation of the debtors' age analysis in the management and recovery of debts.

Risk/Implication

Without a debtor's age analysis it can be difficult to get a clear picture of the financial position and there may be delays in following up resulting in some of the debtors defaulting even those who had potential to pay.

Recommendation

The Fund managers should maintain a debtors' age analysis for ease of follow-up and recovery of outstanding debts.

Management Response

Management is still to respond

2.5 Sinking fund

Finding

For the Fourth year running the Sinking Fund Account facility for transmitting repayments by debtors managed by Infrastructure Development Bank of Zimbabwe (IDBZ) was not functional save for that of National Housing and Social Amenities Revolving Fund. The loan agreements between NDF and IDBZ and those between IDBZ and beneficiaries indicated that beneficiaries were to open evidence accounts with IDBZ in which they would deposit all the revenue generated from their operations. IDBZ would then transfer loan repayments from the beneficiaries' accounts to the sinking fund. This arrangement was not implemented due to lack of a vibrant money market.

Furthermore, the auditee could not avail information on IDBZ comprehensive and periodic reports regarding the status of the Fund for the year under review.

Risk/Implication

Recovery of the invested amounts may be challenging due to non-creation of the sinking funds.

Recommendations

The Accounting Officer should explore how monies owed by debtors can be recovered for repaying loans when they fall due.

Reports on the status of the Fund should be produced to enable Fund managers to evaluate performance of the Fund.

Management Response

Management is still to respond.

VOTE 7. - INDUSTRY AND COMMERCE

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Industry and Commerce for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$18 547 000	$8 931 743	**$27 478 743**	$15 267 643	**$12 211 100**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Industry and Commerce as at December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Expenditure control and reporting

Finding

The Ministry did not upload expenditure amounting to $884 749 for Trade Promotions salaries and operational expenditure into the Public Finance Management System (PFMS) which is a computerised system used by Government for processing transactions. Subsequently, the total expenditure was understated leading to material misstatement of the Appropriation Account.

Risk/Implication

Misstatement of the financial statements compromises the reliability of the financial information presented.

Recommendation

All transactions should be captured into the Public Finance Management System to ensure the completeness and accuracy of financial information.

Management Response

The Ministry with the assistance of Treasury is in the process of uploading the expenditure of foreign mission salaries amounting to $884 749 not captured in the system due to challenges encountered on budget funding and releases. The

Appropriation Account will therefore be adjusted to correct the understatement on employment costs and measures will be taken to ensure that budget releases are done timeously to avoid recurrence of the observation.

1.2 Supporting Documentation

Finding

Treasury Instruction 1216 requires that before forwarding a voucher for payment the officer initiating the transaction should satisfy himself that the claim is correct, supported by relative requisitions and properly certified. However, I noted that contrary to this provision, the Ministry processed payments for Trade promotions accommodation amounting to $250 827 without appropriate and sufficient supporting documentation such as invoices. As a result, I could not ascertain the authenticity of the expenditure incurred.

Risk/ Implication

Expenditure incurred without valid supporting documentation exposes public resources to dual payments, misappropriation and abuse.

Recommendation

All payments made from public moneys should be sufficiently supported to ensure that only valid and authentic payments are done.

Management Response

The observation is noted. However, the Ministry will continue to engage Ministry of Foreign Affairs Mission accountants on the need to provide the required supporting documentation on all expenditure vouchers.

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

1 GOVERNANCE ISSUES

1.1 Unallocated Reserves

Finding

There was a variance of $22 988 226 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and the one disclosed in Treasury records. According to the schedule from Treasury, that was received after the audit had been concluded, the Ministry was supposed to have received $31 920 169, however as at May 10, 2018 the Ministry confirmed having received $8 931 943 through the PFMS, and the difference of $22 988 226 had not been uploaded on the PFMS to enable the Ministry to account for it. As a result I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Risk/Implication

The Appropriation Account may be misstated.

Recommendation

The Ministry should liaise with Treasury and provide all the necessary documentation for Unallocated Reserves and related expenditure.

Management Response

The Ministry was unable to disclose $22 988 226 since the letters were received in April 2018 and the budget amounts not released in the system to enable processing. We will continue to liaise with Treasury to ensure that necessary documentation is availed, budget amount released and the expenditure accounted for in the system.

1.2 Outstanding Payments

Findings

I noted that the Ministry had outstanding bills of $155 012 for the period under review relating to utilities such as telephone, water and rates. The Ministry was not maintaining a record which should indicate the obligations the Ministry has towards its suppliers. I therefore could not determine the actual figure of outstanding obligations.

Furthermore, monthly creditors' reconciliations were not being performed to ensure accuracy of transactions and timely detection of billing errors. This was contrary to the provisions of Treasury Instructions 1206 which requires a voucher for a progress payment to show the total amount payable, the total amount paid to date and the balance due.

Risk/ Implication

Without a creditors' record or reconciliations, the Ministry may not detect overstated bills or errors timeously which may result in overpayment of services rendered or paying for services not received.

Recommendation

A creditors' record should be maintained and regular reconciliations performed to ensure timely, accurate and complete processing of transactions in line with Treasury Instruction 1206.

Management Response

The Ministry will ensure that creditors ledger accounts are maintained in line with Treasury Instruction 1206.

1.3 Statement of Public Financial Assets

Finding

For the second year running, the Ministry did not disclose Public Financial Assets relating to a loan amounting to $7 545 949 advanced to CAPS Holdings through the Reserve Bank of Zimbabwe thereby understating the balances on the Statement of Public Financial Assets return. The prior year's management response was that the Ministry was awaiting direction and guidance from Treasury on treatment of the loan issued to Caps Holdings including supporting details to enable preparation of the return and capturing of the expenditure in the system.

Risks/ Implications

Non-disclosure of all transactions pertaining to loans and investments results in material misstatement of the Statement of Public Financial Assets. Further, without full disclosure, the performance of the loan may never be monitored.

Recommendation

The Ministry should disclose all loans provided to State Enterprises under its administration to promote transparency and accountability and to ensure that their performance is monitored.

Management Response

The Ministry is following up with Treasury on supporting documentation required and the loan amount of $7 545 949 will be disclosed in the Statement of Public Financial Assets as required to promote transparency and accountability.

1.4 Paymaster General's Account

Findings

Total expenditure as per the Appropriation Account amounted to $15 267 643 whilst the Sub-Paymaster General's Account amount was $15 246 396, resulting in an imbalance of $21 247. The Ministry did not reconcile the two amounts, therefore the accuracy and completeness of the expenditure figure for the year could not be ascertained.

Additionally, monthly reconciliations were not performed and submitted to Treasury on or before the seventh working day of each month, in compliance with provisions of Treasury Instruction 1301.

Risks/ Implications

In the absence of a reconciliation of the Account, expenditure reported may be misstated, and errors would go undetected hence giving misleading information to decision makers.

Recommendations

The Ministry should reconcile the expenditure balances from the different sources to enhance accuracy and reliability of the financial statements. The imbalance of $21 247 should be traced and reconciled.

Monthly reconciliations should be performed and checked by a senior officer to ensure accuracy and completeness of transactions.

Management Response

The Ministry will engage the SAP experts from Treasury to assist in identifying the possible causes of the difference. Once it is ascertained, the Ministry will reconcile the

imbalance by June 30, 2018. The Ministry will comply with the auditors' recommendations.

1.5 Risk Management

Contrary to the provisions of Section 5.1 (6) of the Ministry's Risk Management Policy which states that there should be risk assessment reports and fraud prevention policy respectively, the Ministry did not avail a risk assessment report for audit and there was no approved fraud prevention policy in place.

Risk/ Implication

The Ministry may be vulnerable to financial loss and negative publicity which may adversely affect the service delivery capacity and attainment of set objectives.

Recommendations

The Ministry should develop and implement a fraud prevention policy in order to minimise the negative impact of fraud.

The Ministry should perform risk assessments and produce reports in line with the Risk Management Policy.

Management Response

The Ministry will ensure that the Risk Management Committee performs its mandate in terms of a Section 5.2 subsection 6 of the Risk Management Policy and ensure that adequate training is provided to effectively discharge the function.

The Ministry will also ensure that fraud prevention policy is developed and approved by the Accounting Officer in terms of section 5.1 of the Risk Management Policy as advised. The policy document will be completed before the end of the year.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Outstanding Revenue

Finding

For the second year running, the Ministry's outstanding revenue increased by 71% from $55 877 to the current year balance of $79 106. This may have been caused by lack of robust debt collection mechanisms since some of the debts date back to 2009. Treasury Instruction 0501 states that officers responsible for collecting debts should take adequate steps to collect any sums due to the Government on due date and should not allow a debt to become extinguished through lapse of time.

Risk/Implication

Non recovery of outstanding revenue prejudices the Government of the much needed funds and also if it takes too long, the debts may never be recovered.

Recommendation

The Ministry should put in place effective revenue collection systems in compliance with the requirements of Treasury Instruction 0501.

Management Response

Most of the invoices were issued during year end hence the increase in outstanding revenue. However, measures are being taken to seek write-off on invoices issued in 2009 and 2010 which cannot be recovered as a result of company closures such as Bulawayo Ascot Spar and George Elcombe.

STANDARDS DEVELOPMENT FUND 2016

OBJECTIVE OF THE FUND

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

I have audited the Standards Development Fund Account for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement financial position for the year:

Statement of Comprehensive Income

Item	$
Income	19 398 355
Expenditure	12 723 210
Surplus/ (Deficit)	**$6 675 145**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current	7 878 043	-
Accumulated Fund		20 426 407
Current	12 882 183	333 819
Total	**$20 760 226**	**$20 760 226**

Opinion

In my opinion, the financial statements present fairly in all material respects, the financial position of the Standards Development Fund as at December 31, 2016 and its financial performance for the year then ended.

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Accounting Officer’s Instructions

Finding

The Fund was operating without Accounting Officer’s Instructions contrary to the provisions of Treasury Instruction 0706 which stipulates that the Accounting Officer should issue detailed instructions governing the conduct of financial business and control of public monies and property for which they are responsible. As a result, there were inconsistencies in the treatment of transactions.

Risk/Implication

The reliability of the Fund’s financial statements may be compromised as basic accounting principles may be ignored in the absence of explicit instructions.

Recommendation

Accounting Officer's Instructions should be issued to facilitate the smooth operation of the Fund. This would enable uniformity in the execution and recording of transactions and serve as a training tool for officers thereby reducing processing errors.

Management Response

The point is noted. The draft of the Fund's detailed instructions governing on how things should be done is still work in progress. The Fund has finished drafting the procedure manual for the Fund for its operations but the draft was returned by the Secretary for corrections. However, the finalisation of the manual has been put on hold pending the issue of new Treasury Instructions so that the manual is aligned thereto. Once completed the manual will be submitted for audit.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Levy Debtors

Finding

The Fund's debt recovery system was ineffective as evidenced by an increase of 335% of revenue due from levy debtors. The outstanding revenue rose from $1 328 483 to $5 782 403 in 2016. The National Railways of Zimbabwe and Local Authorities had debts of $2 350 197 and $168 958 respectively, which were said to be awaiting Treasury authority to write-off. However, no evidence was provided to show that all avenues to recover the funds had been exhausted and that the application for the write- off had been made to Treasury. This was in violation of Treasury Instructions 0501 which stipulates that officers responsible for collecting debts should take adequate steps to collect any sums due to the Government on due date and should not allow a debt to become extinguished through lapse of time.

Risk/Implication

Non recovery of outstanding debts could lead to loss of revenue as the Fund may end up failing to recover the amounts. The liquidity position of the Fund is negatively affected.

Recommendation

The Department should employ strategies to collect the amounts owing from debtors.

Management Response

The point is noted. The Fund is making frantic efforts to recover outstanding levies and in most instances some employers are defaulting the payment plans. However, the National Railways of Zimbabwe have revised the payment plan upward from $10 000 to $20 000.

3 EMPLOYMENT COSTS

3.1 Casual Workers

Finding

The Fund did not avail employment contracts and personal files for the casual workers that would specify the terms of employment, qualifications, experience and grading. As a result, I could not ascertain and validate the authenticity of the expenditure incurred of $49 871 towards the payment of salaries for casual workers. I also could not determine the basis of the grading system that was used to justify the different monthly salaries that varied from $175 to $860. This was contrary to the provisions of Part II 10(b) of the Public Service Regulations 2000 which require an employee to sign an employment contract.

Risks/Implications

Without employment contracts, the Fund could be paying salaries to non-existing employees thereby incurring irregular and unauthorised expenditure.

It is difficult to validate the method used to determine the grading system and salary scales without the employees' record of qualifications and experience.

Recommendation

Recruitment of casual workers should be done in accordance with the Public Service Regulations to ensure accurate salaries are paid to hired workers.

Management Response

The point is noted. The Fund took the workers from Commercial Farmers Union. The Fund has obtained approval from the Public Service Commission to employ them as casual workers on contract basis but they are yet to be put on payroll.

3.2 Signing of Official Secrecy Certificate

Finding

Section 6 (8) (c) of the Public Service Regulations, 2000 states that no candidate shall be appointed to the public service unless he has completed in a form provided by the commission, a declaration prohibiting the unauthorised disclosure of information connected with his official duties. Contrary to the Regulations, no evidence was produced to show that the casual workers had signed the Official Secrecy Certificates to safeguard unauthorised disclosure of information.

Risk/Implication

Members who may be unaware of the official secrecy provisions may divulge unauthorised information to the public and damage the reputation of the government.

Recommendation

All casual workers should sign the Official Secrecy Certificate, before they commence their duties in compliance with the Public Service Regulations.

Management Response

In the case of casual workers' position, their status had not been determined until recently, hence no official secrecy forms were signed. The Fund has been authorised to engage casual workers on contract basis renewable annually. The Human Resources is now liaising with the Public Service on the conditions of service.

TRADE MEASURES FUND 2016

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.

I have audited the financial statements for the Trade Measures Fund for the year ended December 31, 2016. Below is a summary of the statement of comprehensive income and statement financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	327 985
Expenditure	421 303
Surplus/ (Deficit)	**($93 318)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	1 881 137	- (137 334)
Current	1 122 113	3 140 584
Total	**$3 003 250**	**$3 003 250**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Trade Measures Fund as at December 31, 2016 and its financial performance for the year then ended.

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

1 MANAGEMENT OF ASSETS

1.1 Goods and Services not delivered

Findings

The Fund entered into a contract in November 2015 with Liquid Control for 5kg Precission balances, in January 2016 with Enermax for block weights and paid deposits of $15 321 and $197 058 respectively. The deposits paid constituted 70% of the total amount due to Liquid Control and 85% of amount due to Enermax. At the time of my audit on July 11, 2017, the assets had not been delivered. The contracts clearly stated that the delivery of the assets should be made within three to twelve weeks after payment of deposits. No evidence was produced to show that a follow up was made with the suppliers despite the fact that they had breached the contracts.

Furthermore, the Fund also entered into a contract with Baldon Furniture for the supply of office furniture. An amount of $4 876 was paid in October 2016 and as at July 11, 2017 the furniture had not yet been delivered. The table below refers:

Undelivered Assets

Date of Payment	Payment voucher No.	Supplier	Details	Amount Paid ($)	Contract Value ($)	Balance ($)
05/01/16	1 and 2	Enermax	Block weights	197 058	231 833	34 775
02/02/16	53	Liquid Control	5kg Balances	15 321	21 887	6 566
04/10/16	388	Baldon Furniture	Office Furniture	4 876	4 876	-
				$217 255	**$258 596**	**$41 341**

Risks/Implications

Failure to follow-up on undelivered equipment and taking appropriate action against the defaulting suppliers may lead to wasteful expenditure, and this may affect service delivery by the Fund.

There is risk that contracts may be awarded to suppliers without the capacity to supply.

Recommendation

The Fund should make a follow up with the suppliers on the outstanding equipment and appropriate action should be taken against defaulters in line with the contract terms.

Management Response

Enermax advised that the outstanding delivery of equipment is due for shipping but awaiting payment of which allocation of foreign currency has been cited as major challenge delaying the process.

With regards to Baldon Furniture, the Ministry is pursuing the matter with a view to recover the monies and terminate the contract with Liquid Control.

Evaluation of Management Response

The management seems to have taken a long time to take action on non-compliance by the suppliers. There is need to safeguard public resources.

1.2 Board of Inquiry

Findings

The Accounting Officer instituted a board of inquiry to investigate the case of a stolen laptop as required by Section 12 of the Public Finance Management Act [Chapter 22:19] which states that there should be an investigation in the loss or destruction of or damage of state property.

The Board minutes indicated that the laptop had already been replaced by the responsible officer. However, I could not find the laptop as it was not availed for audit and was not recorded in the asset register. The board of inquiry also failed to establish whether the replacement was of the same type, value and whether it was a new or old laptop. Due to insufficient information provided, I was not able to verify whether the laptop had been replaced.

The board of inquiry relied on hearsay on reaching its conclusion and did not carry out an independent inquiry on this issue. The basis for the officer to replace the laptop could not be validated.

Risks/Implications

The board may fail to fulfil its purpose of ensuring that there is total accountability of assets if investigations are not carried out properly.

Government assets may be exposed to misappropriation if they are not recorded in the asset register.

Recommendations

The board of inquiry should independently conduct its own investigations and come up with recommendations that would guide effective decision making.

The board should conduct further investigations and establish if the replacement made was not prejudicing the state in terms of quality and value.

Management Response

In future the Ministry will ensure that members appointed to Boards of Inquiry should be made aware of the procedures for them to be guided accordingly.

The observation is noted and the Ministry will ensure that the board of inquiry is appointed to conduct further investigations on the stolen laptop so as to determine the replacement value taking into consideration depreciation and seek Treasury authority to write off the asset from the books.

2 GOVERNANCE ISSUES

2.1 Absence of a Computerised Accounting System

Finding

As previously reported, the Fund is still using a manual accounting system to process large volumes of revenue transactions and this involves a lot of paperwork. This exposes the accounting system to errors and manipulation.

Risk/Implication

A manual accounting system is prone to human errors and this may affect the accuracy of financial statements.

Recommendation

The Fund should adopt a computerised accounting system to ensure accuracy of accounting records and improve reliability of financial information.

Management Response

The Ministry requested Treasury to assist in adopting SAP which is being used by Parastatals and other line Ministries. We submitted all the information required for the Fund to be rolled out on SAP and scheduled for a test run in July 2017.

Evaluation of Management Response

As at the time of concluding my audit in March 2018, no test run had been done.

VOTE 8. - AGRICULTURE, MECHANISATION AND IRRIGATION DEVELOPMENT

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account and supporting returns for the Ministry of Agriculture, Mechanisation and Irrigation Development for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$294 567 000	$73 903 785	**$368 470 785**	$169 046 684	**$199 424 101**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Agriculture, Mechanisation and Irrigation Development as at December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

ADMINISTRATION AND GENERAL

1.1 Public Financial Assets

Finding

I observed that the Public Financial Assets return had an opening balance of $712 530 782 instead of $1 356 462 973. The variance of $643 932 191 had not been reconciled at the time of concluding the audit.

Risk/Implication

Users of financial statements may make wrong decisions based on inaccurate financial statements.

Recommendation

The Ministry should ensure that there is adequate supervision in the preparation of financial statements and other supporting returns to ensure that the financial statements are fairly stated.

Management Response

The Ministry is investigating the variance through the return submitted for audit for the 2016 financial year. The result of the investigation would enable the Ministry to resubmit a revised return.

1.2 Statement of Contingent Liabilities

Finding

For the second year in succession I could not rely on the Statement of Contingent Liabilities submitted for audit due to lack of supporting documents. Contingent Liabilities on the statement amounted to $65 572 238. Also there was a variance of $479 262 between the figure of $66 051 500 which was the closing balance as at December 31, 2016 and $65 572 238 disclosed as the opening and closing balance for 2017. The variance had not been reconciled at the time of concluding the audit.

Furthermore, the Ministry through the Department of Agricultural Engineering and Mechanisation recovered some farm equipment from Farmers World whose borrowings had been guaranteed by Government. However, I was concerned that the recovered equipment was not valued and no adjustments were made to the Statement of Contingent Liabilities.

Risk/Implication

The financial statements may be misstated and users of the statements may make decisions based on inaccurate information.

Recommendations

The Ministry should ensure that documentary evidence to support the Contingent Liabilities is availed for audit examination.

The Ministry should ensure that there is adequate supervision in the preparation of financial statements and other supporting returns so that the financial statements produced are fairly stated.

Management Response

The Ministry is in the process of searching for documents relating to US$65 572 238. The difference in opening figures is as a result of fluctuations in the exchange rates of amounts quoted in other currencies other than the US$ used as the reporting currency and part redemption of Pig Industry Board's liability. The balance remaining of US$8 459 is owing to National Foods PLC.

Evaluation of Management Response

I was not availed with the requested supporting documents and the variance of $479 262 was not addressed.

1.3 Statement of Other Capital Liabilities

Finding

For the second consecutive year, I was not availed with supporting documents for Other Capital Liabilities amounting to $58 653 761 for the financial year under review. I observed that during the financial year ended December 31, 2016 the Ministry reported Other Capital Liabilities amounting to $235 207 112. However, I was not provided with documentary evidence as to how the difference of $176 553 351 was settled.

Risks/Implications

Irregular repayments for Other Capital Liabilities may be processed.

It may be difficult to verify Outstanding Other Capital Liabilities in the absence of supporting documents.

Recommendations

Supporting documents in respect of the Other Capital Liabilities should be provided for audit inspection.

The Ministry should ensure that there is adequate supervision in the preparation of financial statements and other supporting returns to ensure that the financial statements are fairly stated.

Management Response

Documents relating to events before dollarization and Maguta are in the custody of RBZ. Efforts to get the statements of accounts for debts whose creditors were handed to court several years ago and not initiated by the Ministry proved fruitless.

Evaluation of Management Response

The issue of how the difference of $176 553 351 was settled was not addressed.

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

1 GOVERNANCE ISSUES

ADMINISTRATION AND GENERAL

1.1 Budget Estimates

Finding

According to the Appropriation Act for the year 2017, the Ministry was allocated a total budget of $292 696 000 but in the Appropriation Account for the year ended December 31, 2017 the total original estimates figure was disclosed as $294 567 000 resulting in a variance of $1 871 000. I was therefore unable to validate the accuracy of the Ministry's budget provision for the year under review.

Risk/Implication

The Ministry's total voted provision as approved by Parliament may be misstated in the financial statements for the year under review.

Recommendation

The Ministry should work with Treasury on providing an explanation for the variance of $1 871 000.

Management Response

Observation noted. The variance of $1 871 000 between the Appropriation Act (2017) and the Ministry's Account arose from inaccurate capturing of figures on the part of Treasury which was beyond the control of the Ministry. However, efforts are being made to engage Treasury on this matter.

1.2 Unallocated Reserves

Finding

There was a variance of $1 559 713 867 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and Treasury records, that were received after the audit had been concluded. According to the schedule from Treasury the Ministry was supposed to have received $1 633 617 652, however as at May 10, 2018 the Ministry confirmed having received $73 903 785 through the PFMS, and the difference which is about six times the initial budget of the Ministry, had not been uploaded on the PFMS to enable the Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance. This could be attributed to lack of co-ordination between the Ministry and Treasury.

Furthermore, expenditure incurred amounting to $4 515 542 in respect of Utilities and Other Service Charges effected from Unallocated Reserves was not supported by payment vouchers and creditors reconciliations were not availed for my examination in order to determine whether the payments were indeed amounts which the Government of Zimbabwe owed the creditors.

Risk/Implication

The Appropriation Account may be misstated.

Recommendations

The Ministry should liaise with Treasury so that the transfers from unallocated reserve are communicated to the Ministry and uploaded in the system timeously.

There should be proper co-ordination between the Ministry and Treasury in respect of direct payments processed by Treasury on behalf of the Ministry. Source documents in respect of the payments should be availed to the Ministry so that the adjustments to the Appropriation Account are effected.

Management Response

The Ministry received letters of Unallocated Reserve transfers from Treasury in May 2018, well after the Ministry had submitted its financial returns and audit had completed auditing the Ministry's financial statements. To date transfers from Unallocated Reserves letters amounts to $2,071 billion well above the figure on the Treasury schedule.

Evaluation of Management Response

The Ministry did not indicate the action being taken to address the issue.

1.3 Transfers from Appropriation Account

Finding

Contrary to the provisions of Sections 17 (8) and 31 of the Public Finance Management Act [*Chapter 22:19*], I observed that three Divisions namely, Veterinary Services, Livestock Research and Crops Research Services transferred amounts of $195 000, $1 000 000 and $1 010 000 respectively from the Sub-Paymaster General Account into their respective Fund Accounts without Treasury authority.

Risk/Implication

Public funds may be misappropriated.

Recommendation

The Ministry should ensure that the provisions of Sections 17 (8) and 31 of the Public Finance Management Act [*Chapter 22:19*] are complied with.

Management Response

The observation was noted. Approval was sought after discussions with Treasury who wanted to capacitate the Research Institutes. The variation was done to accommodate the sister Department of Tsetse Control at the recommendation of the Director Finance and Administration.

Evaluation of Management Response

I was not availed with Treasury authority to transfer money from the Appropriation Account.

1.4 Expenditure Figures

Finding

I observed a variance of $8 689 597 which emanated from the disparity between the Appropriation Account expenditure figure of $169 046 684 and the Public Finance Management System balance of $160 357 087. Furthermore, Capital expenditure amounting to $763 214 for various Sub-Votes was not reflected on the Public Finance Management System printout. Table below refers:

Expenditure not on Printout

Sub-Vote	Amount ($)
Division of Crops Research Services	692 000
Division of Tsetse Control Services	15 100
Department of Agricultural, Technical and Extension Services	56 114
Total	**$763 214**

Risks/Implications

Inappropriate decisions may be made based on misstated financial statements.

Expenditure might have been incurred outside SAP.

Recommendations

The Ministry should ensure that all expenditure is incurred through the Public Finance Management System.

All expenditure should be reported so as to enhance accountability.

Management Response

The PFMS documents submitted by the Ministry had missing printouts of Internal Orders from departments that have PSIP projects. These printouts will be availed to the auditor.

Evaluation of Management Response

At the time of finalising the audit I had not been availed with the relevant printouts.

1.5 Set-Offs (Grain Marketing Board)

Finding

I observed that Treasury processed set-offs amounting to $3 298 943 in respect of amounts owed by the Grain Marketing Board (GMB) to various service providers and other amounts owed by the Government of Zimbabwe to the Grain Marketing Board (GMB) relating to outstanding handling and storage charges. The set-offs were not captured as expenditure for the financial year under review.

Risk/Implication

Users of financial statements may make wrong decisions based on inaccurate financial statements.

Recommendation

The Ministry should adjust the financial statements.

Management Response

The Ministry has vouchers prepared for the set-offs referred to and Treasury is responsible for effecting these payments in the system.

Evaluation of Management Response

The issue remains unresolved since the expenditure was not reported in the Appropriation Account.

2 MANAGEMENT OF ASSETS

DIVISION OF VETERINARY SERVICES

2.1 Renting out of Premises

Finding

I observed that the canteen at the Division's premises was being sublet to two private individuals. However, I was not furnished with lease agreements, Accounting Officer's approval and Treasury concurrence.

Risk/Implication

Office space may be used for personal benefit.

Recommendation

The Ministry should investigate whether the setting-up of canteen facilities was authorised and whether the revenue generated from rentals was deposited into Government official accounts.

Management Response

The observation is noted. The discussion with the operators is ongoing for rental charges to be paid to the revolving fund.

Evaluation of Management response

The operators were already operating and the ongoing discussions are an indication that the operators were allowed to use the premises without lease agreements.

DIVISION OF AGRICULTURAL ENGINEERING AND MECHANISATION

2.2 Farm Equipment

Finding

Contrary to Treasury Instruction 0909, the Ministry collected and distributed to beneficiaries farm equipment recovered from Farmers World which had been guaranteed by Government. The equipment was given in the form of loans though no monetary value was given. Also contrary to the provisions of Section 4.2 of the Government of Zimbabwe Accounting Procedures Manual, equipment valued at $853 750 from William Bain and Company Holdings (Private) Limited comprising of 50 disc harrows, 70 disc ploughs, 10 rippers and 10 trailers was not recorded in the Ministry's Master Asset Register.

Risk/Implication

Farm equipment might have been irregularly distributed. Departmental assets may be misappropriated.

Recommendation

The Ministry should ascertain the status of distributed farm equipment and should also record all assets in the Ministry's Master Asset Register for proper accountability.

Management Response

The observation is noted. However, this equipment has been lying idle at Farmers' World warehouse since the year 2007 without proper accountability. The condition of the equipment did not warrant any meaningful value, the implements were distributed as dismantled parts and most of the components were missing. Recovery of this equipment would not be prudent financially as the equipment is beyond its useful life. Contracts were administered to all the beneficiaries of the remaining material. It is important to note that those items failed to perform in the Zimbabwean soil and that is why they remained at Farmers' World for 9 years.

Evaluation of Management Response

The issue of equipment valued at $853 750 from William Bain and Company Holdings (Private) Limited comprising of 50 disc harrows, 70 disc ploughs, 10 rippers and 10 trailers which was not recorded in the Department's Master Asset Register, was not addressed.

2.3 Chinese Grant

Finding

I observed that the Department received 36 (thirty-six) tractors through a Grant from the Republic of China. The consignment comprised of 30 (thirty) Great Wall vehicles and 200 (two) hundred motor bikes. I was not provided with the file with information of the Grant arrangement. Furthermore, contrary to the provisions of Treasury Instruction 2002 read in conjunction with Section 4.9 of the Government of Zimbabwe Accounting Procedures Manual, the tractors and their respective attachments were not recorded in the Ministry's Master Asset Register.

Risk/Implication

State assets may not be properly safeguarded.

Recommendations

The Ministry should avail the Chinese Grant agreement for audit inspection.

The Ministry should ensure that the provisions of Treasury Instruction 2002 read in conjunction with Section 4.9 of the Government of Zimbabwe Accounting Procedures Manual are complied with.

Management Response

Observation is noted. However, the record in respect of this transaction which was a donation to the Government is under the custody of the Ministry. The equipment that was received by the department was issued from Administration and General Sub-Vote.

Evaluation of Management Response

I was not availed with supporting documents for the Chinese Grant and the updated Master Asset Register.

3 EMPLOYMENT COSTS

3.1 Payroll Reconciliations

Finding

I was not availed with payroll reconciliations for seven (7) Sub-Votes pertaining to the twelve months ending December 31, 2017. Therefore, I could not ascertain whether the total payment of $48 483 634 under employment costs was an accurate expense given the monthly fluctuations noted on gross salaries.

Risk/Implication

Overpayments and payments using incorrect salary scales may go undetected.

Recommendation

The Ministry should ensure that monthly payroll reconciliations are carried out in order to enhance internal controls on payment of salaries.

Management Response

Division of Livestock Research

The division has a record of the payroll information per station code which includes their gross and net amounts and the details of distribution of the pay sheet. This record requires improvement for it to be a reconciliatory record as per the recommendations cited in this audit.

Division of Crop Research

The observation is noted. The Division of Crop Research will ensure that the reconciliations of wage bill versus the pay sheets are prepared and submitted to the authorities within the period.

Agricultural, Technical Extension Services

The Department went through restructuring exercise which saw movement of staff and there were challenges which were faced during the year 2017. However, systems are now in place to address these and ensure that pay sheet reconciliations are maintained and updated.

Division of Tsetse Control Services

Payroll reconciliations were done every month in 2017. Reasons for monthly fluctuations were as presented in the pay sheets. The audit team did not however request for the pay sheets for inspection and these are available for verification.

Division of Research Services

Management will endeavour to make all payroll reconciliation records readily available for inspection by audit in future.

Evaluation of Management Response

The pay sheets referred to by the Division of Tsetse Control Services were not availed for audit inspection and verification at the time of audit.

AGRICULTURAL REVOLVING FUND 2015 AND 2016

OBJECTIVE OF THE FUND

The objective of the Fund is to provide additional resources to the Ministry's sub-votes to enable them to supplement their operations with regards to the maintenance and improvement of essential equipment, purchase of drugs and consumables required to improve the level and quality of departmental service.

I have audited the financial statements for the Agricultural Revolving Fund for the financial years ended December 31, 2015 and 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year 2016:

Statement of Comprehensive Income

Item	**$**
Income	17 027 261
Expenditure	16 634 641
Surplus/ (Deficit)	**$392 620**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current	2 325 264	-
Accumulated Fund		3 982 724
Other		(108 752)
Current	1 993 629	444 921
Total	**$4 318 893**	**$4 318 893**

Opinion

Because of the significance of the matters described in the basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis of an opinion. Accordingly, I do not express an opinion on the Agricultural Revolving Fund financial statements for the years ended December 31, 2015 and 2016.

Basis for Disclaimer of Opinion

1 GOVERNANCE ISSUES

1.1 Preparation of Financial Statements

Finding

Contrary to the provisions of Section 3.1 of the Fund`s Accounting Officer`s Instructions Manual, the Provincial Veterinary Offices did not prepare financial statements for the years ended December 31, 2015 and 2016.

Risk/Implication

It may be difficult to ascertain the financial performance of all Provincial Veterinary Offices.

Recommendation

The Ministry should ensure that financial statements are prepared in respect of the operations of all Provincial Veterinary Offices.

Management Response

The observation is noted. The Ministry will include all Provincial Veterinary Offices financial statements in the consolidated financial statements starting with the 2017 financial year.

1.2 Maintenance of Accounting Ledgers

Findings

I observed that no accounting ledgers were maintained for the financial year under review at eleven institutions in violation of Section 37 of the Public Finance Management Act [*Chapter 22:19*]. Furthermore, financial statements at Matopos Research Institute, Mlezu Agricultural College, Esigodini Agricultural College, Kushinga Phikelela Agricultural College and Rio Tinto Agricultural College were prepared from cash books instead of accounting ledgers. Financial statements at Esigodini Agricultural College were incomplete since they did not have supporting Accounting Notes contrary to the provisions of International Accounting Standard (IAS) 1 (Presentation of Financial Statements).

Risk/Implication

It may be difficult to verify account balances in the financial statements of the Fund.

Recommendations

The Ministry should ensure that accounting ledgers are maintained in respect of the operations of the Agricultural Revolving Fund in line with the requirements of Section 37 of the Public Finance Management Act [*Chapter 22:19*].

The Ministry should consider acquiring an Accounting Software Package in order to enhance accountability in the operations of the Agricultural Revolving Fund.

Management Response

The observations have been noted. Consultations will be done on the opening of some ledgers especially for non-current assets.

The acquiring of accounting software package to enhance accountability will be prioritized as recommended.

Management is intending to send the Accounts personnel for refresher courses.

Liaison on the valuation of assets and trading stock shall be done.

1.3 Suspense account

Finding

In my report for the year ended December 31, 2014, I expressed concern over a suspense account then amounting to $52 614 that was disclosed in the Statement of Financial Position. However, for the financial years ended December 31, 2015 and 2016 the suspense account had risen to $108 752. I was concerned that there were no adjustments that were effected to ensure that the Statement of Financial Position was fairly stated.

Risk/Implication

The financial statements may be misleading to users.

Recommendation

The Ministry should investigate the suspense amounts and make the necessary adjustments to ensure that the Statement of Financial Position is fairly stated.

Management Response

The observation is noted. The error could have emanated from addition and subtraction of figures from source documents to the Statement of Financial Position of 2014 take on balances from previous years. In future this kind of error may be minimized by moving from manual processing to electronic payments and preparation of financial statements. Treasury has advised that all statutory funds will be on SAP modules by mid-2018.

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

1 GOVERNANCE ISSUES

1.1 Preparation of Final Accounts

Finding

An analysis of expenditure for Matopos Research Institute for the financial year ended December 31, 2016 revealed variances amounting to $53 613 between expenditure disclosed in the cashbook and the financial statements availed for audit inspection.

Risk/Implication

Reliability and accuracy of the final accounts might be compromised.

Recommendation

The Ministry should ensure that there is adequate supervision in the preparation of financial statements.

Management Response

The observation has been taken note of. The Institute will implement the recommendations starting January 2018.

1.2 Agricultural Colleges

Finding

My review of the financial statements at Esigodini Agricultural College which were submitted to the Ministry's Head Office for consolidation into the financial statements of the Agricultural Revolving Fund revealed differences amounting to $528 787 in the financial statements for the financial year under review. As a result, I was unable to determine whether the College's financial statements represented a true and fair view of the operations of the College. Furthermore, I noted variances amounting to $13 701 between Rio Tinto Agricultural College's financial statements submitted to Head Office and the amounts included in the consolidated financial statements for the financial year under review.

I also observed discrepancies in expenditure disclosed in the consolidated financial statements in respect of Mlezu Agricultural College for the financial year ended December 31, 2016. The financial statements submitted to Head Office for consolidation had an amount of $33 672 as expenditure for Salaries and Allowances but the expenditure was not disclosed in the consolidated financial statements for the Agricultural Revolving Fund.

The financial statements submitted for consolidation in respect of Mlezu Agricultural College had depreciation expense amounting to $20 133 whilst an amount of $23 015 was disclosed in the consolidated financial statements leaving a variance of $2 882 for the financial year ended December 31, 2016.

Bank charges disclosed in the financial statements for Mlezu Agricultural College for the financial year ended December 31, 2015 differed from the charges disclosed by head office on the consolidated financial statements. The amount disclosed by the College was $4 223 while head office consolidated position bank charges were $3 187, giving a difference of $1 037.

Mlezu Agricultural College disclosed a total of $29 176 as depreciation in the financial statements for the financial year ended December 31, 2015 while the Head Office consolidated financial statements had a total of $22 218. The difference of $6 958 was not explained

Risk/Implication

Users of financial statements may make wrong decisions based on inaccurate financial statements.

Recommendation

The Ministry should ensure that there is adequate supervision in the preparation of financial statements at all Institutions and at the consolidation level.

Management Response

The observations have been taken note of and the diffrences between colleges and head office will be addressed.

1.3 CBZ Project Debtors

Finding

Debtors amounting to $39 045 in respect of various students who were given loans at Kushinga Phikelela Agricultural College for projects by CBZ with the College being a guarantor were not disclosed in the Fund's financial statements for the financial years 2015 and 2016. This was in violation of Section 3.5 of the Fund's Accounting Officer's Instructions Manual.

Risk/Implication

Debtors may not be fully accounted for. Users of financial statements may make wrong decisions based on inaccurate financial statements.

Recommendation

All current assets must be disclosed in the financial statements in line with the requirements of Section 3.5 of the Fund's Accounting Officer's Instructions Manual.

Management Response

In 2015 and 2016, CBZ project funds were accounted for separately from the Agricultural Revolving Fund. We are going to recognize and disclose the CBZ debtors in the financial statements for the Agricultural Revolving Fund for the 2017 financial year since the College has assumed and paid the CBZ debt in the current financial year. The College is going to seek authority in retrospect for assumption and payment of the CBZ debt.

1.4 Outstanding Creditors

Finding

I was concerned with the level of debt at Kushinga Phikelela and Rio Tinto Agricultural Colleges. The Colleges owed $319 320 and $123 511 respectively to various creditors which include contract workers and as a result the debt was having a negative effect on the operations of the Colleges.

Furthermore, the outstanding creditors amounting to $319 320 for Kushinga Phikelela Agricultural College were not disclosed in the financial statements for the financial year ended December 31, 2016.

Risks/Implications

Kushinga Phikelela Agricultural College may be sued if contract workers remained unpaid. Unpaid examination, travel and subsistence claims may result in demotivation of staff and ultimately lead to compromise in service delivery.

Recommendation

The College should engage the Ministry and try to find a solution in the payment of the debts.

Management Response

The observations have been noted and financial resources will be mobilised for payments of the debts.

VOTE 9. - MINES AND MINING DEVELOPMENT

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Mines and Mining Development for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$5 395 000	$28 249 897	**$33 644 897**	$15 816 193	**$17 828 704**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Mines and Mining Development for the year ended December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Unallocated Reserves

Finding

There was a variance of $94 327 988 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and Treasury records. According to the schedule from Treasury that was received after the audit had been concluded, the Ministry was supposed to have received $122 577 885. However, as at May 10, 2018 the Ministry confirmed having receipt of $28 249 885 through the Public Management System (PFMS) and the difference which is almost six (6) times the initial budget of the Ministry had not been uploaded in the PFMS to enable the Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Risk/ Implication

The Appropriation Account may be materially misstated.

Recommendation

Treasury should ensure that all transfers from Unallocated Reserve are communicated to the Ministry and uploaded in the system timeously

Management Response

The Ministry was not aware of the additional direct payments from the Unallocated Reserves that were made by Treasury. However, the Ministry will update the Appropriation Account accordingly.

1.2 Outstanding Revenue

Finding

An examination of the Outstanding Revenue Return revealed uncollected amount totalling $10 956 134 as at December 31, 2017. The Ministry did not provide a breakdown of individual debtors that make up an amount of $8 391 855 (77%) of debtors. I am concerned about the high figure of outstanding debt and the slow recovery rate.

Risk/ Implication

Revenue due to the Ministry may not be collected. The Ministry may fail to undertake some of its projects due to limited resources.

Recommendation

The Ministry should take measures to recover outstanding amounts from debtors.
There is need for the Ministry to put more effort and recover outstanding amounts from debtors.

Management Response

The Ministry implemented a debt recovery strategy. Demand letters were sent to various debtors and the response from the debtors was positive. In terms of the Mines and Minerals Act [*Chapter 21:05*], the Ministry is cancelling mining rights of defaulters and their mining claims are being forfeited.

1.3 Temporary Deposits Account

Finding

The Temporary Deposits account revealed receipts amounting to $11 443 that have remained in the Temporary Deposits Account for more than six months in violation of Treasury Instruction 1804 which requires such funds to be paid into the Consolidated Revenue Fund as unclaimed and confiscated money.

Risk/ Implication

If balances in the Temporary Deposits Account take more than six months to be cleared, it may end up being difficult to trace the transaction.

Recommendation

Temporary Deposits amounts that are more than six months old should be cleared as required by Treasury Instruction 1804 or be paid into the Consolidated Revenue Fund as unclaimed and confiscated money.

Management Response

The Ministry had challenges in debtor creation. The amount of $11 443 is made up of SSB deductions which were ring fenced so that the credits will be used to clear the individual debtors. We are in the process of creating debtor accounts and the amount in the Temporary Deposits account will be cleared and credited to the individual debtor accounts in due course.

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

1 GOVERNANCE ISSUES

1.1 Risk Management Policy

Finding

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 put in place a Risk Management Policy to mitigate against risks that may arise.

Management Response

A draft Risk Management Policy is in place and currently the document is undergoing internal review before approval by management.

1.2 Public Financial Assets

Finding

The return for Public Financial Assets submitted for audit did not reveal the financial interest or shareholding in Zimbabwe Mining Development Corporation (ZMDC) Minerals Marketing Corporation of Zimbabwe (MMCZ), Hwange Colliery and the Zimbabwe Consolidated Diamond Company (ZCDC) in contravention of Audit Circular Number 1 of 2017.

Risk/ Implication

Failure to disclose the Ministry's financial interests in the return for Public Financial Assets may result in loss of trail of value of investments in public entities controlled by the Ministry.

Recommendation

The Ministry should disclose all the public financial assets under its control for effective accountability.

Management Response

The observation is noted and agreed. The Ministry will seek Treasury guidance on the valuation model to be used to determine the value of each State Enterprise as at December 31, of each year.

MINING INDUSTRY LOAN FUND 2016

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 the Minister of Finance shall from time to time determine.

I have audited the Financial Statements of the Mining Industry Loan Fund Account for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	$72 401
Expenditure	$68 403
Surplus/ (Deficit)	**$3 998**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current	59 931	-
Accumulated Deficit		(116 689)
Other		1 349 100
Current	1 175 295	2 815
Total	**$1 235 226**	**$1 235 226**

Opinion

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 and performance of the Mining Industry Loan Fund for the year ended December 31, 2016.

Basis for Qualified Opinion

1 REVENUE COLLLECTION AND DEBT MANAGEMENT

1.1 Slow Recovery of Debtors

Finding

The Fund Administrators have not taken enough action to recover outstanding amounts from debtors resulting in the slow movement of the debtors' balance from $710 159 in 2015 financial year to $697 541 in the year under review. A recovery of only $12 618 (2%) was done.

In addition, although defaulting debtors amounting to $67 349 were handed over to Attorney-General's Office for recovery action in 2014, there was no evidence of any recoveries during the year under review to show that the matter was being addressed.

Risk/Implication

Failure by Administrators of the Fund to collect long outstanding debts may affect the liquidity position of the Fund. Some of the debts could end up being written off.

Recommendation

Management of the Fund should make effort to recover all the outstanding debts to enhance efficient revolving of funds and improve the liquidity position of the Fund.

Management Response

Our first effort to recover equipment from defaulting debtors account numbers H1005 and H1026 was a failure as there was no equipment at the sites visited. A Ministerial order has already been given to recover equipment from other four defaulting debtors (Account numbers B794, B796 B800 and H1024 respectively). However, to show commitment to recovery of debtors, the Ministry has handed over the following defaulting debtors; B772, B774, B775, B777, B782, B783, B791, H1001, H1006 and M197 to the Civil Division of the Attorney–General's Office for recovery action.

Evaluation of Management Response

Management did not make follow ups with the Civil Division of Attorney General Office in relation to defaulting debtors that were handed over.

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

1 GOVERNANCE ISSUES

1.1 Weaknesses in the Internal Control System

Finding

Treasury Instruction 2401 requires that there should be segregation of duties. In violation of this regulation, there was no evidence of segregation of duties being practised at Gweru Workshop. The workshop supervisor was receiving spares and raw materials for the workshop, raising requisition for raw materials and issuing out stocks. The same person was also responsible for general supervision of the workshop activities.

Risk / Implication

There was a risk that resources could be diverted or converted to personal use as the system of internal control was weak.

Recommendations

Management should provide for segregation of duties at the workshop and improve the internal control system.

Management Response

The issue is being looked into with a view of filling in the Accounting Assistant post.

2 MONITORING AND EVALUATION

2.1 Lack of Gold Production Returns at Head Office

Miners are required by Section 251 (1) (a) (i) [*Chapter 21:05*] of the Mines and Mineral Act to submit annual mineral production returns to the Ministry Head Office. The information on the returns submitted would then be used by management for decision making and planning purposes. This includes evaluation of miners' 'performance in terms of production and their contributions towards national economy. Contrary to the above regulation, the Ministry Head Office and provincial offices had no records of mineral production. I am concerned about the absence of important information in the Ministry that should maintain national data accurately at Head Office level.

Risk/ Implication

It may be difficult for management to evaluate the production impact of small scale gold miners on the national economy in the absence of important information such as production records. It could be difficult for management to make informed decisions and give appropriate advice to the authorities.

Recommendation

The Ministry's Head Office management should maintain production records of all miners to enhance effective monitoring, evaluation and decision making as required by the regulations.

Management Response

The Act requires miners to submit returns to the Ministry of Mines and Mining Development office hence they were submitting to the Ministry's Provincial offices. In the future, improvement in information collection and compilation should be done at Head Office

Evaluation of Management Response

The Ministry did not maintain production records as evidenced during audits at provincial mining offices. Audit visited the following provincial mining offices: Matabeleland North, Matabeleland South, Midlands and Mashonaland West and production records were not available at these stations.

2.2 State of Delivered Equipment

Finding

The Administrators of the Fund purchased ten 150 CFM Luitech LY 036-7 Compressors for an amount of $216 768 from a supplier in 2013. However, the supplier delivered ten 127 CFM Luitech LY 036-7 Compressors at the same price although the compressors delivered were much smaller than those actually purchased. Management of the Fund rejected the equipment on the basis that it was not in accordance with specifications but accepted the custody of the compressors. Although the dispute ended up in the court of law, the issue was still outstanding at the conclusion of the audit on July 28, 2017. The compressors have been lying idle at the workshop in Harare since 2013. The Administrators of the Fund had not made a follow up with the Court to check on whether the matter was finalised.

Risk/Implication

If the matter takes too long to be resolved, the Ministry may fail to recover the money from the supplier. The Fund may fail to carry out its mandate of promoting the development of small and medium scale miners effectively.

Recommendation

The administrators of the Fund should not accept the custody of goods which they have rejected. The issue should be followed up or handed over to the Civil Division of Attorney-General’s Office for conclusion.

Management Response

The dispute is currently before the courts therefore a decision will only be made when the courts have made a ruling and the case is finalised.

2.3 Production at Gweru Workshop

Finding

During the financial year under review, there was no production going on at the Gweru Workshop. Management cited lack of funding for the purchase of raw materials and spares. The workshop employees were only doing housekeeping activities. The Fund’s mandate of promoting and developing small and medium scale miners was being compromised as a result of lack of resources.

Risk / Implication

If the Ministry continues to pay idle employees, it results in fruitless expenditure and the Fund may not be able to achieve its objectives.

Recommendation

The Ministry should channel resources for workshop's operations to make it productive and avoid fruitless expenditure.

Management Response

The Mining Industry Loan Fund had not received grant since 2012 and this affected production. Non performing debtors as characterised by high default rate also affected the revolving process and viability of the Fund. Resources have been injected and now there is production at the workshop.

MINES AND MINING DEVELOPMENT FUND 2016

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.

I have audited the financial statements for the Mines and Mining Development Fund Account for the year ended December 31, 2016. Below is a summary of the statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	$3 379 082
Expenditure	$2 955 472
Surplus/ (Deficit)	**$423 610**

Statement of Financial Position

	ASSETS ($)	**LIABILITIES ($)**
Non-Current Accumulated Fund	1 329 843	**-** **2 508 422**
Current	1 615 897	437 318
Total	$2 945 740	**$2 945 740**

Opinion

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 and results of the operations of the Mines and Mining Development Fund as at December 31, 2016.

Basis for Qualified Opinion

1 EXPENDITURE

1.1 Irregular Expenditure

Finding

Without adhering to Part V of Statutory Instrument Number 1 of 2 000 (Public Service Regulations 2 000) which regulates the payment of allowances to members of the Public Service Commission, the Administrators of the Fund paid at least an amount of $21 096 to employees without competent authority. The payments were paid to staff in addition to their regular housing allowances.

Further to the above, an of amount of $29 350 was received as a donation from the Mineral Marketing Corporation of Zimbabwe (MMCZ) which is a public entity under the Ministry and the money was spent without Treasury authority.

Risk/Implication

The Fund may fail to meet its objectives if resources are channelled to unauthorised activities and it could also result in wasteful expenditure.

Recommendation

The Ministry should direct resources to activities authorised by the Constitution of the Fund. The Ministry should not transfer revenues from MMCZ to the Fund without Treasury authority as the action may result in misuse of public funds.

Management Response

1.1.1 The housing allowance was approved by the Accounting Officer. The members who were paid allowances were not permanently relocated.

1.1.2 Strategic Workshop Allowances

The funds were not from the Mines and Mining Development Fund. The Ministry paid the allowances using funds from MMCZ which were requested for a specific purpose.

Evaluation of Management Response

Provisions of the Constitution approved by Parliament cannot be varied without authority. While it can be appreciated that effort was made to obtain Accounting Officer's authority, Treasury authority should be sought as it takes precedence over the Accounting Officer's authority.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Travel and Subsistence Advances not cleared

Finding

The Ministry failed to acquit Travel and Subsistence advances totalling $43 307 that had been outstanding since 2015 financial year, in breach of Treasury Instruction 1505 which requires advances to be cleared within thirty days of the officer's return to home station.

Risk/ Implication

There is risk that the money may not be recovered as some debtors may end up failing to acquit their advances.

Recommendation

The Ministry should ensure that Travel and Subsistence advances are cleared within thirty days of the officer's return to home station in compliance with Treasury Instruction 1505. Deductions should be effected on the paysheet.

Management Response

The observation is noted. As for internal debtors, the Ministry will send demand letters and failure to comply will result in effecting SSB deductions without fail. Travelling and Subsistence debtors will be recovered in terms of Treasury Instruction 1505.

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

1 GOVERNANCE ISSUES

1.1 Computerization of Mining Titles System

Finding

For the fifth year in succession, I have to report that the Administrators of the Fund did not put in place the Computerised Mining Titles System as required by section 2 of the Constitution of the Fund. Fifteen years after the establishment of the Fund, the computerization of the Mining Titles System has not been done. I noted that there was no provision for the computerisation of Mining Titles System in 2016 budget putting in doubt management's commitment to undertake the project.

Risk/Implication

The continued reliance on a manual system for register of miners may result in leakages of revenue.

Recommendation

The Administrators of the Fund should prioritize the allocation of financial resources towards the computerization of the Mining Titles System in order to expedite the execution of the project.

Management Response

The Ministry has already begun the computerisation of the Mining Titles System as it is now at the pilot stage and Manicaland Province was used as the pilot Province. The system is now bearing results.

VOTE 10. -ENVIRONMENT, WATER AND CLIMATE

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Environment, Water and Climate for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$40 100 000	$41 068 536	**$81 168 536**	$80 884 795	**$283 741**

Opinion

In my opinion, except for the possible effects of the matter described in the basis for Qualified Opinion paragraph, the Appropriation Account present fairly, in all material respects, the financial position and performance of the Ministry of Environment, Water and Climate as at December 31, 2017.

Basis for Qualified Opinion

1 PROCUREMENT

1.1 Unsupported Expenditure

Finding

In contravention of the provisions of Section 81 (2) (b) (iii) of the Public Finance Management Act *[Chapter 22:19]* which states that all payments of public money should be supported by sufficient payment vouchers or proof of payment, the Ministry did not support payments amounting to $411 871 being direct payments made to ten (10) suppliers by Treasury on behalf of the Ministry. Treasury has given instruction to Ministries to obtain supporting receipts or proof of payment from service providers in all cases of direct payments by Treasury.

Risk/Implication

If payments are made without adequate source documents, fraudulent or dual transactions may be processed without detection.

Recommendation

In cases of direct payments by Treasury, the Ministry should proceed to obtain receipts or proof of payment from service providers as directed by Treasury.

Management Response

The observation is noted and agreed. We need to sit down as line Ministries with Treasury and come up with a way forward on how to address the issue.

2 GOVERNANCE ISSUES

2.1 Budgetary Control

There was a variance of $31 990 122 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and that disclosed in Treasury records, that was received after the audit had been concluded. According to the schedule from Treasury, the Ministry was supposed to have received $73 058 658. However, as at May 10, 2018 the Ministry confirmed having receipt of $41 068 536 through the PFMS, and the difference which is about 80% of the original budget of the Ministry, had not been uploaded in the PFMS to enable the Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Further to the above, the Ministry transferred funds from one sub vote to another totaling $32 130 without evidence that the virements were authorised by Treasury. This was contrary to the provisions of Treasury Instructions 0805 and 0806 which state that the power to virement from one sub-vote to another rests with Treasury.

Risks/Implications

The Appropriation Account may be misstated.

Unauthorised and wasteful expenditure may be incurred if funds are transferred from one subhead to another without Treasury authority.

Recommendations

Treasury should ensure that all transfers from Unallocated Reserve are communicated to the Ministry and uploaded in the system timeously.

In cases where virement action requires Treasury authority, the Ministry should ensure that such authority is granted before funds are transferred from one sub-vote or subhead to another.

Management Response

The amount shown in Treasury's records have not been effected on our Public Finance Management System (SAP) and we did not receive the release letters.

The observation is noted. The virement was authorized by Treasury. It is unfortunate that there was a mix up of the copies of the virement forms which could not be located.

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

1 GOVERNANCE ISSUES

1.1 Outstanding Payments to Suppliers

Finding

The Ministry did not pay amounts due to suppliers of goods and services totalling $1 714 692 (2016: $1 940 718) a reduction of only 12% when compared to the position of the 2016 financial year. Treasury Instruction 1204 requires all claims against Government to be settled promptly. I raised the same concern on page 172 of my 2016 report.

Risk/ Implication

Failure to pay suppliers of goods and services in time may result in strained supplier customer relationship with suppliers unwilling to provide further supplies of goods and services. Legal action can be taken against the Ministry which could lead to litigation costs.

Recommendation

The Ministry should pay suppliers promptly to avoid strained supplier customer relationship and incurring cost overruns on contracts and litigation costs that may also end up being incurred.

Management Response

The observation is noted. However, we have not yet received funding from Ministry of Finance and the 2018 budget does not have sufficient amounts to cater for this outstanding amount.

METEOROLOGICAL SERVICES FUND 2016

OBJECTIVE OF THE FUND

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

I have audited the financial statements of Meteorological Services Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	641 782
Expenditure	493 335
Surplus/ (Deficit)	**$148 447**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	40 965	- 1 978 812
Current	1 941 17	3 324
Total	**$1 982 136**	**$1 982 136**

Opinion

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 and the performance of the Meteorological Services Fund as at December 31, 2016.

Basis for Qualified Opinion

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Trade Debtors

Finding

In contravention of Treasury Instruction 0501 which states that steps should be taken to collect amounts outstanding to the Government, the Fund's debt recovery system continued to be ineffective as revenue due from airline operators was not collected for the fourth year in succession. The cumulative amount of outstanding debtors totalled $1 840 232 (2015: $1 684 443) which represents 95% of the total assets of the Fund. I am concerned with the slow debt recovery process.

Risk/ Implication

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

Recommendation

The Department should put effort to recover the outstanding amount from debtors and make follow-ups on court action papers.

Management Response

The observation is noted and agreed. Every effort is being made to recover amounts owed by airlines as evidenced by Court action papers against South African Airways which is our major debtor.

2 GOVERNANCE ISSUE

2.1 Suspense Account Balance

Finding

The financial statements contained a suspense account balance of $1 641 (2015: $2 149). The suspense account has featured in the financial statements since 2013 financial year. The existence of a suspense account balance affects the credibility of information disclosed in the financial statements. I made the same observation on page 181 of my report for the year ended December 31, 2016.

Risk/Implication

Failure to investigate and clear the suspense account balance may lead to misstatement of the financial statements. The accuracy and credibility of the financial statements is put to doubt.

Recommendation

The Suspense account figure should be investigated and cleared accordingly.

Management Response

The observation is noted and agreed. The suspense account balance has gone down from $2 149 to $1 641 a reduction of $508. Every effort is being made to clear the suspense account.

3 PROCUREMENT

3.1 Budgetary Control

Contrary to the provisions of Section 47 (4) of the Public Finance Management Act [*Chapter 22:19*], the Fund failed to spend within its budget set in the Budget estimates document. An expenditure of $118 336 was incurred in excess of the approved budget without obtaining prior authority from Treasury.

Further to the above, the Fund incurred expenditure totalling $90 000 on four expenditure items which were not provided for in the approved budget as detailed below:

Expenditure items not provided for in the Approved Budget

Expenditure item	**Amount ($)**
Catering Services	15 364
Exhibitions and Public Relations	46 423
Commission paid	22 724
Donations and Honorarium	5 489
Total	**$90 000**

Risk/ Implication

Wasteful expenditure may be incurred which could lead to failure to achieve the Fund's intended objectives.

Recommendation

The Ministry should comply with Section 47 subsections (3) and (4) of the Public Finance Management Act [*Chapter 22:19*] in order to avoid incurring wasteful expenditure.

Management Response

The items were not approved by Treasury, but the Management Committee approved this excess expenditure for the smooth flow of operations.

Evaluation of Management Response

The Management Committee should have sought Treasury authority before incurring excess expenditure as the powers of a Committee do not substitute those of Treasury.

3.2 Procurement Procedures

Finding

In violation of Treasury Instruction 1005 (4) which stipulates that where supplies cannot be obtained satisfactorily within Zimbabwe or when prices quoted are considered to be excessive, such supplies may be purchased from outside Zimbabwe with the approval of the

Ministry of Industry, Commerce and Enterprise Development. The administrators of the Fund withdrew cash amounting to $12 000 to purchase computers, monitors, printers and tires from outside the country without the approval of the Ministry of Industry, Commerce and Enterprise Development.

Further to the above, in violation of Treasury Instruction 1216, the Fund incurred expenditure amounting to $26 568 that was not properly supported by source documents such as requisitions, invoices, and comparative quotations. I was unable to determine whether the expenditure was a proper charge to the Fund.

Risk/ Implication

Goods and services may not be purchased at best advantage if procurement procedures are not followed and accountability may be compromised when controls are not properly implemented. Wasteful or fraudulent payments may be processed if expenditure is not adequately supported by source documents.

Recommendation

The Fund administrators should adhere to laid down procedures as detailed in the Treasury Instruction 1216 as this would enhance financial accountability.

Management Response

The observation is noted and agreed. The department will make every effort necessary to address the deficiency noted by audit. The expenditure which was incurred without seeking three quotations was from a soul supplier of the services required. The department was assisting two students by paying their tuition fees. The activity is a public relations issue.

Evaluation of Management Response

In cases where goods and services are provided by one supplier the department is supposed to have a service level agreement or a written explanation which will be attached on the payment voucher to support the expenditure.

Incurring expenditure not covered by the Funds' Constitution violates the principle of accountability and safeguarding public resources.

3.3 Irregular Expenditure

Finding

Contrary to Treasury Instruction 1120 read in conjunction with section 6 (3) of Statutory Instrument No 1 of 2000) of the Public Service Regulations, the Fund incurred a total expenditure of $54 766 on salaries and allowances for casual workers and part time weather presenters without competent authority.

Risk/Implication

If expenditures are paid without competent authority, it will be an improper charge against public resources.

Recommendation

The administrators of the Fund should ensure that payments of salaries and allowances to employees are properly authorized and that staff recruitment procedures as stipulated in the regulations are followed.

Management Response

The Constitution of the Fund states that the Fund shall be administered by the Director in consultation with and approval of a Management Committee. So the Management Committee is responsible for the management of the Fund and may approve expenditure. The Management Committee which is responsible for the management of Fund can approve such expenditure.

Evaluation of Management Response

In cases where Management Committee sees it necessary to incur other expenditure not authorized by the Constitution of the Fund, Treasury authority should be obtained accordingly before such expenditure is incurred.

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

1 PROCUREMENT

1.1 Delivery of Equipment

Finding

The Fund purchased a hydrogen generator worth €474 600 and made a part payment of a deposit of $100 000 (€72 241) in 2006 to Meteo France International. Due to lack of foreign currency and follow ups with the Reserve Bank of Zimbabwe (RBZ) and Treasury, the Fund did not pay the deposit in full so as to ensure delivery and specific performance by the supplier. The hydrogen generator had not yet been delivered as at the time of completing the audit on September 14, 2017 which is about eleven years after the part payment of the deposit was done.

Risk/ Implication

There is high risk that the equipment may not be delivered because of failure by the Ministry to secure foreign currency and to make timeous follow ups with RBZ and Treasury.

Recommendation

The Ministry should make effort to source foreign currency and ensure that the full amount of the deposit is paid in order to get the equipment delivered.

Management Response

Follow ups are being made on the issue and we have managed to pay an amount of $57 669 in bond notes which should be converted to foreign currency.

NATIONAL CO-ORDINATING UNIT FUND 2016

OBJECTIVE OF THE FUND

The National Coordinating 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.

I have audited the National Coordinating Unit Fund Account of the Ministry of Environment, Water and Climate for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	904 821
Expenditure	953 967
Surplus/ (Deficit)	**($49 146)**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	-	- 121 659
Current	121 659	-
Total	**$121 659**	**$121 659**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position and performance of the National Coordinating Unit Fund as at December 31, 2016.

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

1 PROCUREMENT

1.1 Purchases made out of Tender

The administrators of the Fund purchased a server for an amount of $50 715 without going to tender in contravention of Part II Section (4)(2) of the Procurement Act *[Chapter 22:14]* which requires the procuring entity to seek tenders in accordance with the procedure for informal tenders for goods and services exceeding $10 000. The same weakness was highlighted on page 184 of my 2016 report.

Risk/ Implication

Goods and services may not be obtained from most competitive suppliers if procurement procedures are not adhered to thereby prejudicing the Fund.

Recommendation

There was need to ensure that for all purchases made by the Fund, procurement procedures are followed.

Management Response

The observation is noted. The Ministry purchased from Liquid Telecom after recommendations from main funder of the Rural Wash Program (UNICEF) due to numerous challenges with Powertel.

Evaluation of Management Response

The recommendation from UNICEF should not have deterred the Ministry from following procurement procedures.

RHODES MATOPOS ESTATE FUND 2016

OBJECTIVE OF THE FUND

Rhodes Matopos Estate Fund was incorporated in Zimbabwe by an Act of Parliament, Rhodes Estates Act *[Chapter 20:14]*. The functions of the Fund are to control, manage and maintain national parks, botanical reserves and botanical gardens, sanctuaries, safari areas and recreational parks.

I have audited the financial statements of Rhodes Matopos Estate Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	1 583 537
Expenditure	1 511 839
Surplus/ (Deficit)	**$71 698**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund Other	691 107	238 284 169 614 404 122
Current	568 816	447 901
Total	**$1 259 921**	**$1 259 921**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Rhodes Matopos Estate Fund as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Committee Fees and Allowances

Finding

The Fund paid committee fees to the Committee of Management during 2016 amounting to $6 672. I was not availed with the approved fees from the parent Ministry for committee and sitting fees. The Fund was using a letter from ZIMPARKS's Director Finance, Administration and Human Resources written to the Permanent Secretary of the Ministry of Environment and Natural Resources Management dated March 12, 2012, seeking for approval of the board/committee fees and allowances for that year as the basis for payment.

Risk/Implication

There could be financial loss due to payment of unauthorised expenditure.

Recommendation

Committee and sitting fees should be paid based on approvals from the parent Ministry.

Management Response

The allowances were approved. The signed document to be availed by the Finance Manager at Head Office by 19 June 2017.

Evaluation of Management Response

The signed document was not availed.

2 REVENUE COLLECTION AND DEBT MANAGEMENNT

2.1 Outstanding Receivables

Finding

As previously reported, the Fund had long outstanding trade receivables amounting to $858 909 as at December 31, 2016. Fifty percent (50%) of the amount outstanding comprised of debt owed by small scale miners which was in excess of 120 days. The Fund was using ZIMPARKS debtors policy which stated that when a debt is not paid within 14 days first reminder is send, if it's after 21 days a final reminder is sent and if the debt is above 28 days it will be handed over to the Authority's legal section. However, the above noted debtors were not handed over to the Authority's legal section as at the time of the audit.

Risk/Implication

Receivables could become irrecoverable in the absence of an effective receivables management system.

Recommendation

The credit control procedures must be strengthened and appropriate action taken for timely review and follow up of all outstanding debts.

Management Response

Management has noted the observation. The debtors are emanating from miners. The challenge at the moment is that they are difficult to locate because of the nature of their job. Final demand letters have been written. Management is currently carrying out final identification exercise before a write off submission is done.

2.2 Cash management

Finding

I noted that the Fund had no petty cash limit. The Fund was using large amounts of cash for payment of goods and services. An examination of the cash book revealed that on a number of occasions some of the cash withdrawn was retained for later use as petty cash. The ZIMPARKS procedures manual which the Fund was using was not specific on the petty cash limit for the Fund. Below are examples of payments made using petty cash

Date	Detail	Reference	Amount ($)
21/01/16	Mattress warehouse	SB250	1 124.97
26/01/16	Mattress warehouse	SB264	749.99
12/05/16	Fazak	SB695	406.96
04/01/16	Fazak	SB168	1 185.00
06/05/16	Metro peach fortwell.Ok	PRO1655	1 133.80
28/07/16	Fortwell,Ok mart	PRO1668	727.47
27/06/16	Fortwell, Ok mart	PRO1663	989.51

Risk/Implication

Misappropriation of cash may occur in the absence of petty cash limit.

Recommendation

The Fund should consider putting a limit of petty cash according to the Accounting Procedures Manual.

Management Response

Management has noted the observation. Some suppliers were initially demanding cash but as of now, the Fund is now doing bank transfers in order to minimize incidences of cash handling. However, in instances where cash is required for goods and services, the Fund will ensure that cash accounting is done. In terms of petty cash limit management will come up with a limit by 30 June 2017.

2.3 Asset register

Finding

The asset register kept by the Fund was not up-to-date. Some assets which were destroyed by fire in 2014 were still in the asset register and those which were written off were still in the asset register. The assets listing had missing crucial information such as the asset condition and serial numbers. In addition, during the asset verification exercise, some of the key assets were not located but were in the asset register. The following are anomalies noted:

Asset number	Description	Year purchased	Comments
WM135	Laptop HP	2009	The asset could not be located.
WM98	Laptop HP	2009	The asset could not be located.
WM776	Laptop HP	2009	The asset could not be located.
WM.COMP03/16	Printer heavy duty RICOL NP	2016	No serial number
WM.COMP04/16	Printer	2016	No serial number
WM.COMP05/16	HP laserjet Printer pro m24nw	2016	No serial number
WM.COMP07/16	HP desktopMT 280	2016	No serial number
WM.COMP09/16	HP desktopMT 280	2016	No serial number
WM.COMP10/16	HP desktop	2016	No serial number
GNP 399	Land Rover TDi	2009	Was disposed but still on the asset register

Risk/Implication

Misappropriation of assets may occur if adequate controls are not in place.

Recommendation

Asset register should be updated timeously.

Management Response

Management has noted the observation on assets. The asset register will be re-looked at and will be updated by 30 July 2017.

3 EMPLOYMENT COST

3.1 Casual workers

Finding

I noted that some of the casual workers' contracts of employment were not comprehensive as important information like salary rates was not specified. According to the human resources policies and procedures, “all contract employees must sign the fixed term contract of employment letter, which shall clearly specify the salary rate per day, and the specific period of the contract.”

Risks/Implications

Lack of recourse in the event of a dispute.

Non-compliance with the procedures manual.

Recommendation

Management should ensure that all the important information is included in the contract of employment as per the Human Resources Manual.

Management Response

Management has noted the audit observation. Payment of salaries is guided by the salary scale. As observed, management will ensure that there is full completion of the contract of employment form for Contract workers.

3.2 Statutory Deductions

Finding

I noted that the Fund was not deducting NSSA contributions from casual employees from January to August 2016. From September to December 2016, a total amount of $243.85 was deducted and remitted to NSSA on January 02, 2017. The deadline for NSSA is the 10th of the month following deductions. Upon enquiry the NSSA deductions from January to May 2017 were not remitted to the relevant Authority during the time of the audit June 13, 2017.

Risk/Implication

Financial loss due to penalties and interest on the late submission of statutory deductions.

Recommendation

The Fund should deduct and remit all NSSA contributions on time.

Management Response

Management has noted the observation and will ensure that statutory deductions are remitted on time. This will be with effect from end of June 2017.

4 PROGRESS IN THE IMPLEMENTATION OF PRIOR YEAR RECOMMENDATIONS

4.1 Lease Agreements

The recommendation to put in place lease agreements for all leases was being done. Leases were now at various stages of signing. Some of the leases were now being signed at Ministry level.

4.2 Suppliers List

The recommendation to put in place an approved suppliers list was being implemented the list was compiled and was going through the signing stages at Directorate level at Head Office.

4.3 Value Added Tax

The recommendation for the Fund to submit VAT returns and remit VAT collected to the Tax Authority in compliance to the VAT Act (Chapter 23:12) was being implemented as the Fund was in the process of registration for VAT. ZIMRA was to do site visit and inspections as per registration procedures and requirements. Management was going to make follow ups to speed-up the registration process.

4.4 Strategic Plan

The Fund had come up with a draft strategic plan document.

4.5 Insurance of Assets

The recommendation for the Fund to mitigate against future un-foreseen disasters by insuring all high value assets was being implemented as the new double cab vehicle was insured. Quotations had been sourced from insurance companies to insure the Find buildings. However there were some recommendations which had been made by insurance companies to enable them to insure buildings under thatch like installation of fire hydrant. The fire hydrants required costs in the range of $50 000. The Fund did not have the funds at the time.

SECRETARY'S FUND 2016

OBJECTIVE OF THE FUND

The objective of the Fund shall be to encourage research in, and develop or conserve wild life (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.

I have audited the financial statements of Secretary's Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	197 545
Expenditure	173 377
Surplus/ (Deficit)	**$24 168**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	- 26 864
Current	26 864	-
Total	**$26 864**	**$26 864**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position and performance of the Secretary's Fund as at December 31, 2016.

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

1 GOVERNANCE ISSUES

1.1 Budgetary Control

Finding

On page 195 of my report for the year ended December 31, 2016, I raised concern over the administrators of the Fund incurring expenditure without an approved budget. The weakness continued to exist in 2016 when an amount of $173 377 was incurred without a budget, contrary to Section 47 of the Public Finance Management Act *[Chapter 22:19]*.

Risk / Implication

Failure to exercise a budgetary control system may result in wasteful expenditure due to absence of control mechanism and could negatively affect service delivery.

Recommendation

The administrators of the Fund should ensure that all the expenditure incurred is based on a proper budgetary system to avoid wasteful expenditure and ensure financial discipline.

Management Response

The observation is noted and agreed. As from 2017 financial year, budgets for the Secretary's Fund are now being prepared to control expenditure.

1.2 Accounting Officer's Instructions

Finding

Treasury Instruction 0706 requires the Accounting Officer to issue detailed Accounting Officer's Instructions on accounting and administrative procedures for the effective administration of the Fund. Contrary to this requirement, the Fund operated without Accounting Officer's Instructions.

Risk / Implication

The absence of the Accounting Officers' Instructions may result in employees failing to effectively administer the Fund as they would lack guidance on accounting and administrative procedures that should be followed.

Recommendation

The Ministry should put in place an Accounting Officer's Instructions that could guide employees on accounting and administrative procedures.

Management Response

The observation is noted and agreed. A draft Accounting Officers Instruction is now in place.

WATER FUND 2016

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 water is in short supply, acquisition of servitudes in respect of water, protection of environment and the prevention and control of water pollution, approval of combined water schemes, matters relating to dam works, to repeal the Water Fund Act [*Chapter 20:22*] and to provide for matters incidental to or connected with the foregoing.

I have audited the Ministry of Environment, Water and Climate - Water Fund Account for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	$1 456 179
Expenditure	$455 370
Surplus/ (Deficit)	**$1 000 809**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	- 1 112 637
Current	1 112 637	-
Total	**$1 112 637**	**$1 112 637**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position and performance of the Water Fund as at December 31, 2016.

However**,** below is other material issue noted during the audit:

1 PROCUREMENT

1.1 Fuel Management

Finding

Expenditure on fuel amounting to $8 958 representing 24% of the total expenditure on fuel was not properly accounted for as there were no log books or other documents to support that the fuel was used for the intended purpose. This was in violation of Public Service Commission Circular No. 5 of 2011 paragraph 6.2 which requires log books to be well maintained. Further to the above, in the accounting records the expenditure was classified under the item of domestic travel instead of fuels.

Risk/ Implication

If log books or other documents to support fuel usage are not maintained, expenditure may be incurred for the purposes not intended. If expenditure is not properly classified, the expenditure pattern may be distorted.

Recommendation

There was need for the Ministry to ensure that log books are filled in by all the users of motor vehicles in order to control and account for fuel. The Ministry should investigate further and determine whether the expenditure was properly incurred.

Management Response

The observation is noted. However, claims by the respective officers were produced as proof of fuel usage and days and places covered. However, logbooks will be attached in future for verification.

Furthermore, the fuel component will be classified and reported under the fuel general ledger so as to aggregate the total fuel consumed under the Water Fund Account.

VOTE 11.-TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account and supporting returns for the Ministry of Transport and Infrastructural Development for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$55 838 000	$25 277 762	**$81 115 762**	$55 724 562	**$24 225 897**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly in all material respects the financial position and performance of the Ministry of Transport and Infrastructural Development for the year ended December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Capital Transfers

Finding

Treasury paid on behalf of the Ministry Capital transfers amounting to $4 171 210 and $1 494 400 to Air Zimbabwe and CMED respectively. These transfers were not processed through the Ministry's Sub-Paymaster General Account, although the Ministry included the amounts under their budgeted provisions. However, the related expenditure was not captured and included in the Appropriation Account. This was contrary to Generally Accepted Accounting Practice that require financial statements to disclose fully all financial transactions that may have occurred during the year. The Appropriation Account is therefore misstated.

The Ministry received a release letter from Treasury advising them to pay CMED an amount of $5 002 123. However, no money was deposited in the Ministry's bank account (Sub-Paymaster General Account) for the payment to be processed. Therefore, the payment was only reflecting in the Public Finance Management System. The transaction was accounted for in the Appropriation Account thereby overstating the expenditure by $5 002 123.

Risk /Implication

Understatement of Capital Transfers resulted in the misstatement of the Appropriation Account.

Recommendation

All Capital transfers should be processed through the Ministry's Sub-Paymaster General Account to enhance accountability.

Management Response

The Ministry could not disclose the direct payments made to the two state enterprises by Treasury. Information relating to these transactions was received in 2018 after the Ministry had already submitted the Appropriation Account. The direct payments were not processed through our PFMS (SAP) system.

Evaluation of Management response

Liaison should have been done with Treasury before accounting for the voted provision.

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

1 IMPLEMETATION OF PROGRAMMES

1.1 Agency Agreement

Finding

The Infrastructure Development Bank (IDBZ) was acting as a project manager for road construction projects undertaken by the Ministry of Transport and Infrastructural Development. I was advised that there was no Agency contract in place between IDBZ and the Ministry of Transport and Infrastructural Development. I was therefore unable to establish the roles of IDBZ vis-a-vis those for the Department of Infrastructural Development whose major responsibilities are to come up with feasibility studies and providing oversight on the construction projects. It was not clear what the reporting and accounting arrangements in place were and the responsibilities of IDBZ and who was responsible for the payment of Agency fees.

Risk /Implication

There is risk in the efficient implementation of projects in the absence of an Agency agreement.

Recommendation

The Agency agreement should clearly disclose information on roles and responsibilities of the parties and financial reporting.

Management Response

Funding of roads construction projects comes from Ministry of Finance. Since the Ministry of Transport does not have any contract with IDBZ bank, it is the Ministry of Finance and the bank who have an agreement on the management of road construction projects. The Agency fee mentioned in the observation is a matter between IDBZ and Ministry of Finance, as it is contained in the agreement.

1.2 Road Construction Projects Implementation

Findings

The Roads construction budget which was transferred from Treasury for onward transmission to IDBZ of $20 590 000 was fully disclosed in the Appropriation Account as expenditure. However as at December 31, 2017 only $2 104 612 had been utilized by IDBZ. There was no system in place to keep track of how much money would have been disbursed or spent by IDBZ on road construction projects before further transfers were done to the bank.

There was slow progress in the utilization of road construction project funds released by Treasury. Funds released for the construction of the Hwedza-Sadza, Bindura-Shamva, Mvurwi-Kanyemba, and Harare-Mutare roads amounting to $14 445 000, were not utilized as the projects had not commenced as at December 31, 2017.

Risks/Implications

Road construction expenditure may be materially misstated if there is no clear reporting structure for funds held by IDBZ.

Delays in implementing projects may result in cost over-runs and deprives needy projects of funding.

Recommendation

The Ministry should liase with Treasury regarding the management, accounting and reporting of project funds transferred to IDBZ.

Management Response

Disbursements to IDBZ are treated as expenditure in PFMS. This system uses the cash basis of accounting. The Ministry therefore, could not have treated disbursements to IDBZ in another manner. In future the Ministry will disclose expenditure on road construction projects by way of a note to the Appropriation Accounts.

1.3 Unvouched Expenditure

Finding

IDBZ bank statements showed that payments amounting to $5 000 000 were made to ZINARA without authorization. No payment vouchers were compiled by the Ministry for the transfer of funds from project accounts managed by IDBZ. I was unable to determine whether the amount was a proper charge to public funds.

Risk /Implication

Making payments without payment vouchers may result in fraudulent transactions.

Recommendation

Management should ensure that all payment vouchers processed have supporting documents attached in accordance with Treasury Instruction 1215.

Management Response

The bank was authorized by Treasury to transfer the amount to ZINARA which was meant for emergency Road Rehabilitation Programs that were being carried out by Local Authorities. However, the amount was later reimbursed by ZINARA.

Evaluation of Management response

The finding referred to payments that were made without compiling payment vouchers. The response did not address this issue.

1.4 Reconciliations of Project Expenditure with IDBZ

Finding

The Ministry did not carry out monthly reconciliations of project expenditure disclosed by IDBZ against the expenditure shown in its commitment registers. Seven projects had actual expenditure of $13 054 962 as shown in the Ministry's commitment registers whereas IDBZ bank statement for the same projects had accumulated expenditure of $16 419 277 giving a difference of $3 364 315.

Risk/Implication

Incorrect project expenditure may be disclosed in the Appropriation account if monthly reconciliations are not carried out hence impacting negatively on decision making.

Recommendation

Monthly reconciliations should be carried out between IDBZ projects' bank accounts and the commitment registers maintained by the Department of Infrastructural Development.The variance of $3 364 315 should be traced and explained.

Management Response

Reconciliations were done at provincial level.

Evaluation of Management response

Reconciliations should also be sent to Head Office, for validation and audit examination.

2 GOVERNANCE ISSUES

2.1 Transfer of Harare–Bulawayo Construction Funds to Other Roads Projects.

Finding

Funds released for the construction of Harare –Bulawayo road amounting to $238 462 were diverted to fund new Parliament road construction, Chegutu-Chinhoyi –Slurry and Mupfure Bridge. This was done through raising requisitions in the names of the three projects to make it appear that they had procured road construction materials whereas this was not the correct position.

Risk /Implication

Attaching incorrect accounting documents may result in fraudulent transactions.

Recommendation

Payment vouchers should be supported by source documents in order to prevent the processing of fraudulent transactions and to ensure that expenditure is incurred for the intended purpose.

Management Response

According to the Provincial Road Engineer, the New Parliament Project borrowed Harare-Gweru dualisation project materials since there were delays in the delivery of the New Parliament Project materials.

Evaluation of Management response

The Ministry only provided explanation on one project leaving out the other two, that is, Chegutu-Chinhoyi –Slurry and Mupfure Bridge.

2.2 Creditors Reconciliations

Finding

The Ministry paid invoices with a total value of $158 576 which were raised by CMED in 2013, 2014, 2015 and 2016 without carrying out creditors reconciliations.

Risk/ Implication

Without creditors reconciliations there is a risk of making erroneous and dual payments.

Recommendation

Creditor's reconciliations should be carried out to compare details on the creditor's statements against the invoices on the SAP system before making payments.

Management Response

The Accountant checked and signed the payment voucher before the payment was processed.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Revenue Collecting Stations

Finding

In 2017 the Ministry collected revenue amounting to $22 453 590 from 29 outstations. However, 8 stations that were connected to SAP were not using the system for receipting. I could not establish why there was a low uptake on the use of the system in view of fraud associated with manual receipting especially where collection points are spread around the country.

Risk/Implication

Manual receipting is prone to fraudulent activities and it takes time to discover it, especially where collection points are spread around the country.

Recommendation

All stations connected to SAP should use the system to receipt revenue. The projects office should be requested to connect all stations to SAP.

Management Response

The Ministry has been engaging Central Computing Services under Ministry of Information Communication Technology to put connectivity infrastructure at all remaining revenue collecting stations.

DEPARTMENT OF ROADS FUND 2016

OBJECTIVE OF THE FUND

The Fund was established in terms of Section 25 of the Roads Act *[Chapter 13:18]* as read with the Public Finance Management Act *[Chapter 22:19]*. It was formed to provide financing for Road Development, Rehabilitation and Maintenance works.

I have audited the financial statements of the Department of Roads Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	22 990 156
Expenditure	24 408 057
Surplus/ (Deficit)	**($1 417 901)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	1 569 875	- **984 122**
Current	6 221 942	6 807 695
Total	**$7 791 817**	**$7 791 817**

Opinion

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 Department of Roads Fund for the year ended December 31, 2016 and its performance for the year then ended.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Adjustment to Financial Statements

Finding

In my report for 2015 on page 210 paragraph 1.2, I highlighted that the Accounting Officer had submitted a new set of accounts with 29 further adjustments to the expenditure items in the financial statements. The proposed adjustments were not effected in the accounting records for 2015. In 2016, there was an unreconciled variance of $6 107 337 between the expenditure reported in the financial statements of $22 063 531 and the ledger accounts balance of $15 956 194 (**Table below refers)**.

Differences between Ledger Balances and Financial Statements

Account Details	Ledger Balances $	Reported in Financial Statements $	Difference Overstatement/ (Understatement) $
Fuels, Oils & lubricants	670 341	751 749	81 409
Administration Expenses	600 767	612 0949	11 328
Repairs and Maintenance	10 969 341	14 440 746	3 471 405
Salaries & Wages	3 715 746	6 258 942	2 543 196
TOTAL	**$15 956 194**	**$22 063 531**	**$6 107 337**

Risk/ Implication

The financial statements may be materially misstated if adjustments made in the financial statements are not effected in the records.

Recommendation

All adjustments should be posted to the accounting records. The variance should be traced and cleared.

Management Response

The recasting of the financial statements was necessitated by the omission of transactions done at provincial level which included bank charges, transfers to and from provinces as well as other income received by provinces.

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

1 PROCUREMENT

1.1 Procurement Committee

Finding

The Procurement Act *[Chapter: 22:14]* section 35 (1) (e) states that a procuring entity shall keep a record of its procurement proceedings. The Fund administrators could not avail Procurement Committee Minutes, comparative schedules and competitive quotations for goods and services valued at $1 054 193 that were bought. This was a result of management override of procurement regulations, when it approved procurement of goods and services without the requisite documentation. Consequently, I was unable to determine whether there was optimum use of public funds through effective competitive quotations.

Risk/Implication

Goods and services may be procured in an uneconomic manner.

Recommendations

Procurement of goods and services should go through the Procurement Committee to enhance accountability and transparency.

The Procurement Committee Minutes should be availed for all goods and services procured by the Fund, to promote accountability and transparency.

Management Response

The observation has been noted. All efforts are being made to retrieve the information from Provincial Road Engineers.

1.2 Registration of Vehicles

Finding

The Fund had two unregistered NPR400 trucks valued at $247 389 sharing number plates which were stripped from another vehicle. Delays in registering the motor vehicles were attributed to challenges with ZIMRA offices. This was contrary to the Vehicle Registration and Licensing Act *[Chapter 13:14]* section 6 which requires that any vehicle to be used on the roads must be registered. The motor vehicles/new trucks were being used in Mashonaland East Province.

Risk /Implication

If an unregistered motor vehicle is involved in an accident, disputes about liabilities may arise between a vehicle dealer and the users of the vehicle.

Recommendation

The vehicles should be registered before they are put into use. Also registration would ensure ownership is clearly known.

Management Response

The vehicles were purchased from the supplier and ZIMRA issued the customs clearance certificate (CCC) in the supplier’s name instead of the Fund’s name. The customs clearance certificate was returned to the supplier in October 2017 so that they could regularise the anomaly. The Fund is still to receive the corrected CCC from the supplier.

1.3 Construction of Weighbridge

Finding

The Fund's Accounting Officer's Instructions Manual did not cater for income received from Zimbabwe National Roads Administration (ZINARA), where the Fund construct assets and hand them over to the sponsor (ZINARA). The Fund included in its financial statements the cost of constructing six (6) weighbridges valued at $213 892 which belong to ZINARA. The weighbridges constructed are on Vehicle Examination Department (VED) premises for weighing cargo vehicles for purposes of raising overload penalty fees where necessary. VED Depots are used as collecting agents for ZINARA and receive commission from overload penalty fees.

Risk/Implication

The carrying amount of assets in the Financial Statements was overstated as the weighbridges were constructed on behalf of ZINARA.

Recommendations

The Accounting Officer's Instructions Manual should provide for procedures on how to treat income received from ZINARA for construction of assets that are later handed over to the sponsor on completion.

The cost of the weighbridges should be reversed from the asset account ledger and accounted for by Traffic and Legislation Fund.

Management Response

The weighbridges are not assets for the Department of Roads Fund as they were constructed on behalf of ZINARA. A journal to reverse depreciation for the asset under construction was prepared. The Fund is to transfer the total amount to Traffic and Legislation Fund where construction of weighbridges are being administered.

NEW LIMPOPO BRIDGE FUND 2016

OBJECTIVE OF THE FUND

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

I have audited the financial statements of the New Limpopo Bridge Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	13 329 801
Expenditure	7 535 357
Surplus/ (Deficit)	**$5 794 444**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current	1 837 010	-
Accumulated Fund	-	19 465 087
Current	19 710 047	2 081 970
Total	**$21 547 057**	**$21 547 057**

Opinion

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 New Limpopo Bridge Fund for the year ended December 31, 2016 and its performance for the year then ended.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Maintenance of accounting records

Findings

The Fund relied on deposits disclosed on the bank statement to come up with the revenue figure of $13 329 801 reported in the financial statements. Consequently, monthly bank reconciliations were not carried out contrary to good accounting practice. This might have compromised the reliability, integrity and accuracy of the financial statements. The same issue has been raised since the inception of the Fund with no corrective measures being taken.

The Accounting Officer's manual states that individual ledger accounts should be maintained. However creditors with a value of $2 081 969 and salaries and wages amounting to $321 876 had no ledger accounts. The accuracy of figures disclosed in the financial statements could therefore not be ascertained. Other ledger accounts were maintained on Microsoft Excel spreadsheets which have no adequate security controls.

Risks/Implications

Financial statements may be misstated if accounting records are not maintained.

Failure to perform monthly bank reconciliations may result in errors, omissions and fraud may go undetected.

The use of Microsoft Excel package may compromise the integrity of the financial statements.

Recommendations

Ledger accounts should be maintained to enhance the reliability of accounting information and financial statements.

A secure Accounting Software Package should be acquired to process financial transactions.

Monthly bank reconciliations should carried out.

Management Response

The Fund is going to procure separate master receipt books and sub-collectors schedules for use as source documents for revenue collected, supported by point of sale receipts and deposit slips. Monthly bank reconciliations will be carried out using these records.

In future creditor's individual ledger accounts will be maintained in provinces and the control account will be maintained at Head Office.

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

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Disclosure of Revenue Due to the South African Government

Finding

Generally accepted accounting practices require financial statements to include disclosures necessary to draw attention to the possibility that its financial position and financial performance, may have been affected by the existence of related parties and/or by related party transactions. The Bilateral Agreement between Zimbabwe and South Africa stated that starting September 1, 2015, there would be equal sharing of revenue between the parties, after deducting 15% operational costs. Contrary to the above, the financial statements did not disclose the portion of Toll Fees revenue from the operating income of $13 329 801 that is due to the South African Government.

Risk/Implication

Failure to disclose revenue due to related parties may understate liabilities and mislead users of financial statements.

Recommendation

Revenue due to South African Government should be disclosed in the financial statements.

Management Responses

The observation has been noted. The revenue share for the South Africans will be disclosed as a liability in the financial statements for 2017.

2 GOVERNANCE ISSUES

2.1 Disclosure of Prior Year Liabilities

Finding

An amount of $202 170 was charged to the Fund for security services and hire of plant and equipment for services rendered from 2012 to 2014 before the Fund came into existence. The validity and legitimacy of these payments is questionable. Payments may have been made due to management overrides and weak internal controls.

Risk / Implication

Fraud may be perpetrated if illegitimate expenditure is charged to the Fund.

Recommendation

Only expenditure incurred towards the achievement of the Fund's objectives should be charged to the Fund. The Accounting Officer should investigate this matter and take appropriate corrective measures.

Management Response

The Accounting Officer has written to Treasury seeking their guidance on how to treat expenditure for services rendered before the Fund was in existence.

2.2 Valuation of Construction Projects

Finding

I was unable to establish the value of roads constructed or maintained during the year although expenditure on Hire of Plant and Equipment was $2 199 067. The Fund did not maintain records nor disclose the particular roads that were constructed from hire of the plant and equipment.

Risk/Implication

Without maintaining records on road construction it would be difficult to trace how the funds were utilized.

Recommendation

The Fund administrators should keep records for road construction and maintenance to enhance accountability and transparency.

Management Response

Project expenditure will be disclosed in 2017 financial statements.

2.3 Use of Department of Roads Letter Head

Finding

The New Limpopo Bridge Fund falls under the Department of Roads Directorate, a Sub Vote within the Ministry of Transport and Infrastructural Development. The New Limpopo Bridge Fund shared the same letterhead with the Department of Roads. I observed that Salaries and Wages amounting to $321 876 for the Department of Roads were paid from the New Limpopo Bridge Fund.

Risks/Implications

Irregular and fraudulent payments may be processed if two entities use the same letter head.

Payment of salaries and wages for a different entity may result in misstatement of financial statements.

Recommendation

The New Limpopo Bridge Fund should have its own letterhead for ease of identification.

Corrective action should be taken to recover salaries and wages of $321 876 paid on behalf of the Department of Roads.

Management Response

The Department of Roads noticed that since the Fund falls under the Department designing a separate letter head for the New Limpopo Bridge Fund would cause administrative challenges on implementation. The Fund administrators are of the opinion that a separate date stamp can be procured to differentiate the two entities.

2.4 Payments on Behalf of ZINARA

Findings

Clause 7.1 of the Agency agreement between the Fund and ZINARA states that the Fund shall pay a 15% commission on amounts deposited by ZINARA every month. From January to April 2016 the Fund paid Value Added Tax (VAT) amounting to $86 046 on behalf of ZINARA, which was not covered in the agreement. This resulted from weak internal controls. At the time of concluding the audit, no recovery of the irregular tax payments had been made.

Risk/Implication

Payments that are not covered in the agency agreement may result in wasteful expenditure.

Recommendation

The Fund should recover VAT amount paid to ZIMRA on behalf of ZINARA.

Management Response

The observation has been noted. The VAT payments will be recovered from future monthly commission due to ZINARA.

3 PROCUREMENT

3.1 Procurement Procedures

Findings

State Procurement Board (SPB) rejected a request for renewal of contracts for Plant and Equipment Hire in its letter SPB/A/40 dated March 04, 2016. Treasury Instruction 0915 requires Accounting Officers to ensure that all contracts that are likely to involve the expenditure or commitment of substantial sums of money shall be in writing and expressed in appropriate terms. However, contractors for plant and equipment hire whose contracts had expired were paid $1 361 331 despite SPB having turned down their request to renew contracts and Treasury Instructions.

Risk/Implication

Paying service providers whose contracts have not been renewed may result in improper charge against public funds.

Recommendations

The Fund should enter into written contracts with its service providers to regularise their payments.

There is need for the Ministry to safeguard public resources.

Management Response

The observation has been noted. Indeed, the State Procurement Board (SPB) rejected to extend the approved list for a further one year in 2016. The Fund Managers thought it was advantageous to projects if they used the tendered rates for 2015 on projects undertaken in 2016.

NEW VEHICLE SECURITY REGISTRATION NUMBER PLATE REVOLVING FUND 2016

OBJECTIVE OF THE FUND

The Fund was established to import blank registration plates of the specifications stipulated in the vehicle registration and licensing regulations and incidental materials, for the production of vehicle registration number plates, and to sell plates to vehicle owners.

I have audited the financial statements of the New Vehicle Security Registration Number Plate Revolving Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	6 113 621
Expenditure	3 552 565
Surplus/ (Deficit)	**$2 561 056**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	40 373 499	**-** **43 742 909**
Current	6 717 009	3 347 599
Total	**$47 090 508**	**$47 090 508**

Opinion

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 New Vehicle Security Registration Number Plate Revolving Fund for the year ended December 31, 2016.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Maintenance of Accounting Records

Finding

I noted that the financial statements of the Fund were prepared from manual ledgers that were extracted from Excel Spread sheets which had inadequate security features. This was despite the fact that the Fund had purchased a Pastel Accounting Software package in 2015, which was not being used for processing transactions and producing financial statements. There were unexplained variances amounting to $208 645 between figures recorded in the ledger accounts and those disclosed in the financial statements.

Risk /Implication

Maintaining ledger accounts and recording transactions on excel spreadsheets may result in fraud and errors going through undetected.

Recommendation

The Fund should fully utilise the Pastel software, investigate the variances and take corrective measures.

Management Response

The expenditure observed has since been captured in the system and we hope that, with the use of Pastel Accounting Software, such mistakes will not occur in future financial statements.

The Fund is currently using the Pastel Accounting Software Receipting Module and we managed to prepare the cashbook using the same during 2017. The Fund intends to procure a much more robust Pastel Evolution Accounting Software which is capable of handling large volumes of transactions that can be connected to all our Number Plate Selling Agents.

1.2 Sales Reconciliation

Finding

Monthly sales reconciliations were not carried out between the sales general ledger and selling Agents revenue returns. Debtors circularization revealed that agents realized sales amounting to $6 897 721, whereas the General ledger and the financial statements had a balance of $6 579 705 resulting in an understatement of revenue of $318 016.

Risk /Implication

Failure to perform monthly reconciliations may result in errors, omissions and fraud going through undetected.

Recommendation

Monthly sales reconciliations should be carried out and the variance of $318 016 should be investigated.

Management Response

Sales reconciliations were being prepared manually. This resulted in the errors which caused the variance affecting our first set of financial statements. Corrections were effected in the second set of financial statements that were resubmitted to auditors.

1.3 Trade Payables

Finding

In terms of the accrual accounting concept, financial transactions should be recorded at the point when they occur regardless of whether a cash transfer or payment has been made. Contrary to the above, the Fund did not disclose in its financial statements Trade Payables amounting to $334 834. Failure to record transactions as they occurred resulted in the omission.

Risk/Implication

Liabilities may be understated, compromising the reliability and integrity of financial statements.

Recommendation

The accrual accounting concept should be applied so that liabilities are recognised in the year in which they occur.

Management Response

The trade payables will be reconciled. The amount of $334 834 was disclosed in the resubmitted financial statements, documentary evidence to support the breakdown will be provided to support the amount.

1.4 Unsupported Adjustments

Finding

The Fund resubmitted a new set of accounts which reflected reduction in Sales Revenue and Trade Receivables balances by $117 999 and $771 000 respectively. The adjustments were not supported by documentary evidence. Without documentary evidence of the adjustments the balances disclosed in the financial statements could not be relied upon.

Risk/Implication

Adjusting ledger balances without supporting documents may result in distortions and irregular transactions as the movement in figures will be difficult to trace.

Recommendation

All journal entries should be supported by adequate documentation.

Management Response

The variance on trade receivables emanated from the fact that our sales were compiled manually from the stock movement ledger accounts. Owing to the voluminous manual calculations involved, errors arose which resulted in discrepancies between banking and the actual stock transferred. Documentary evidence to support the variances will be provided to support the adjustments.

1.5 Take on Balances

Findings

There were variances amounting to $373 788 between the audited closing balances as at December 31, 2015 and the take-on balances as at January 1, 2016 on Property, Plant and Equipment, Depreciation and Inventory. The make-up of the variances had not been identified when I finalised my audit.

Furthermore, there were variances of $3 427 545 between the audited closing balance of $41 181 853 on the Accumulated Fund as at December 31, 2015 and the take-on balance of $44 609 398 as at January 1, 2016. The variances were not explained.

Risk/Implication

Failure to take on correct closing balances may result in material misstatements of financial statements.

Recommendation

Closing balances should be used as take on balances. If prior year’s errors are discovered they should be documented and explained in full.

Management Response

The take-on balances declared in the accounts differed from certified accounts due to non-inclusion of fully depreciated assets. However, in future, take-on balances of certified accounts would be considered and make the necessary prior year adjustments in financial statements.

The change in the Accumulated Fund was necessitated by the transfer of funds to Treasury which were being capitalised in the statement of financial position. The transfers are now being expended and disclosed as notes.

1.6 Inventory Records

Finding

The financial statements had closing inventory valued at $3 648 705 as at December 31, 2016. Stock take sheets disclosing inventory on hand were not availed for my verification, I could not therefore, confirm the accuracy of the value of year-end inventory disclosed in the financial statements for both Central Vehicle Registry Head office and Southern Region Trading Company, the custodians of number plates.

Risk/Implication

The value of inventory disclosed in the financial statements may be misstated.

Recommendation

All Stock sheets for the Inventory should be availed for audit.

Management Response

Although the Fund had successfully carried out the stocktake exercise to as many as 38 number plate selling outlets/stations with the participation of Audit, however, stock sheets in respect of Central Vehicle Registry as well as Southern Region as observed got misplaced since we were using a manual system. However reconciliations have been done using the information available to enable us to have 2017 figures and the Ministry will continue to look for the missing stock sheets.

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

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Non-Disclosure of Other Income

Finding

Statutory Instrument 79/2009 prescribes various fees and charges that may be collected by the Fund. However, the Fund has been failing to disclose the various fees and charges in the financial statements. According to section 5 of the Constitution, income of the Fund consists of sale of number plates as well as other income generated from sundry activities.

Risk/Implication

Failure to disclose all sources of revenue may result in the misstatement of the financial statements and/or the revenue collected may be misapplied.

Recommendation

Revenue collected should be properly classified and disclosed in the financial statements.

Management Response

The observation has been noted. Other Income revenue will be disclosed separately as recommended. The error emanated from the use of Point of Sale machines [POS] which combined all our revenue streams. The Fund has started separating POS transactions to determine Other Income with effect from the 2017 financial year.

2 GOVERNANCE ISSUES

2.1 Distribution of Number Plates

Finding

Appendix I section 5-95 (b) of the Treasury Instructions state that all inventory should be brought on charge by means of receipt vouchers prepared, if possible, by someone other than the person maintaining the stores records. I observed that the Fund failed to record in its stores register, vehicle number plates valued at $5 471 686. Consequently number plates distributed to 32 agents were not recorded at Central Vehicle Registry.

Risk/Implication

In the absence of a register, number plates received and distributed to agents may not be accounted for and number plate stock levels may not be managed at optimal levels to avoid over or understocking.

Recommendation

An inventory register should be maintained for all number plates received and distributed.

Management Response

The use of registers and issue vouchers has been put in place to compliment the current system.

2.2 Management of Vehicles

Findings

Accounting procedures manual paragraph 16.6 states that all vehicles belonging to the Fund shall be operated under a transport policy and procedures to promote discipline and accountability in the use of vehicles. The policy provides for use of fuel request forms and completion of log books. Contrary to the above, I noted that officers were not adhering to the above procedures exposing motor vehicles to misuse.

Public Service Circular number 5 of 2011 paragraph 4.2 provides that, members who have to attend to work after hours or over the weekends may apply to their Accounting Officer, who may grant authority to an officer to use a pool vehicle for a specific period. I observed that Administration and Human Resources officers were using pool vehicles without the written authority of the Accounting Officer. The officers were in receipt of transport allowances resulting in them benefiting twice.

Risks/ Implications

Failure to use log books and internal fuel request forms may result in the misuse of the Funds vehicles.

Officers who receive transport allowances and have use of pool vehicles are double dipping.

Recommendations

Officers should complete fuel request forms and log books to promote accountability.

Use of pool vehicles should be monitored closely so that Officers who are in receipt of transport allowances do not use the vehicles as personal issues.

Management Response

Fuel request forms, vehicle request forms and log books are now being used to manage the fleet. Corrective action has been taken to regularise those officers who were double dipping.

2.3 Uniforms Policy

Finding

The Fund did not avail for my examination a uniform policy which, provides guidelines on entitlement, distribution of uniforms and clothing items. As a result, I could not establish the grades of staff who were entitled to uniforms, the quantities of such entitlements as well as the frequency of distribution. I noted that 24 officers stationed at the Ministry's Head Office also received uniform clothing during 2016. The cost of uniforms was $114 382 (2015: $73 065).

Risk/Implication

In the absence of a uniform policy, undeserving officers may be in receipt of uniforms and quantities may be in excess of requirements.

Recommendation

Provision of uniforms should be authorized by the Public Service Commission as it is a condition of service issue.

Management Response

The observation has been noted and the Ministry is in the process of crafting a new Uniform Policy with guidance from Public Service Commission.

2.4 Travelling and Subsistence Advances

Finding

In terms of Treasury Instructions 1504 and 1505 Accounting officers are responsible for the recovery of all advances made by them and for ensuring that the terms and conditions of the advances are complied with and that officers clear their advances within thirty days on return to home station. Contrary to the above, 48 officers who were paid $21 005 to attend the

Zimbabwe International Trade Fair in 2016 neither acknowledged receipt of the advances, nor submitted acquittal forms.

Risk/ Implication

Fictitious or fraudulent payments may be made if recipients do not sign for cash and acquit their advances.

Recommendation

Officers should acknowledge receipt of the advances and acquit them on return to home station.

Management Response

Advance request forms and confirmation of receipt register for allowances paid to staff members who participated in ZITF 2016 is now available for audit inspection. Staff members have started completing travelling and subsistence acquittal forms. This will see a reduction in the advances figure.

TRAFFIC AND LEGISLATION FUND 2016

OBJECTIVE OF THE FUND

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

I have audited the financial statements of the Traffic and Legislation Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	$5 690 744
Expenditure	$6 143 527
Surplus/ (Deficit)	**($452 783)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	3 206 857	- **6 592 342**
Current	4 657 792	1 272 307
Total	**$7 864 649**	**$7 864 649**

Opinion

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 and performance of the Traffic and Legislation Fund for the year ended December 31, 2016.

Basis for Qualified Opinion

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Revenue Received

Finding

Treasury Instruction 0103 requires receivers of revenue to ensure that full and proper accounts are kept for transactions for which they are responsible. The revenue figure of $5 690 223 disclosed in the financial statements was extracted from the bank statements. There was a variance of $165 654 between the sub-collector’s schedule balance of $5 524

569 and the figure disclosed in the financial statements of $5 690 223, and a reconciliation was not provided.

Risk/ Implication

Using bank statements as source documents for preparing financial statements may result in misstatement of revenue.

Recommendation

The Fund should use primary records as source documents such as cashbooks to prepare the financial statements. The variances of $165 653 should be reconciled.

Management response

The variance of $165 653 between Revenue disclosed in the financial statements and sub-collectors schedules is under investigation. The Fund started capturing of revenue in Pastel using source documents from 2017.

2 GOVERNANCE ISSUES

2.1 Take on Balances

Finding

There was a difference of $396 612 between the take on balance of $704 948 for motor vehicles and equipment and the closing balance of $1 101 560 as at December 31, 2015. The assets were said to have been reclassified although there was no proof to confirm that assertion. I could not, therefore, ascertain the existence, accuracy and completeness of the value of assets disclosed in the financial statements.

Risk/ implication

Financial statements may be misstated due to misclassification that was done retrospectively.

Recommendations

The Fund should investigate the source of the difference.

Management Response

During our investigations we noted that at one point the reducing balance method was used to depreciate assets instead of the straight line method and vehicles amounting to $150 000 which were purchased in 2012 were omitted from the accounts. This could have caused the variances.

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

1 GOVERNANCE ISSUES

1.1 Repairs and Maintenance

Finding

My examination of payment vouchers revealed that the Fund spent $501 940 on repairs and maintenance for brake roller testers installed at 23 depots operated by the Vehicle Examination Department (VED). The Fund did not disclose the value of the brake roller testers in the Statement of Financial Position nor by way of a note to the financial statements.

Risk/ implication

The value of the assets may be materially misstated.

Recommendations

The Fund should disclose the value of brake roller testers' equipment in the Statement of Financial Position.

Management Response

The brake roller testers in question were purchased in the early millennium, and have since been fully depreciated. The Ministry, like any other government department, is yet to come up with an Asset revaluation policy, in consultation with Treasury.

Evaluation of Management's Responses

The Fund administrators should have disclosed the nature of assets being repaired for $501 940.

1.2 Suspense Account

Finding

The financial statements reflected a Suspense account balance of $2 645 958 (2015: $2 611 147) which originated as far back as 2009. The original Suspense balance of $2 499 758 has been changing over the years. There seemed to be no accounting records to facilitate tracing of this balance.

Risk/Implication

A suspense account may be an indication that the financial statements are not reliable.

Recommendation

Guidance should be sought from the Accountant General on how to clear the suspense account.

Management Response

The Ministry wrote to the Accountant General seeking guidance on how to clear the Suspense account. The Accountant General advised us to liaise with the external auditors on the clearance of the balance.

VOTE 12. -FOREIGN AFFAIRS

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account and supporting returns for the Ministry of Foreign Affairs for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$32 473 000	$13 381 000	**$45 854 000**	$27 423 530	**$18 430 470**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects the financial position and performance for the Ministry of Foreign Affairs as at December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Unsupported Expenditure

Findings

Section 35 (6) (a) of the Public Finance Management Act *[Chapter 22:19*] as read in conjunction with Treasury Instruction 1216 states that proper records of accounts should be maintained. The Ministry incurred expenditure amounting to $7 916 191 that was not supported by payment vouchers. Part of this figure included transfers amounting to
$5 909 959 to Diplomatic Missions that were done without compiling payment vouchers. Corporate payments reports availed were not signed by authorized signatories, and had no reference numbers or sequential numbering for identification. The table below refers:

Ministry of Foreign Affairs-Unsupported Expenditure

Details	Amount ($)	Remarks
Transfers to Diplomatic Missions	5 909 959	No payment vouchers
Goods and Services for Head Office	40 848	payment vouchers not availed
Utilities and Other charges	1 200 000	No payment vouchers
Rental and Hire	230 000	No lease agreements
Medical Claims	111 479	No supporting invoices
Travelling and Subsistence	653 905	No staff debtor ledgers and advances registers for both foreign and domestic travel
Total	**$7 916 191**	

A set-off transaction of $1 200 000 by Treasury on behalf of the Ministry of Foreign Affairs to the City of Harare had no payment vouchers, receipts and utility bills.

Risk/Implication

Irregular or fraudulent payments may be processed if payment vouchers are not compiled or if vouchers are not supported by adequate documentation.

Recommendations

The Ministry should ensure that all expenditure is fully supported by relevant, reliable and sufficient documents to prevent the processing of irregular and fraudulent payments.

Payments should not be processed without compiling payment vouchers.

Management Response

The observation that Diplomatic Missions transfers were made without relevant payment vouchers is noted. The amount of $9 272 959 represents Diplomatic Missions reimbursements that were transferred from the Ministry's Sub PMG Account (RBZ) to the Ministry's FBC bank account. Supporting documents for these transactions such as Monthly diplomatic missions' reimbursement allocations approved by the Accounting Officer and Payment run schedule were not submitted to auditors. The Ministry will prepare payment vouchers for each diplomatic Mission reimbursement transfer from the Ministry's Sub PMG Account to the FBC bank account.

The City of Harare is being engaged in an effort to reconcile the set-off of $1 200 000. The Ministry will, in future make necessary reconciliations before processing such set-offs. Meanwhile identification of most of the properties belonging to local Diplomatic Missions, that are eligible for rate payments by the Government of Zimbabwe, is being looked into.

1.2 Sub-Paymaster General Account

Finding

The Appropriation Account had an expenditure of $27 423 530 while the Sub-Paymaster General's Account reflected expenditure of $14 772 644. There was a difference of $12 650 886 attributed to direct payments by Ministry of Finance. However, the supporting documents for the payments were not availed. The Ministry was not carrying out monthly reconciliations between the Sub-Paymaster General Account and the Public Finance Management System (PFMS) expenditure ledgers.

Risks/Implications

The correctness of expenditure disclosed in the Appropriation Account could not be established in the absence of bank reconciliations.

The balances disclosed in the Appropriation Account may be inaccurate due to lack of corroborating evidence from bank statements.

Recommendations

The Ministry should reconcile the expenditure balances from different sources to enhance accuracy and reliability of the Appropriation Account.

Bank statements should be availed for confirmation of mission expenditure and balances held in the bank at year end.

Management Response

The Ministry's salaries and wages are paid through SSB. This expenditure did not pass through the Sub- Paymaster General's Account. Employment Costs paid through SSB (Appropriation Account) PFMS was $15 616 933 while expenditure paid through PMG Account (Head Office and Diplomatic Missions) PFMS was $11 806 597 giving a total of $27 423 540. Funds transferred from PMG Account to FBC Account were $2 966 047.

1.3 Understatement of Expenditure

Finding

My audit of transactions from nine (9) selected Diplomatic Missions revealed that expenditure amounting to $1 555 874 was not uploaded onto the Public Finance Management System (PFMS). As a result, the total expenditure of $18 101 025 disclosed under Sub-Vote II for Diplomatic Missions was understated by the same amount.

Risk/Implication

The expenditure reported by missions may be understated thereby misinforming the users of the Appropriation Account.

Recommendation

Expenditure incurred by missions should be captured in the PFMS to enhance accountability and transparency.

Management Response

The observation has been noted. Please note that due to underfunding, most documents could not be posted in PFMS because the missions had exceeded their budgets. The Ministry will engage the Treasury on the procedures which can be taken to process the uncaptured expenditure.

2 EMPLOYMENT COSTS

2.1 Employment Costs

Finding

The Ministry disclosed Employment costs amounting to $1 192 329 for Head Office as at December 31, 2017 while payment vouchers for the same period had a total of $1 412 763 giving a variance of $220 434. Employment costs for Diplomatic Missions were $14 424 604 compared to $16 754 148 reflected on the vouchers for the same period, giving a variance of $2 329 544. The total variances for Head Office and Diplomatic Missions of $2 549 978 were not reconciled.

Risk/ Implication

Unreconciled variances may result in misstatement of Employment Costs.

Recommendation

The Ministry should investigate the variances to validate payments so that the correct charge is determined.

Management Response

The variance $2 549 98 was caused by the July and August 2017 salary bills that were deleted from the system due to lack of funds. The amounts were not recaptured in the system. The oversight is regretted and will be corrected with the assistance from the projects office.

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

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Revenue Generated at Missions

Finding

Statutory Instrument 76 (4) (1) of 2013 provides that the Ministry of Foreign Affairs after consultation with the Accountant General shall retain such revenue at the end of each calendar month, as agreed by both parties. The statutory instrument was put in place as a control measure to ensure that releases made by the Treasury and revenue retained at missions did not exceed the approved budget. I observed that 38 missions expended revenue amounting to $3 253 837 without Treasury approval.

Risk/Implication

Unauthorized use of revenue may result in improper use of public funds and does not promote transparency and accountability.

Recommendation

Missions should only spend revenue after they have obtained authority from the Treasury.

Management Response

Use of revenue generated was with the anticipation of replacing the funds once Treasury had provided the requisite budget. The funds have not been refunded due to erratic release of budget allocations during 2017.

Regarding to the payment of Locally Recruited Staff salaries, the Mission was granted an Accounting Officer's authority to pay using revenue at the mission and recover the funds when reimbursements are received from Head Office.

1.2 Uncleared Temporary Deposits

Finding

Treasury Instruction 1804 states that at least once in each financial year all temporary deposits must be reviewed and any which have been on hand and unclaimed for a period in excess of six months shall be paid into revenue as unclaimed and confiscated money or property. Contrary to the above, the Ministry had uncleared Temporary Deposits amounting to $7 538 917 dating as far back as 2011 that were reflected in the PFMS, but had no source documents. Further, the Ministry did not submit for audit annual returns or a summary of Outstanding Temporary Deposits held at Diplomatic Missions, as required by Treasury Instruction 1805.

Risks/Implications

The Temporary Deposits reflected in the PFMS may not be representing cash.

Fraud may go undetected if balances are not reviewed and uncleared for a long time.

Recommendations

Long outstanding Temporary Deposits should be cleared by payment or adjustment as provided for in Treasury Instructions and the relevant supporting documentation should be availed.

The Ministry should submit the Temporary Deposit return for audit in compliance with Treasury Instructions.

Management Response

The observation has been noted. The provisions of Treasury Instructions 1804 will be implemented on clearance of deposits for deductions made through Salary Services Bureau (SSB) and at the same time assistance will be sought from Treasury to clear entries disclosed as adjustments.

2 GOVERNANCE ISSUES

2.1 Rental and Hire Expenses

Finding

Treasury Instructions 1216 (a) (b), state that before forwarding a cash voucher for payment or a journal voucher for adjustment an officer initiating the transaction shall satisfy himself that the claim is a proper charge against public funds, and is according to regulation, tariff or agreement or is alternatively fair and reasonable. Contrary to the above, the Ministry Head Office made payments amounting to $230 000 for office rentals, without a valid lease agreement. Consequently, I could not ascertain if the rentals constituted a proper charge against public funds, and were according to regulation, tariff or agreement or were alternatively fair and reasonable.

Risks/Implications

In the absence of lease agreements the correctness and validity of payments could not be validated.

Disputes may arise that may be difficult to settle as terms may not be clear.

If adequate documentation is not available payments may be made for services not rendered

Recommendation

The Ministry should ensure that valid lease agreements for rented offices are in place.

Management Response

The Ministry regrets the oversight in attaching the relevant Lease Agreements for office rentals. At the time of audit the Ministry was in the process of renegotiating the lease. The current year's agreement will be availed to auditors before May 31, 2018.

2.2 Fuels, Oils and Lubricants

Finding

Section 6(2) of the Public Finance Management Act provides that Treasury is responsible for the issue of instructions or directions in relation to matters involving the collection, custody and expenditure of public moneys. My examination of the Ministry's fuel records revealed that 157 090 litres of fuel with a value of $214 535 was not reflected in the PFMS ledger. The fuel was procured by a Consulate for use at the Ministry's Head Office. There was no authority from Treasury to use the revenue collected by the Mission to fund the purchase of fuel on behalf of Head Office.

Risk/Implication

Use of revenue generated at missions to fund Head Office activities may provide an opportunity for fraud and does not promote effective accountability.

Recommendation

The Ministry should seek prior Treasury approval before using revenue collected at missions to ensure proper accountability of funds and management of budgets.

Management Response

The observation has been noted. In future the Ministry will seek Treasury authority prior to utilising revenue collected at Missions.

2.3 Medical Aid Refunds

Finding

The Mission in Washington paid medical premiums amounting to $111 479 without supporting invoices and receipts from the service providers. I could not confirm whether the payments were legitimate in the absence of supporting documents. This was contrary to Treasury Instruction 1216 that requires payment vouchers to be adequately supported by invoices, receipts and relevant documents.

Risk/Implication

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

Recommendations

Zim-Washington should always ensure that payments are processed with adequate supporting documents.

Head Office should also check that expenditure incurred by missions is properly supported and authorized.

Management Response

Head Office has instructed the Mission in Washington to send invoices observed by auditors.

2.4 Travelling and Subsistence Allowances

Findings

Public Service Regulations of 2000 section 24 (3) (b) state that where a subsistence allowance is paid in advance, it shall be used for the purpose for which it has been made and be adjusted after the member returns to home station. The Ministry failed to avail the acquittal forms for advances with a value of $70 924 paid to Ministry officials who went on domestic and foreign trips. The acquittal forms provide proof that issued advances for travelling and subsistence were used for the intended purposes.

Treasury instructions 1504 and 1508 require that advances registers and ledgers should be maintained. However, the Ministry did not maintain a register and individual staff debtors' ledgers, for advances issued during 2017 amounting to $653 905. This restricted the scope of my audit and reliance could not be placed on information disclosed on the year-end return.

Treasury Instruction 1213 read with 1215 (a) (i) (ii) provides for the types of certificates that are required to be incorporated in a voucher before it is submitted for payment. In relation to travelling and subsistence allowances, an officer is supposed to fill in a travelling and subsistence advance application form which entitles him/her to a travelling and subsistence allowance before embarking on a trip. However, the Ministry did not avail travelling and subsistence advance application forms for allowances amounting to $75 214 advanced to staff for both domestic and foreign travel in 2017. This compromised the control system of authorising trips.

Furthermore, the Ministry did not avail for audit payment vouchers or any other documentation in relation to travelling and subsistence allowances amounting to $182 503. The funds were transferred to officers' bank accounts without supporting documentation authorising such transactions. Therefore, I was unable to substantiate the transactions involving these payments.

With regards to foreign travel, officers should attach copies of their passports showing the immigration stamps. This information is proof that the officer indeed travelled to a foreign country. However, copies of passports for foreign trips valued at $40 236 were not attached.

Risks/Implications

Officers may receive Travelling and Subsistence advances without undertaking trips, if acquittal forms are not submitted on return from a business trip.

Without an up to date register it may be difficult to keep track of outstanding Travelling and Subsistence allowances.

There is high risk of fraud where accounting records are not maintained for advances issued or acquittals made.

Recommendations

Officers should, within 30 days of return to their home stations prepare and present completed acquittal forms. If not the Accounting Officer should recover the advance through SSB.

Registers and staff debtors' records should be maintained for all Outstanding Travelling and Subsistence Allowances to enable the Ministry to monitor and follow up on the outstanding balances.

Payment vouchers should be compiled prior to processing allowances into officer's bank account and the information relating to the amount of $182 503 should availed for audit.

The Ministry should attach copies of relevant pages of the passport on the acquittal forms.

The Ministry should submit claim forms for advances that were issued and were not acquitted valued at $70 924.

Management Response

The observation has been noted and it is regretted that the Ministry did not disclose 2016 Outstanding Travelling and Subsistence Allowances in its 2017 reports. The Ministry has started implementing all audit recommendations.

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FOREIGN MISSIONS 2017

During 2017 my Office audited thirteen (13) foreign missions and consulates namely: Berlin, Brussels, Brasilia, Beira, Canberra, Gaborone, Havana, Luanda, Maputo, Rome, Singapore, Tokyo and Windhoek. The audit findings and responses received from the Accounting Officer are summarised below:

1 GOVERNANCE ISSUES

1.1 Expenditure validation

Findings

My examination of expenditure at Zim-Canberra revealed that the cash book for the month of August 2016 was overstated by $7 500. This resulted from overstating payments. A bank reconciliation for the same month showed that there were deposits in transit for $6 362, which I failed to trace to the deposit book and bank statements as deposits in transit.

In Zim-Singapore the cashbook was being maintained on Ms Excel during the period February 1, to July 12, 2017. Ms Excel is unreliable as information may be altered without trace. The Mission had no safe for keeping security items contrary to Treasury Instruction 0430.

Expenditure and income schedules and bank reconciliations for Zim-Brussels had no dates indicating when the transactions were posted to the accounting records. There was no proof that records were reviewed by a senior officer. I noted that Zim-Brussels did not observe cut of dates procedures for recording transactions. The embassy records showed that expenditure incurred in January and February 2017 was recorded under December 2016 ledger account.

Risks/Implications

In the absence of credible reconciliations, errors omissions or fraud may not be detected.

There is high risk of financial manipulation as a result of using Ms Excel.

Use of cash increases risk of misappropriation and chances of theft.

The authenticity of accounting records may be compromised if they are not dated.

Expenditure incurred and reported in the financial statements may be misstated or overstated if cut off periods are not observed.

Recommendations

Bank reconciliations should be performed on a monthly basis and checked by an independent senior official to minimise errors.

The Ministry with the assistance of the Treasury Office should design appropriate financial systems for the Missions to enhance accountability and transparency.

Cash should be kept in a safe at all times.

The use of cash should be minimized and in any case must be limited to petty cash transactions.

The missions should ensure that expenditure is recorded in the relevant period it has been promulgated

Management Response

The missions acknowledge the observations and will implement the recommendations.

1.2 Maintenance of Accounting records and registers

Findings

Zim-Tokyo did not maintain registers for petty cash, fuel, travel and subsistence, for the period January 2016 to June 2017. I could not therefore, verify with accuracy balances reported under these expenditure items. Furthermore, vehicle log books at the mission were not being completed for most of the trips that were undertaken between January 2016 and June 2017.

At Zim-Singapore, the Mission did not maintain a cash remittances register. At the time of audit the Mission had no bank account as it had been closed. I noted that the Mission received funds through three (3) methods namely; cash disbursements, money from transfer agents and inter-mission transfers. I was unable to confirm that all money received via Inter-Mission transfers was recorded and accounted for in the absence of disbursement letters and cash remittances register.

Zim-Singapore Mission had no medical refund claims register although reimbursements amounting to US$28 347 Singapore dollars (SD 38 268) were made during the period December 2016 to February 2017. The reimbursements were for services obtained during the period 2015 up to 2017. There were also instances when the Mission made direct payments to service providers on behalf of staff. I was unable to confirm that processed medical claims had not been previously paid as a record of outstanding liabilities was not maintained. Further, medical claims amounting to US$5 164 (SGD$ 6 972) were paid although they were not supported by receipts, contrary to best practices.

Risks/Implications

Incomplete records lead to loss of financial information and fraud can be perpetrated**.**

Dual payments may occur were a record of liabilities is not maintained. Ineligible claims may be reimbursed if receipts are not attached to medical claim forms.

Recommendations

The Mission should maintain registers for petty cash, fuel and travel and subsistence registers. Also use of vehicles should be monitored through the use of log books.

The Accountant should maintain registers for remittances, outstanding medical claims and other liabilities and should submit medical claims to the Ministry's Head Office within the stipulated time limit.

Management Response

Management is still to respond.

1.2 Internal Control System

Finding

There was lack of segregation of duties at Zim-Beira in respect of procurement of goods and services. I observed that all procurement processes for goods and services were being done by the accountant from initiation to the payment.

Risk/Implication

If both procurement and accounting functions are done by one person, this may weaken internal control process resulting in errors and fraud as they will be no checks and balances

Recommendation

The mission should segregate duties so that the procurement function is assigned to other persons other than the accountant.

Management Response

The observation is noted. The Finance Committee will manage the procurement process.

1.3 Budget vs Expenditure

Finding

Zim-Beira and Zim-Maputo missions had total budgets of $813 280 and $3 176 500 respectively during 2016. The actual expenditure including employment costs totaled $50 290 for Zim-Beira and $260 061 for Zim-Maputo which was only 6% and 8% of the total budgets of the missions. Treasury did not release funds and the missions operated under difficult financial conditions. The Zim-Canberra mission did not have a budget in place nor did it have programmes for implementation during 2017.

Risk / Implication

The missions may fail to effectively discharge their strategic objectives if there are no plans and budgets.

Recommendations

Funds should be distributed equitably to enable missions to discharge their duties.

Missions should put in place programmes that are in line with approved budgets.

Management Response

The missions are working under very difficult conditions and we have not been able to achieve some of our objectives.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Collections on Behalf of Other Government Departments

Findings

Statutory Instrument 76 (4) (1) and (2) of 2013 requires the Ministry of Foreign Affairs after consultation with the Accountant General to retain revenue at the end of each calendar month. Contrary to this provision, revenue amounting to $103 935 collected by Zim-Canberra on behalf of the Ministry of Home Affairs was utilized at the mission without authority.

Zim-Gaborone utilised $102 909 to meet recurrent expenditure without consulting the Accountant General. Likewise Zim-Windhoek and Zim-Brasilia utilized revenue amounting to US$96 880 and $8 381 respectively

There is an Honorary Consular in South Korea who processes documents and receipt revenue on behalf of the Government of Zimbabwe. The Consulate falls under the Embassy of Zim-Tokyo. I noted that there was no formal arrangement between Zim-Tokyo and the Honorary Consular in South Korea to collect visa fees on behalf of the mission. Since 2015 the Honorary Consular has not submitted revenue collected returns despite receiving visa stickers and receipt books running into thousands of dollars. The former Ambassador and Mission Accountant were still signatories to the revenue account in Korea, making it impossible for the current Zim-Tokyo Ambassador and Accountant to monitor transactions that were taking place in South Korea and the revenue collected.

Risks/Implications

The Ministry's budget may be increased unconstitutionally and there is high risk of material misstatement of financial information.

Delays in accounting for revenue received may result in conversion of public funds to personal use.

Failure to access the current revenue information may hinder supervision of the Consular at Seoul.

Recommendations

The Missions and the Ministry should consult the Accountant General before utilising revenue collected.

The Honorary Consular in South Korea should disclose revenue collected and provide monthly returns.

The current Ambassador and Accountant should replace the former signatories in order to exercise oversight control.

Management Response

Management is still to respond.

2.2 Record keeping and Banking

Findings

Treasury Instruction 0241 provides that all receipts including cancelled receipts shall be entered in numerical order in the respective cashbooks. However, the Zim-Gaborone mission collected revenue during the period January 1, 2015 to December 31, 2016 amounting to $106 820 but could not be reconciled to deposit slips making it difficult to check for accuracy and proper accountability for the revenue. This was caused by the Mission's failure to keep separate records for revenue and expenditure transactions.

According to Treasury Instruction 0111 any new scales or tariffs or any change in existing rates which may affect revenue shall be referred to the Treasury for approval before being submitted for the assent of the President. The Zim-Rome Mission had no authorized rates for consular services, as two different rates were being charged for authentication fees. Zim-Berlin and Zim-Brussels were charging visa fees that were not gazetted.

Risks/Implications

Material errors and misappropriation of funds may go undetected due to loss of audit trail.

Ungazetted Consular rates may result in the mission overcharging or undercharging clients.

Recommendations

Terms of arrangement should be signed between the Government of Zimbabwe and the Honorary Consular.

Written follow ups should be made for the consular to submit revenue returns on a monthly basis and the Ministry should appoint current office bearers to be bank signatories.

The Ministry should liaise with Treasury to come up with rates for consular fees.

Management Response

The missions have taken note of the findings and will seek guidance from Head Office on the issue of rates to charge the public.

3 EMPLOYMENT ISSUES

3.1 Authorised Staff Establishment

Findings

Treasury Instruction 1101 states that no officer shall be appointed unless an appropriate vacancy exists on the authorized establishment and no unestablished officer shall be appointed for work unless adequate provision has been made for the purpose. The authorized establishment for locally recruited staff at the Zim–Rome was six. However, there was one locally recruited staff occupying a post that was not provided for on the authorized establishment.

In Zim-Havana the approved Detailed Establishment structure for Local Staff was reduced from 9 to 6 removing the posts of security guards. The Public Service Commission did not detail how excess staff would be dealt with, hence the Mission continued to engage the services of the 3 security guards. A proposal to terminate their contracts was submitted to Head Office on June 6, 2017, and no response had been received at the time of concluding the audit on July 21, 2017.

In Zim-Windhoek the Public Service approved posts were 6. However, there were 8 posts that were occupied. Authority to employ two extra persons was not availed.

Risk/Implication

Employment costs at missions may remain high if rationalization of excess staff is not implemented as envisaged by the Public Service Commission.

Recommendation

The Ministry should seek guidance from the Public Service Commission on how staff rationalization in the mission should be implemented.

Management Response

The Missions will continue to engage Head Office on the issue.

3.2 Employment Contracts

Findings

Employment contracts for nine (9) locally recruited staff at Zim-Havana were not signed and 8 of them had not signed oath of secrecy forms. This was contrary to Section 3 (b) of the Public Service Commission circular number 2 of 1993 which states that an employee on being employed shall take an oath of secrecy by which he/she shall be bound.

The Zim-Tokyo mission had five (5) home based and four (4) locally recruited staff. The personnel files did not have the following information, annual performance appraisals: certified copies of educational certificates: job descriptions: leave forms and drivers licences for drivers contrary to Statutory Instrument Number 1 of 2000.

Zim-Rome Mission had six locally recruited staff. However, five of those staff members did not have employment contracts on file.

At Zim-Brussels a clerk who was employed in 2005 on a contract basis did not have an approved contract from Head Office. A cook and a maid had salary increases without authority from Head Office.

Risks/Implications

Unresolved labour disputes may result in law suits and payment of damages to staff.

State confidential and sensitive information may be divulged to unauthorised third parties.

Employment contracts and job descriptions reduce the risk of staff carrying out duties and assignments that they are not authorised to perform.

Recommendations

The Mission should expedite the regularization of the employment contracts and all staff should sign the official secrecy forms as required by the Public Service Commission.

All staff should be given job descriptions and should be appraised on a quarterly basis in terms of the Public Service Commission Circulars.

There is need for the Ministry to come up with a payment plan for settling outstanding obligations.

Managements Response

Zim-Brussels: the process of regularising the post of clerk/typist is at an advanced stage as the documentation has been submitted to Head Office. The salary scale used for the cook at the mission was approved by Public Service Commission.

Evaluation of Management Response

Other issues raised were not responded to.

3.2 Overtime

Findings

The Ambassadors chauffeur at Zim-Tokyo accumulated 2 114 hours of overtime with a value of $40 000 from 2004 to 2011. Contrary to Public Service regulations the overtime hours were not certified correct as there was no overtime register. The Mission accepted the liability and allowed the chauffeur to take leave in lieu of overtime worked.

In an effort to curb overtime for drivers, Zim-Tokyo and Zim-Berlin fixed monthly overtime allowance to $500 per month for the chauffeur and $400 per month for the relief driver regardless of the number of hours worked during the calendar month. There was no evidence to show that this arrangement complied with the host country labour laws.

Risks/Implications

Overtime may be overstated if it is not authorised in advance and recorded in a register.

It may be more expensive to pay a flat rate for overtime whether or not the chauffer and the relief driver have worked.

Recommendation

Overtime registers should be maintained and overtime should be paid in accordance with labour laws.

Management Response

The missions took note of the observation. Authority to pay the fixed overtime can be availed to auditors. The missions will write to Head Office to make the necessary corrections.

3.3 Salary Arrears

Finding

At Zim Beira Consulate there were salary arrears amounting to $21 700 in respect of casual workers. The Zim-Maputo Embassy had outstanding salary arrears amounting to $302 733 for home based staff. In Zim-Havana the home based staff were owed salaries amounting to $194 612 for the period August 2014 to August 2015. Zim-Brasilia owed salaries amounting to $329 028 and in Zim-Rome an employee was owed a total of US$78 504.

Risk/Implication

Failure to pay salaries on time may result in litigation and this may tarnish the image of the country.

Recommendation

The Ministry should seriously consider staggering payment of salary arrears to reduce the liability.

Management Response

The Consulate submitted its request to the Ministry for funds to clear the outstanding amounts.

3.4 Performance Appraisals

Finding.

Performance appraisals are used to evaluate performance of staff against agreed work plans so that any deviations identified may be addressed by providing mitigatory measures or on the job training. Performance appraisals for both home based and locally recruited staff had not been carried out at Zim-Havana, Zim Beira, Zim-Maputo, Zim-Singapore and Zim-Tokyo.

Risks/Implications

If performance appraisals are not carried out it may be difficult to assess whether the mission's goals and objectives are achieved.

Employee performance, training needs and personal dimensions may not be identified and gaps addressed timeously.

Recommendations

Management should appraise staff regularly as this will help in tracking whether the set plans are being achieved.

Heads of missions should carry out performance appraisals on a bi-annual basis to assess achievement of mission goals, objectives and performance of their staff. Quarterly reviews should also be done to help identify areas of improvement.

Management Response

Zim-Havana: The issue of appraisals has been noted and the Mission will comply with the Public Service Commission Regulations by year end.

Zim-Beira: The observation is noted. Staff appraisals are going to be done. However, we can only do appraisals for staff belonging to the Ministry of Foreign Affairs.

Zim-Brasilia: The Mission stopped submitting the performance appraisal forms when RBM appraisals were introduced. There were indications that training would be first conducted for managers before implementation on the new system.

Zim-Rome: The Ambassador brought a trainer from Harare in November 2016, at the Ambassador's own expense, to train staff on IRBM.

3.5 Staff Records

Findings

There were no monthly pay sheets for staff at Zim-Singapore Mission therefore salary ledger accounts were not being maintained. I was therefore, unable to verify the correctness of salaries paid to home based staff during the period January 2016 to June 2017. Also an Officer who had completed tour of duty in February in 2017 was paid salary arrears amounting to US$ 40 136 for the period January 2015 to August 2015. The payment was not supported by any documentary evidence. There was no salary arrear registers nor monthly pay sheets to prove that the officer had not been paid for eight (8) months during 2015.

There were no monthly pay sheets for staff at Zim-Singapore and Zim-Tokyo consequently, salary ledger accounts were not maintained and the validity of salary arrears could not be confirmed. I was unable to verify the correctness of the salaries paid from January 2016 to June 2017.

Risk/Implication

There is risk of overpayment of salaries and overstatement of salary arrears in the absence of pay sheets and salaries register.

Recommendation

Monthly pay sheets should be forwarded to Missions. Salary ledger accounts should be maintained.

Management Response

Management is still to respond.

4 PROCUREMENT

4.1 Outstanding Payments

Findings

Seven (7) missions had rental arrears totalling $480 058. At one mission Head Office advised mission officials to use personal funds to pay their rentals through the official bank account, while at another mission staff members were owed $35 143 being rent that was paid by officials on behalf of the mission.

Risk/Implications

Delays in paying rentals could result in staff being sued for non-payment.

The missions will face reputational risk as a result of failing to pay rent arrears.

Recommendation

The Ministry should prioritize payment of rentals for missions.

Management Response

The Consulate has submitted its request to the Ministry for funds to clear the outstanding amounts. As for the Defence Attaché the money has since been deposited into his account. As for the Trade Attaché they say the money is now available.

The observation is noted. The Ministry will continue to lobby Treasury for funding. The Mission will continue to engage Head Office on the matter.

4.2 Purchases made without seeking Competitive Quotations

Finding

Rule 14 on Informal Tender Procedures requires that when any supply or service is required the Department concerned shall invite informal tenders or letter quotations from all likely tenderers. A comparative schedule shall be compiled and all firms invited to tender shall be listed on the schedule whether they have replied or not. In contravention of the above rules Zim-Beira, Zim-Windhoek and Zim-Rome did not seek competitive quotations from potential suppliers.

Risk/Implication

If competitive quotations are not sourced there is risk of uneconomic buying and underhand dealings.

Recommendation

Three quotations should be sought when procuring goods and services and comparative schedules should be compiled to enhance accountability and transparency.

Management Response

Zim-Beira: Competitive quotations are difficult to come-by in Mozambique. There are no companies that can provide three quotations.

4 ASSET MANAGEMENT

4.1 Maintenance of Assets Register

Findings

Master asset register records the location of the asset and identification, to make it easy to trace physical assets from the register to its location. The Zim-Havana and Zim-Gaborone master asset registers were not up to date to enable me to trace assets from the register to ascertain their existence and completeness. Further, there was no evidence to support that an annual verification for all assets at the mission were compared to the master asset register as required by Treasury instruction 2004.

At Zim-Windhoek the master asset register was not up to date as there were items that were purchased during 2016 that were not recorded. In Zim-Rome the master assets register was maintained on Ms Excel Spreadsheet which has no security features.

The Zim-Brussels mission had three (3) motor vehicles which were between 12 and 20 years old and these vehicles had exceeded their useful lives. The vehicles had high maintenance costs due to frequent breakdowns.

At Zim-Luanda old assets that had been boarded were still in use. There were also a number of broken items which were still in the asset register and on the inventory lists. The mission had no fire extinguishers.

Risks/Implications

There is high risk of loss of assets at missions if their physical existence is not confirmed on an annual basis.

Failure to conduct annual asset assessments may result in keeping redundant and unserviceable assets at excessive costs.

Keeping old vehicles may prove to be costly in the long run.

Recommendations

Annual physical asset count should be carried out by all missions and unserviceable and redundant assets should be disposed of.

The Mission Assets Register should be on hard copy which cannot be tampered with.

Management Response

The Missions are in the process of updating their registers.

5.2 Status of Physical Assets

Findings

In Zim-Havana some of the furniture and fixtures at the Chancery and residency of staff was old and had broken down. In Zim-Windhoek two of the Mission's properties were in a dilapidated state. In addition the Chancery building had floors that were faded and required facelift. The right wing had cracks and in some offices, the air conditioners were no longer working.

Treasury Instruction 2007 which states that the Accounting Officer, after taking into account the recommendations of the Board of Survey, shall issue instructions for the disposal of all redundant and unserviceable assets. At Zim-Rome a Board of Survey Report had not been actioned although it was submitted for consideration in November 30, 2016. No decision had been taken to dispose of the redundant and unserviceable assets.

At Zim-Maputo the official Ambassador's Residence was vacated in 2015 after it was determined that the structure was unsafe for habitation. The Ambassador moved into a fully furnished rented accommodation where the Mission was paying monthly rentals of $10 000 per month.

Risks/Implications

Failure to maintain and keep mission properties in a habitable condition may be costly and hazardous to occupants.

Recommendations

Failure to insure residencies and staff houses may result in huge losses should fire and damage occur, also losses may arise in the event of theft or damage of the asset without cover.

Mission properties should be kept in habitable state and rented properties should be insured against fire and other hazards.

Management Responses

Management response had not been received at the time of concluding this report.

4.3 Status of Ownership of Properties

Findings

Zim-Maputo had seven immovable properties, six of them that were occupied had no clear ownership status. The Zimbabwean Government did not have proof of ownership in the form of title deeds. The question of the ownership of properties has not been resolved since 1980.

At Zim-Beira three immovable properties allegedly belonging to the Zimbabwe Government had no title. According to staff records kept at the Beira Consulate, these properties belonged to the former Rhodesian Government and the host government did not hand over the properties to the Zimbabwean Government.

The original deed of transfer for the official residence at Zim-Rome was not availed for audit, except a photocopy which was on file.

In Zim-Brussels the Chancery building, walls and the roof were in a bad state. However, funds that had been earmarked for the renovation of the building were used to fund the operations of the mission.

Risks/Implications

There is a risk that Government may lose ownership of properties in Mozambique.

If renovations are delayed financial loss may result from continued deterioration of Chancery.

In the absence of original title deeds, ownership might be difficult to prove.

Recommendations

The Government should actively resolve the ownership issue of properties in Mozambique.

The Chancery should be renovated without delay.

The original deed should be located and lodged for safekeeping.

Management Response

Zim-Maputo: There is a standing dispute between the two countries. We seem to get proof that at home we own these houses.

Zim-Beira said that the problem of ownership was known at high level and we hope it will be addressed.

Zim-Rome: The original deed was transferred to Head Office for safe keeping.

Evaluation of Management Response

The Ministry needs to be specific on the issue of ownership of the houses.

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

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry Local Government, Public Works and National Housing for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$49 707 000	$32 968 000	**$82 675 000**	$73 544 857	**$9 130 143**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Local Government, Public Works and National Housing as at December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Sub-Paymaster General's Account

Finding

There was a variance of $727 965 between the expenditure figure shown in the Sub-Pay Master General's (PMG) reconciliation and the total expenditure in the Appropriation Account. The Sub-PMG reconciliation excluded direct payments by Treasury and employment costs as indicated in the table below:

	Amount($)
Direct Payments	1 763 541
Employment Costs	15 556 696
	$17 320 237
Expenditure per Sub-Paymaster-General	26 952 585
	$44 272 822
Expenditure per Appropriation Account	$43 544 857
Variance	**$727 965**

Risk/Implication

Transparency in the utilisation of public resources may not be guaranteed as the expenditure figure disclosed in the Appropriation Account could have been misstated.

Recommendation

The Ministry should ensure that all expenditure is properly accounted for.

Management Response

The variance is as a result of a mismatch of budget support or releases for Administration and General by Treasury and the actual wage bills from SSB owing to the ongoing staff rationalization exercise. The total wage bill for the vote according to SSB was $1 479 395 from which Treasury only availed a budget support of $772 412 despite the fact that all staff received their salaries hence an unappropriated figure of $706 982. The balance constitutes rejections for the month of December 2017 which were not resubmitted and erroneously reported as expenditure in the Sub PMG Reconciliation Account.

2 INVESTMENTS

2.1 Loans Management

Findings

I observed that the communication between the Ministry and Local Authorities with regards to loans financing Public Sector Investment Programme (PSIP) projects was limited. Four Local Authorities visited namely Beitbridge, Gwanda, Bulawayo and Hwange were taking these loans as Government grants. This was evidenced by failure by Local Authorities to give an updated breakdown of loans with respect to principal and interest components of funds that they had benefited from. This was also exacerbated by the fact that the Ministry prepared the Public Financial Assets return without the involvement of the Local Authorities so as to corroborate its records.

The Infrastructure Development Bank of Zimbabwe (IDBZ), the intermediary being used to disburse and providing technical expertise, was not communicating effectively with the Ministry and Local Authorities on public funds disbursed so far. Beitbridge Town Council failed to access its resources even though it had a valid loan agreement. There was no formal communication from IDBZ to substantiate the claim that the funds due to the Town Council were diverted to other PSIP projects in other Ministries. Bulawayo City Council paid a total of $255 418 to its suppliers from its resources when IDBZ had channelled the resources to other projects without making any formal communication. In addition, this transaction was not communicated to the Ministry.

The total expenditure during the year under review according to the Appropriation Account was $30 936 000 while the Public Financial Assets return had $1 067 477.

From the above, I could not satisfy myself whether the balance for the Public Financial Assets of $34 128 480 stated on the return was correct.

Risk/Implication

Lack of effective communication may result in material misstatements.

Recommendation

The Ministry should conduct a debt data validation which will involve the other two parties IDBZ and Local Authorities to authenticate the actual loans disbursed to Local Authorities through draw-downs from IDBZ.

Management Response

The Ministry also noted with concern the communication gap and facilitated a meeting with Treasury and IDBZ on the 21st of March 2018. A corrective measure of quarterly tripartite meetings was agreed upon hence the 2nd quarter meeting is due to be held on the 23rd of May 2018. Treasury also undertook to reimburse loan funds meant for councils which were diverted to other PSIP projects by IDBZ.

2.2 Servicing of Loans

Finding

For the second consecutive year, I observed with concern that out of the twenty (20) urban local authorities that were advanced loans which according to the Ministry's return amounted to $34 128 480 from the year 2011 to date, none had put an effort to fulfill their repayment obligations. This was contrary to the requirements of Section 7.1 of the Loan and Performance Agreement which states that the Minister of Local Government, Public Works and National Housing shall be entitled after giving the borrower 30 days written notice to suspend draw-downs from the loan or to terminate this agreement and claim from the borrower immediate payment of all the outstanding amount should the borrower commit any material breach or event of default of this agreement.

Risk/Implication

The outstanding loans may become irrecoverable due to failure by the respective Local Authorities in maintaining sinking funds.

Recommendation

The Ministry should adhere to the requirements of Section 7.1 of the Loan and Performance Agreement.

Management Response

The Ministry will send reminders to the respective urban local authorities that were advanced the loans.

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

1 GOVERNANCE ISSUES

1.1 Maintenance of Infrastructure

Findings

Treasury Instruction 2001 states that departmental assets for Public Works Department include immovable property such as land and buildings, which are not controlled by any other designated Ministry or department.

Contrary to the above principle of allocating funds to the Public Works Department who are charged with ownership of all Government buildings, I observed that during the 2017 budget year, a total of $88 009 100 was allocated to various Ministries for the repairs and maintenance of Physical Infrastructure and Construction Works. The Public Works Department had not been consulted by Ministries in coming up with budget amounts, resulting in poor monitoring mechanisms. Apparently, no documents revealed that the expenditure incurred by line Ministries had been done with the participation of the Department of Public Works.

At the time of audit, there was no structured maintenance of Government buildings due to lack of budgetary support. This was also caused by inadequate budgetary processes by Line Ministries and poor monitoring of the repairs and maintenance allocations made by the Public Works Department.

Risks/Implications

Failure to adhere to the Physical Infrastructure and Construction Works budgeted amounts by all Ministries may cause deterioration of the infrastructure in the long run.

There may be inadequate allocations for funds meant for repairs and maintenance if the Public Works Department is not involved in the process of Infrastructure and Construction budgets initiation for all Ministries.

Line Ministries may end up virementing funds from the sub-head of repairs and maintenance as this was not their core mandate.

Recommendation

The Ministry should create a database of all repairs and maintenance works requests executed and outstanding requests and ensure allocations for repairs and maintenance for all Government buildings are utilized strictly for that purpose in compliance with Treasury Instruction 2001.

Management Response

The observation has been noted. The Ministry will in future engage the relevant Stakeholders.

1.2 Consultancy Fees

Finding

Section 3 of the Public Finance Management Act [*Chapter 22:19*] states that the object of the Act is to secure transparency, accountability and sound management of revenues, expenditure, assets and liabilities of Ministries. However, I observed that the Ministry had an outstanding amount of other capital liabilities amounting to $18 887 304 being consultancy fees being owed to various consultancy firms for architectural, quantity surveying and engineering services. This was caused by non- utilisation of the services of the professionals in the departments of Architecture, Surveying and Engineering by the Ministry.

Risk/Implication

There is a risk that by not utilizing its professionals the Ministry would lose resources which would have been used to meet its core activities.

Recommendation

There is need to explore ways of utilizing available professionals in the respective departments of the Ministry to mitigate against the high cost of consultancy fees.

Management Response

The hiring of consultants is unavoidable due to lack of capacity by the Ministry to undertake Government projects. There is also high staff turnover in the Departments of Surveying, Engineering and Architecture due to uncompetitive working conditions. The Ministry is also not adequately resourced in terms of Project management funds, vehicles and computers. The above factors leave the Ministry with little choice in some instances not to involve consultancy in its activities.

1.3 Management of State Land

Findings

Treasury Instruction 0705 requires Ministry Officials to maintain a full and proper record of activities.

I observed that the Ministry did not have a register of all the land designated as Stateland from the origin, to allocations of Stateland and the remaining balance of all Stateland, **Table** below refers. I was not able to validate the quantity of Stateland allocated to various Land Developers and Local Authorities and the quantity of Stateland left, after deducting from the

National Register of Stateland. Upon inquiry, it was revealed that some of the designated Stateland had no title deeds, such that the Stateland Department would create Stateland in the name of the President of Zimbabwe, so as to facilitate the processing of title deeds for land without deeds. As a result of the lack of title deeds proving ownership of all the Stateland, I could not validate whether the current ownership of Stateland was fairly stated. This was caused by poor record keeping, lack of a clear database and inadequate Stateland management process.

Quantity of Stateland from the Origin, Allocated Stateland, Quantity of Stateland Remaining after Allocations

	Finding/Comments
Original Quantity of Stateland	No National Stateland Register has ever been prepared, so the Original Quantity is not available
Allocated Stateland to Developers and Local Authorities	No Register is being maintained for allocations of Stateland
Quantity of Stateland Remaining after Allocations	A fairly stated balance of Stateland still remaining after allocations could not be availed for audit.

Risks/Implications

The Ministry may end up allocating twice the same piece of land to Land Developers and Local Authorities if there are poor records.

The Ministry may not know the quantity of Land still available if records are not kept properly.

Recommendation

The Ministry should put in place a clear record of; a brief description of the original quantity of Stateland from the start, a brief description of the quantity of Stateland allocated to Developers and Local Authorities, and a brief description of the quantity of the Stateland available at any given point in time. This should be done in compliance with Treasury Instruction 0705.

Management Response

The Section has never had a register of all designated Stateland from the origins to allocations of Stateland and the remaining balance of all Stateland ever since the Section was established. However, the Section has made tremendous effort in trying to establish a database of all original Stateland and farms that were handed over by the Ministry of Lands and allocated to various Local Authorities, land developers, cooperatives, institutions and individuals from 2005 to date. We have land that has no title and is indicated on the Surveyor General's maps just as Stateland. When this land is allocated, that is when we process title for it in the name of the President and in turn process title to the allottees from that parent title deed which we would have created.

A register of all Stateland which was allocated to various Local Authorities, land developers, cooperatives, companies and individuals from 2005 to date is available. Also note that all urban land in Rural Local Authorities and some land within Urban Local Authorities is Stateland which the Section supervises and processes for all Title Deeds and Survey Instructions. The Section recommends that resources be availed to enable the huge exercise to be carried out. The exercise involves moving around the country to collect the requisite information from all Ministries, Parastatals and other Government departments.

Evaluation of Management Response

2005 register needs to be updated as it does not include all Stateland.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Outstanding Revenue Return-Statelands

Findings

Treasury Instruction 0705 states that every Accounting Officer or officer administering a fund shall ensure that full and proper accounts are kept of the transaction for which he is responsible.

I observed that the Ministry only disclosed outstanding amounts of $1 217 311 for Harare Province leaving out the other nine (9) Provinces. This was caused by inadequate recording of outstanding amounts by the Ministry resulting from inadequate supervision.

Risk/Implication

The Ministry's Outstanding Revenue in the Financial Statements may be materially misstated.

Recommendation

The Ministry should fully account for all the outstanding revenue for the other Provinces in compliance with Treasury Instruction 0705.

Management Response

The Ministry would avail the information to Auditors for inspection once it is availed from the respective Provinces.

2.2 Outstanding Rentals for Commercial Properties

Finding

Treasury Instruction 0705 states that every Accounting Officer or officer administering a fund shall ensure that full and proper accounts are kept of the transaction for which he/she is responsible.

Contrary to the above, the Department of Public Works had no consolidated property register for all Commercial Properties that belong to Government. As a result, I could not verify the Outstanding Revenue amounting to $6 750 458 submitted by the Ministry. In addition, I also noted that included in the $6 750 458 was a figure of $556 578 which related to vacated Commercial Properties, raising doubts on the collectability of this amount from tenants who were long gone. This was caused by poor monitoring of the Department responsible for recording of assets and those responsible for ascertaining outstanding revenue.

Risks/Implications

The Ministry may not know the amounts outstanding if it is not aware of the number of Properties belonging to Government and collection may also be difficult.

Revenue generated from the assets may be misappropriated.

The Outstanding Revenue disclosed by the Ministry may be materially misstated, if owing tenants have vacated buildings and were nowhere to be found.

Recommendation

The Ministry should compile a register for all Commercial Properties, so as to fully account for all the Revenue Received and Outstanding Revenue from the other Provinces in compliance with Treasury Instruction 0705.

Management Response

The property register is available. Tenants for all vacated properties were handed over to the Legal Section for recovery of the rent arrears. Included on the list are former tenants and current tenants at Burroughs House who were refusing to vacate.

The other tenants who owe substantial amounts are: ZEC, National Arts Council and other Quasi Government Organisations who are not paying their rentals they were claiming that they are funded by Treasury but have not been getting funding from Treasury.

Evaluation of Management Response

The Ministry did not produce a consolidated property register for all commercial properties.

3 PROCUREMENT

3.1 Outstanding Amounts to Suppliers of Goods and Services

Finding

Contrary to the provisions of Treasury Instruction 1204 which requires all claims against Government to be settled promptly, the Ministry had outstanding debts owed to suppliers amounting to $4 432 241 as at the end of the financial year under review broken down as follows:

Sub-Vote	Amount ($)
Administration and General	1 169 842
Public Works	3 141 044
National Housing	13 008
Physical Planning	108 347
Total	**$4 432 241**

Risk/Implication

Failure to pay suppliers of goods and services in time may result in strained supplier customer relationships resulting in suppliers unwilling to carry out business with the Ministry. Legal action can also be taken against the Ministry which could lead to litigation costs.

Recommendation

The Ministry should pay the suppliers of goods and services promptly as outlined by Treasury Instruction 1204.

Management Response

Treasury has not been able to provide adequate funding towards payment of outstanding utility bills and other key service providers like CMED and TelOne owing to the prevailing economic environment. However, this is being addressed by the introduction of prepayment system.

CIVIL SERVICE HOUSING LOAN FUND 2014

OBJECTIVE OF THE FUND

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

I have audited the Civil Service Housing Loan Fund for the Ministry of Local Government, Public Works and National Housing for the year ended December 31, 2014. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	529 701
Expenditure	53 642
Surplus/ (Deficit)	**$476 059**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	8 785 324	- 12 869 798
Current	4 105 731	21 257
Total	**$12 891 055**	**$12 891 055**

Opinion

In my opinion, except for the possible effects of the matters described in the basis for Qualified Opinion paragraph below, the financial statements present fairly, in all material respects, the financial position of the Civil Service Housing Loan Fund as at December 31, 2014 and its financial performance for the year then ended.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Disbursement of Funds

Findings

The Fund's Constitution provides that the objects of the Fund shall be to provide funding for all eligible civil servants towards land purchase; construction or completion of house; house purchase and mortgage relief on first house.

For the second consecutive year, an amount of $1 867 367 meant for disbursement to beneficiaries was locked up in the Met Bank due to lack of proactive financial planning systems by the Ministry.

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 should consider seeking legal recourse if engagement of management of Met Bank to secure the release of the stated amount of $1 867 367 does not yield positive results.

Management Response

The Ministry indeed engaged the bank after Senior Management had approved that the Fund should be given collateral security in the event that Met Bank would be liquidated. This saw the bank issuing the Fund a Debenture amounting to $2 229 565 which is the total being owed to the Fund. Currently we have written to the bank requesting that they refund the full outstanding balance together with interest accrued.

1.2 Loan Repayments Recognition and Ledger Accounts Updates

Finding

In terms of the accruals accounting concept, accounting transactions and other events are recognized when they occur, therefore, transactions are recognized in the financial statements during the period to which they relate. However, repayments amounting to $129 170 which were received in December 2014 through Salary Service Bureau (SSB), were only recorded and posted into individual ledger accounts of the debtors for the period beginning January 1, 2015. This was caused by failure to record transactions as they occurred and apply the accrual concept.

Risk/Implication

Revenue received by the Fund during the year may have been understated. The individual debtors' ledger accounts may have been misstated for the period under review.

Recommendation

The Fund management should record and recognize accounting transactions in the year in which they occur in compliance with the accruals accounting concept.

Management Response

We had adopted an approach of receipting funds remitted by Salary Services Bureau (SSB) after the money would have reflected in our account. We would then allocate the

money into individual accounts in the year in which it was received as we had the understanding that Salary Services Bureau (SSB) is actually an agent of the beneficiary as opposed to that of the Fund. So we maintained the beneficiary as our debtor for any instalment that was not yet remitted. However, the observation is noted and we will adopt this change.

1.3 Submission of Accounts

Finding

For the fifth consecutive year, the Fund did not comply with the statutory deadline for submission of financial statements stipulated in section 35 (4) of the Public Finance Management Act [*Chapter 22:19*]. The Fund submitted its financial statements on February 2, 2017, that is twenty two (22) months after the statutory deadline of March 31, 2015. This was caused by lack of supervision by management to ensure compliance with statutory deadline.

Risk/Implication

Delays in the submission of financial statements will render the information irrelevant for timely economic decision making purposes.

Recommendation

The Fund management should ensure that financial statements are always prepared and submitted for audit within the statutory deadline of March 31 in accordance with section 35 (4) of the Public Finance Management Act.

Management Response

The Fund had challenges in that the financial statements were being produced manually. This saw us carrying the same observation for some time and as a result we wanted to ensure that all the data was uploaded in the system, hence the delay. We are working frantically to ensure that the outstanding financial years are submitted within the shortest possible time.

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

1 GOVERNANCE ISSUE

1.1 Non-compliance with National Social Security Authority Act

Finding

An examination of a sample of wage payments vouchers revealed that the Fund contravened the requirements of NSSA Act of 1989 [*Chapter 17:04*] read together with Statutory Instrument 393 of 1993 as the Fund did not deduct from the wages of casual workers 3.5% for Pension and other Benefits Scheme amounting to $255. This was caused by oversight on the part of management.

Risk/Implication

The Fund may be penalized for non-compliance and casual workers may fail to get compensation in the event of an accident.

Recommendation

The Fund Administrators should ensure that deductions for Pension and Other Benefits Scheme are effected in compliance with NSSA Act of 1989, [*Chapter 17:04*] and Statutory Instrument 393 of 1993.

Management Response

The observation is noted. There was a problem in that the Human Resources Department in the former Ministry of National Housing and Social Amenities had refused to assist in the issues pertaining to the employment of contract workers as they insisted that Fund managers were responsible for everything. Lack of knowledge in this area then resulted in this error. However, the current Human Resources Department assisted the Fund to register with NSSA in April 2016 under SSR No. 0197417N.

GOVERNMENT POOL PROPERTIES RETENTION FUND 2016

OBJECTIVE OF THE FUND

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

I have audited the Government Pool Properties Retention Fund for the Ministry of Local Government, Public Works and National Housing for the year then ended December 31, 2016. Below is a summary of statement of comprehensive income and financial position for the year:

Statement of Comprehensive Income

Item	$
Income	3 101 205
Expenditure	2 342 379
Surplus/ (Deficit)	**$758 826**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	151 510	- 925 771
Current	774 261	-
Total	**$925 771**	**$925 771**

Opinion

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 Government Pool Properties Retention Fund as at December 31, 2016 and its performance for the year then ended.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Non-Disclosure of Inventory and Accounts Receivable

Findings

The Fund disbursed building materials to Provincial and District offices amounting to $1 506 289 and some of these materials were held in stores at year end. However, the Fund did not disclose the inventory in the financial statements for the financial year under review. This was in contravention of Section 37 (a) of the Public Finance Management Act [*Chapter 22:19*] which states that the financial statements required to be prepared in terms of this Act shall be prepared in accordance with Generally Accepted Accounting Practice. Furthermore, Section 7.6 of the Fund's Constitution requires the Fund to recognise stocks of consumables used in the repair and maintenance of the Fund's property. This was caused by absence of an inventory management system.

In addition, outstanding rentals amounting to $528 990 for two provinces Harare $513 044 and Mashonaland East $15 946 were not disclosed in the financial statements. This was in contravention of Section 37 (a) of the Public Finance Management Act [Chapter 22:19]

Risks/Implications

Non-disclosure of the closing inventory may distort the Fund's financial position.

The resources of the Fund may be misappropriated.

Recommendations

The Fund should ensure that all Provincial and District offices carry out stocktakes and the results should be disclosed in the financial statements in accordance with Section 37 of the Public Finance Management Act [*Chapter 22:19*] and Section 7.6 of the Funds' Constitution.

The Ministry should disclose the receivable figures in the financial statements in compliance with Section 37 (a) of the Public Finance Management Act [*Chapter 22:19*].

Management Responses

The observation is noted. The inventory has been incorporated in the 2017 financial statements.

The Ministry has now updated the outstanding arrears and are now on Pastel and in the 2017 financial statements.

1.2 Labour Costs

Finding

I observed that during the year under review the Fund employed contract workers and incurred labour costs amounting to $426 663. This was in contravention of Section 199 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013 and the Public Service Act [*Chapter 16:04*] Section 8 (1) (a) which states that it shall be the function of the Public Service Commission to appoint persons to the Public Service, whether as permanent members or on contract or otherwise, to assign and promote them to offices, posts and grades in the Public Service and to fix their conditions of service.

Risk/Implication

The resources of the Fund may be misappropriated.

Recommendation

The Ministry should seek authority from the Public Service Commission to employ contract workers in terms of Section 199 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013 and Section 8 (1) (a) of the Public Service Act [*Chapter 16:04*].

Management Response

The audit observation is noted and the Ministry will write to Public Service Commission seeking General Authority for recruitment of contract workers and casual labour for all projects.

1.3 Maintenance of Ledger Cards and Property Files

Finding

I observed that Ministry Officials in various Provinces did not adequately maintain ledger cards and property files for the Government Pool Properties in respective districts. Hence, I could not ascertain rental income and the outstanding amounts for the districts. This was in contravention of Treasury Instruction 0705 read in conjunction with Section 37 of the Public Finance Management Act [*Chapter 22:19*] which require every Accounting Officer or officer administering a Fund to ensure that a full and proper account is kept of the transactions for which he is responsible. This was caused by inadequate supervision of subordinates and inadequate record keeping by Fund Officials.

Risk/Implication

The Fund may not be able to collect all outstanding rentals from tenants.

Recommendation

The Provincial Offices should maintain ledger cards and update property files for each respective district in compliance with Treasury Instruction 0705 and Section 37 of the Public Finance Management Act [*Chapter 22:9*].

Management Response

The ledgers for the Government Pool Properties are now being updated at Head Office using pastel and the Provinces have updated the ledgers handed over by District Administrators' offices except where there are vacancies in some respective provinces for Administration Assistants. We have communicated with Human Resources on the challenge and they promised to rectify the issues.

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

1 GOVERNANCE ISSUES

1.1 Inspection of Recently Maintained Houses

Finding

Section 17 of the Agreement of Lease states that the lessor and its authorized agents shall have the right at all reasonable times to enter upon the premises for general inspection.

Furthermore, Section 10 of the Agreement of Lease requires the lessee to make good and repair at his/her own cost any damage or breakages of such items and shall at all times properly maintain and repair the inside of the premises together with all fixtures and fittings therein including electrical.

From a sample of houses physically inspected in Manicaland, I observed that Government Pool Property houses had damaged roofs and damaged floor tiles, despite having been recently maintained **(Table below refers)**. This was caused by lack of monitoring of completed project works by the Ministry officials.

Inspection of Recently Maintained Houses

Province	District	Details of Audit Issue	Action Taken
Manicaland	Mutare	There were issues of leaking roofs for GP: 1665, 4537 and 4532.	No action was taken
Manicaland	Mutare	At (Block 1/Flat 5 Fare Bridge Park) and (Block 1/Flat 1 Fare Bridge Park) there paque tiles were damaged due to overflow of water.	No action was taken by tenant to make good in terms of lease

Risks/Implications

The recently maintained roof might surge in, requiring additional repairs before attainment of its life in use, thereby prejudicing the Fund of its scarce resources.

The sitting tenants may continue to cause damage to the houses they stay in without any recourse taken against them thereby prejudicing the Fund.

Recommendations

The Ministry officials should ensure that inspections are carried out more frequently especially on houses that were recently maintained and that tenants should report timeously all problems, in compliance with Section 17 of the Agreement of Lease.

The Ministry Officials should ensure that the damaged tiles or items are repaired by the sitting tenant in compliance with Section 10 of the Agreement of Lease.

Management Response

Technically repairs to the roof leaks need to be attended after the rains. However the Ministry will facilitate a workshop on monitoring and evaluation of projects and the entire project management programme. This is meant to eliminate repeat of the same in future.

1.2 Project Management

Finding

From a sample of projects evaluated for Masvingo Province, I observed that Ministry officials had an inappropriate sequencing of activities of projects as evidenced by the Gantt chart (Program of Works) that were not followed for all of the projects done in 2016**.** This was caused by inadequate supervision of projects.

Risk/Implication

The Fund may have project overruns leading to increased costs of maintenance, idle time, compromised quality of works and delay in starting other projects.

Recommendation

The Ministry officials should ensure that all maintenance works are done as per the Gantt charts or program of works and that all materials are in place first before engaging artisans and casual labour.

Management Response

The province procured materials and exhausted funds before taking cognisant of the labour cost. The Accounting Officer noted the anomaly and had to send a team from Head Office to Masvingo on the issue. The Province was warned not to repeat the same. The Province was advised to follow the proper procurement procedures and their work plans.

1.3 Project Reviews and Variance Thresholds (Mashonaland East)

Finding

Section 80 (3) (a) of the Public Finance Management Act [*Chapter 22:19*] read in conjunction with Section 8 (1) (a) of the Audit Office Act [*Chapter 22:18*] states that the Auditor General or any person authorised by him or her call upon an officer for and shall be entitled to receive without undue delay from that officer, any explanations and information he or she may require in order to enable him or her to discharge his or her duties.

For a sample of four (4) projects for Mashonaland East Province, Ministry officials did not produce for audit inspection their Project Review minutes or reports detailing an analysis of the actual cost of individual projects against the estimated costs of the projects. At the time of audit, the Ministry officials were not adhering to any variance thresholds for any chosen projects

This was caused by Ministry officials who did not adequately monitor the projects as well as lack of a variance threshold policy for actual costs compared to estimate of costs.

Risk/Implication

The Fund may have time overruns caused by inappropriate cost estimates thereby compromising the quality of works and delays in commencement of other projects.

Recommendations

The Ministry officials should ensure that project review meetings are held and reports produced in compliance with sound management principles stated under Section 3 of the Public Finance Management Act [*Chapter 22:19*].

The Ministry officials should also ensure that at the end of each project, all actual costs pertaining to each project are calculated and evaluated against their respective cost estimates, so as to learn from each project in compliance with the sound management principle stated under Section 3 of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The Ministry has resolved to hold a workshop on project management in order to capacitate Provincial and District maintenance officials.

1.3.1 Project Monitoring and Completion Procedures (Masvingo)

Finding

In Masvingo Province, the Ministry officials did not produce for audit inspection the completion quality review reports done by the Ministry's Head Office or persons not directly involved in the Provincial works for projects approximately worth $109 436. At the time of audit, the actual project costs of works for seven projects had not been done by the Ministry officials indicating inappropriate project management and lack of effective project reviews. This was caused by lack of regular inspections by the Ministry's Head Office Construction and Maintenance Department for all works done in the Province.

Risk/Implication

The Fund may have project over-runs leading to increased costs of maintenance, idle time, compromised quality of works and delay in starting other projects.

Recommendations

The Ministry officials should ensure that completion quality review reports are done by the Ministry's Head Office or persons not directly involved in the Provincial works.

The Ministry officials should ensure that at the end of each project, all actual costs pertaining to a project are calculated and evaluated accordingly so as to learn from each project.

Management Response

The Ministry has resolved to hold a workshop on project management in order to capacitate Provincial and District Maintenance officials.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Vacated Government Property (GP) Houses

Finding

The number of vacated houses in Mashonaland East Province increased by thirty-three percent (33%) for the year ended December 31, 2016. This was caused by various reasons which include lack of electricity, running water and high rentals compared with neighbouring properties.

Risks/Implications

The Fund may fail to collect the maximum potential rentals on a monthly basis.

The Government Properties (GP) Houses will deteriorate due to lack of use or vandalism in the long term.

Recommendation

The Ministry officials should put in place mechanisms that ensure that there is reduction of vacated houses in compliance with the sound management principles stated under Section 3 of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The Office acknowledges the increase in number of vacated houses in Mashonaland East Province by (33%) for the year ended December 31, 2016. However, most of these houses are located in remote rural wards where there were no proper ablution facilities, taped water nor electricity. After effecting new rentals in January 2015, most of the tenants started vacating these houses citing high rentals which did not suit the poor state of the houses and their remote locations. The Ministry will engage the Ministry of Finance with a view to reduce the rental charges for houses in remote areas.

NATIONAL CIVIL PROTECTION FUND 2016

OBJECTIVE OF THE FUND

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

I have audited the National Civil Protection Fund for the Ministry of Local Government, Public Works and National Housing for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	155 421
Expenditure	223 499
Surplus/ (Deficit)	**($68 078)**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	207 073	- 247 163
Current	40 090	-
Total	**$247 163**	**$247 163**

Opinion

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 and performance of the National Civil Protection Fund as at December 31, 2016.

Basis for Qualified Opinion

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Revenue Donations

Finding

Treasury Instruction 0705 states that every Accounting Officer or Officer administering a Fund shall ensure that full and proper accounts are kept of the transactions for which he is responsible. Accounting Officers shall prescribe the form of such books of accounts to be maintained by the officers under their control. Contrary to the above, I observed that of the $10 000 revenue donations from African Sun (ZIMSUN), $5 000 as well as $2 315 from International Organisation for Migration (IOM) were neither recorded in the ledger nor disclosed in the financial statements. This may be attributed to lack of supervision by the Administrators of the Fund.

Risks/Implications

Donations may not be properly accounted for if records are not maintained.

Revenue donations will be understated resulting in the financial statements being materially misstated.

Recommendation

The Fund Administrators should ensure that full and proper accounts are kept of all transactions in compliance with Treasury Instruction 0705 and that all revenue donations are disclosed in the financial statements.

Management Response

There was lack of regular update between the two administration functions i.e, Administration Officer and Accountant in terms of record keeping and updating. However, the Fund will continue to ensure that mistakes of such a nature will not be repeated in future.

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

1 PROCUREMENT

1.1 Funeral Assistance

Finding

Treasury Instruction 1205 requires that a payment voucher should contain sufficient information to enable the expenditure to be verified in the event of any of the documents becoming detached. In contravention of the afore-mentioned regulation, the Fund Administrators did not avail for audit examination copies of burial orders, signed acknowledgments and receipts relating to funeral assistance amounting to $15 500. This could have been caused by oversight on the part of the Administrators of the Fund.

Risk/Implication

In the absence of sufficient supporting documentation, it would be difficult to verify the authenticity of the transactions.

Recommendation

The Fund Administrators should ensure that expenditure incurred is sufficiently supported by adequate verifiable documentation in order to safeguard the resources of the Fund.

Management Response

The observation has been noted. A write up will be prepared to further warn all the District Administrators to comply with the standing requirements about burial orders.

NATIONAL HOUSING FUND 2014

OBJECTIVE OF THE FUND

The main objective of the Fund is to assist with the development of housing schemes and ancillary services.

I have audited the financial statements of the National Housing Fund for the year ended December 31, 2014. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	$1 842 569
Expenditure	$382 591
Surplus/ (Deficit)	**$ 1 459 978**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current	76 663 270	-
Accumulated Fund		16 239 222
Other		70 631 166
Current	11 480 255	1 273 137
Total	**$88 143 525**	**$88 143 525**

Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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 of National Housing Fund as at December 31, 2014.

Basis for Disclaimer of Opinion

1 GOVERNANCE ISSUES

1.1 Non-disclosure of Infrastructure Development Bank of Zimbabwe (IDBZ) Housing Development Projects

Finding

Contrary to the requirements of the Memorandum of agreement entered into by and between the then Ministry of National Housing and Social Amenities and Infrastructure Development Bank of Zimbabwe (IDBZ) which states that the facility shall be administered by the bank on behalf of the Ministry, as read in conjunction with Section 32 (3) (b) of the Public Finance Management Act [Chapter 22:19] which requires that the financial statements should fairly present the state of affairs of the Ministry, reporting unit, constitutional entity or public entity for which the Ministry is responsible, the Fund did not fully disclose its operations being managed by IDBZ. Instead, only disbursements worth $20 665 000 were included in the statement of financial position on IDBZ projects.

Risk/Implication

If material information is not fully disclosed, the financial statements would inevitably be materially misstated and misleading resulting in inappropriate decisions being made.

Recommendation

The Ministry should ensure that all material information is fully disclosed to enhance accountability and transparency in compliance with Section 32 (3) (b) of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The referred to MOU agreement is unfortunately silent on whose responsibilities it is among all the signatories which includes the Ministry of Finance, IDBZ management and the Ministry of Local Government, Public Works and National Housing tasked with keeping and reporting of the financials of the facility in terms of both section 27 of the Housing and Building Act [*Chapter 22:*07] and section 18 of the Public Finance Management Act [*Chapter 22:19*]. As such the Ministry through the Fund could not report on the matter since the facilities management is completely outside the existing constitution of the Fund. However, efforts will be made to ensure that the dictates of the above statutes are fully observed.

Evaluation of Management Response

All monies disbursed to IDBZ belong to the Fund/Ministry and IDBZ is managing the monies on behalf of the Fund and thus the Fund remains the principal. As such the Fund should fully account for the activities being run by its Fund Manager i.e IDBZ. The Fund may not divorce itself from accounting for such funds.

1.2 Accounts Receivable

Finding

Section 10 (1) of the Public Finance Management Act [*Chapter 22:19*] requires Accounting Officers to control and be accountable for all revenues and other public money received, held or disposed of, by or on account of a reporting unit. However, I observed that the Fund did not put in place effective measures to recover outstanding debts comprising of survey and other fees amounting to $1 349 657 (2013: $1 278 473) and outstanding rent debts amounting to $9 413 728 (2013: $7 383 388) as at December 31, 2014.

Risk/Implication

Debts may become extinguished through lapse of time. Failure to recover debts will adversely affect attainment of the objective of developing housing units.

Recommendation

The Fund should take remedial action to ensure that all outstanding debts are expeditiously recovered.

Management Response

Please note that the Ministry has written several letters of demand to the tenants to own up and pay survey fees. However, considerable positive results were being realised from some of our tenants. The Ministry has been inviting all tenants in arrears to come forward with acceptable payment plans at the same time evictions through the Civil Division in liaison with our Legal department have been intensified.

Evaluation of Management Response

The Ministry should put in place robust systems to collect survey and other fees.

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

1 GOVERNANCE ISSUES

1.1 Submission of Financial Statements

Finding

For the fourth consecutive year, the Fund did not comply with the statutory deadline for submission of financial statements. The Fund submitted its financial statements on September 15, 2016 which was seventeen (17) months after the statutory deadline of March 31, 2015. This was caused by inadequate supervision to ensure compliance with statutory provisions.

Risk/ Implication

Delays in the submission of financial statements will render the information irrelevant for economic decision making purposes.

Recommendation

Financial statements should be produced and submitted for audit within the statutory deadline.

Management Response

The Fund has been experiencing some challenges with regards to staffing issues especially at the sub-national level where most of the financial returns are originated. It therefore means that any slack be it at District or Provincial level will heavily weigh on the production of these financial statements. However, the matter is receiving, attention with a view to permanently correct the perennial problem.

1.2 Reconstruction Account

Finding

According to Section 18 (1) (b) of the Public Finance Management Act [*Chapter 22:19*], whenever, in the opinion of the Minister, it is necessary or desirable for the purpose of facilitating the accounting for public resources that a separate fund be established, the Treasury shall establish a fund for that purpose. Contrary to the above requirement, the Fund was collecting and receipting using Government receipt books and banking monies from Whitecliff Residents Association in the National Reconstruction Fund Account without Treasury Authority. This was caused by an oversight on the part of Ministry officials.

Risk/Implication

The Financial statements may be misstated if private funds are banked in Government bank accounts.

Recommendation

The Fund management should comply with the provisions of Section 18 (1) (b) of the Public Finance Management Act [*Chapter 22:19*] when running the affairs of the Fund.

Management Response

No Treasury Authority was sought, the initiative was done by former Minister in the interest of protecting subscribers and leverage the internal Ministry skills in administration.

1.3 Refunds from the Whitecliff Garikai Scheme

Finding

The Fund processed refunds to two (2) beneficiaries amounting to $7 650 who had applied for withdrawal from the Whitecliff Garikai scheme without supporting copies of Lease Agreements in contravention of Section 4 of the Agreement of Lease. I could not satisfy myself whether the claimants were bona fide holders of stands as the refunds were processed on the strength of application letters and receipts only. This was caused by lack of management controls over the Fund. Table below refers:

Refunds of Garikai Whitecliff

Name of Claimant	Stand Number	Status	Amount refunded ($)
Jerome Sean	1946 Whitecliff South	No lease agreement	3 800-00
Mandenga Enitah	1856 Whitecliff South	No lease agreement	3 850-00
Total			**$7 650-00**

Risk/Implication

The Fund may lose its financial resources to claimants who are not bona fide.

Recommendation

The Fund management should ensure that refunds are processed to bona fide beneficiaries in accordance with Section 4 of the Lease Agreement.

Management Response

Beneficiaries of Whitecliff Low Density stands were given a provisional allocation pending meeting the minimum expected contribution of $4 000 before one is issued with a lease document. It follows that Jerome Sean and Mandenga Enita opted out well before the required threshold was met.

1.4 Transfer of Title Deeds (Ownership)

Finding

Clause 8 of the Agreement of Sale states that transfer to the purchaser shall be tendered when the purchaser has fully paid any outstanding balance including interest. From a sample of property files audited, I observed that the Fund did not process title deeds for the respective tenants. As at the time of audit no title had been transferred to bona-fide beneficiaries and no copy of communication was available in the respective files. This was caused by inadequate supervision and monitoring by the relevant Ministry Officials. Table below refers:

Transfer of Title Deeds (Ownership)

Area	Property Number	Date Payments Completed
Odzi /Eastlea Flats	13304/27/112	June 2002
Willowvale Flats	993/15/182	January 2001
Highfield Flats	991/7/53	September 2006
Kuwadzana	3942	November 2002
Zengeza 4 Chitungwiza	15190	December 2005
Mufakose Flats	992/27/209	March 2005

Risk/Implication

The Fund's assets may be misstated due to delays in transferring title to the respective beneficiaries.

Recommendation

The Ministry should ensure adherence to the requirements of Clause 8 of the Agreement of Sale.

Management Response

Please note that Sectional titles on the same flats are not yet in place mainly because the City of Harare is failing to transfer acquired pieces of land by the Ministry. In addition, the Ministry constructed housing structures on land which was not surveyed hence title deeds cannot be transferred.

Evaluation of Management Response

It is the Ministry's responsibility to deliver its end of the contract, since the beneficiaries have performed their part of the contract by paying their dues. The Ministry should survey all land which has been issued out, so as to avoid prejudicing bona-fide beneficiaries.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Proceeds from Sale of Houses

Finding

The Fund was supposed to operate on an accrual account basis in accordance with Section 18 (9) of the Public Finance Management Act *[Chapter 22:19]* Contrary to the above, the Fund was recognising only revenue that they actually received from beneficiaries of houses on agreement of sale. This was caused by an oversight on the part of Ministry officials in the preparation of the financial statements.

Risk/Implication

The financial statements may be misstated.

Recommendation

The Fund management should adhere to the accrual basis of accounting when preparing financial statements.

Management Response

The accrual basis of accounting will be complied with in our future disclosures.

2.2 Overstatement of the Rent Debtors

Finding

The rent debtors disclosed in the financial statements for the year ended December 31, 2014 were overstated by $22 281 (Table below refers). The amount was classified as unknown deposits meaning that individual tenant rent cards had not been adjusted for the payments made. This was in contravention of section 37 of the Public Finance Management [*Chapter 22:19*] read together with Treasury Instruction 0103. This could have been caused by inadequate supervision and improper record keeping.

Overstatement of Rent Debtors

Source of Information	**Item**	**Total ($)**
Cash Book/Bank Reconciliations Statement	NHF Garikai/Hlalani Kuhle	7 362
Cash Book/Bank Reconciliations Statement	NHF Proper	14 919
Total		**$22 281**

Risk/Implication

The financial statements may be misstated which may lead to wrong decision being made by policy makers.

Recommendation

The Fund should fairly present the state of rent debtors and appropriately adjust for the direct deposits made by tenants in their respective ledger cards in compliance with Section 37 of the Public Finance Management Act [*Chapter 22:19*] read together with Treasury Instruction 0103.

Management Response

The issue of unknown deposits is an issue which is on the rise with the increased use of plastic money. However, efforts are being made to encourage our tenants to come forward with their direct deposits so that they can be issued with a proper receipt which is the basis for a proper payment allocation.

3 PROGRESS IN THE IMPLEMENTATION OF PRIOR YEAR RECOMMENDATIONS

3.1 Disclosure of Properties

Fund's financial statements for the year ended December 31, 2013 did not include four (4) houses under the National Housing Fund Pay-For-Your house scheme for Chimanimani District. There were also discrepancies in the number of properties disclosed in the Fund's financial statements for the year ended December 31, 2013 and those listed in the Beitbridge register. Audit had recommended that The Fund should fully disclose all its properties in the financial statements in order to allow objective financial reporting. The recommendation was still to be implemented.

3.2 Work in Progress

For the third year running, the Fund did not avail for audit inspection valuation certificates as proof of work performed to substantiate the work in progress figure of $2 381 415 in contravention of International Accounting Standards (IAS) 11-Construction Contracts. Audit recommended that the Fund should properly value construction projects in accordance with the requirements of IAS11-Construction Contracts. The recommendation was still to be implemented.

3.3 Sold Properties

Forty-nine (49) NHF properties sold to beneficiaries in Chikomba District Northwood suburb under the Pay-For-Your house scheme did not have agreements of sale, lease agreements and certificates of settlement in violation of Section 2 (a) and 8 of the lease agreement. Audit recommended that Head Office should investigate the legal status of the forty-nine (49) sold properties and ensure that all individual property files contain adequate documentation. An improvement was noted during the year under review.

STADIA REVOLVING FUND 2016

OBJECTIVE OF THE FUND

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

I have audited the financial statements of Stadia Revolving Fund for the Ministry of Local Government, Public Works and National Housing for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	$276 353
Expenditure	$236 077
Surplus/ (Deficit)	**$40 276**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	111 596	- 399 608
Current	321 752	33 740
Total	**$433 348**	**$433 348**

Opinion

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 and performance of the Stadia Revolving Fund as at December 31, 2016.

Basis for Qualified Opinion

1 GOVERNANCE ISSUE

1.1 Awarding of Tenders- Chitungwiza Aquatic Complex Swimming Pools

Finding

Section 7 (1) of Statutory Instrument 171 of 2002 of the Procurement Regulations states that Special Informal and Formal tenders shall be invited by the procuring entity after prior approval by the Board. However, contrary to this provision the Fund awarded a contract worth $71 320 to repair the Chitungwiza Aquatic Complex pools without prior approval by the State Procurement Board as “sole supplier", after three others had indicated that they could not supply the existing tiles which were used to construct the pools. At the time of concluding the audit, in September 2017, the company had failed to perform according to the contract but the contract was still not cancelled for non-performance.

Risk/Implication

The Fund may be exposed to financial prejudice if it fails to follow procurement procedures.

Recommendations

The Ministry should take appropriate measures to assess the value of work done and materials on site in order to determine the amount owed to the contracted company.

The Fund should adhere to the requirements of Statutory Instrument 171 of 2002 of the Procurement Regulations Section 7 (1).

Management Response

The observation has been noted and in future correct tender procedures will be adhered to as provided for in the Public Procurement and Disposal of Public Assets Act [C*hapter 22:23*].

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

1 GOVERNANCE ISSUES

1.1 Advertising Policy

Findings

According to Section 3.2.1 of the Accounting Officer's Instructions for the Fund, the Management Committee should formulate policy decisions affecting the day-to-day operations of the Fund and advise the Accounting Officer of any irregularities of a serious nature.

For the second year running, the Fund did not avail for audit inspection, a policy document that governs the collection of revenue from advertising space within Government owned stadia. This resulted in Khumalo Hockey Stadium failing to realise their revenue budget figure of $34 500, as the delay in advertising policy made the place less popular to clients. Therefore, I could not satisfy myself whether or not the Management Committee had effectively discharged its function towards strengthening of internal controls and safeguarding the resources of the Fund. This was caused by non-compliance with laid down regulations.

Risk/Implication

The Fund may be exposed to financial prejudice.

Recommendation

The Administrators of the Fund should ensure that the Management Committee has formulated a policy which regulates the collection of revenue from companies engaging in the placement of advertisements within Government owned stadia.

Management Response

The observation is noted, the Ministry is crafting an advertising policy. However, the generation of revenue is dependent on the performance of the economy.

1.2 Finance and Procurement Committee

Finding

For the second year running, the Finance and Procurement Committee only convened four (4) meetings for the Khumalo Hockey Stadium during the year under review. This was contrary to the requirements of Section 4.3.1 of the Accounting Officer's Instructions which states that the Finance and Procurement Committee is required to hold sufficient scheduled meetings to enable it to discharge its duties outlined in these instructions, at least for a minimum of one (1) meeting per month. This resulted in no action being taken to replace the changeover switch since the year 2014. This was caused by lack of following laid down regulations.

Risk/Implication

The facilities at the Stadium may not be able to fulfil the anticipated international standards.

Recommendation

The Fund should ensure that the Finance and Procurement Committee meets at least once each month to deliberate and find solutions to challenges being faced by the Khumalo Hockey Stadium.

Management Response

The observation has been noted, however, the Office has since endeavored to comply as per previous audit observation though we had a shortfall of two sittings. As for the changeover switch the delays in replacing it was due to the fact that it was expensive amounting to $18 170 which was not readily available.

Evaluation of Management Response

According to the observation they had a variance of eight (8) and not two (2). The other six (6) minutes of meetings submitted for audit were not for Stadia Revolving Fund according to Section 3.4.1 of the Accounting Officer's Instructions as they were not conducted by the Finance and Procurement Committee.

1.3 Misallocation of Funds

Finding

Treasury Instructions 1504 and 1506 state that Accounting Officers are responsible for the recovery of all advances, making arrangements for the recovery and for ensuring that the terms and conditions of the advance are complied with. They shall ensure that efficient controls and accounting records are maintained in respect of all advances. In contravention with the above, I observed that the Fund advanced monies to the Parent Ministry amounting to $66 155. The funds were outstanding at the time of concluding the audit in September 2017.

Risk/Implication

The practice of borrowing money from the Fund may cripple operations and the fund would not be able to fulfil the objectives for which it was created.

Recommendation

The Accounting Officer should get funding from Treasury rather than deprive operations of the Stadia Fund. The amounts borrowed should be refunded to the Stadia Fund so that the planned programs are implemented. Furthermore, the Fund Administrators should recover or make arrangements for the recovery of the advances in accordance with the requirements of Treasury Instructions 1504 and 1506.

Management Response

Efficient controls are in place and accounting records are being maintained. The $66 155 advanced by the Fund was fully recovered. Voucher number v198/16 totaling $12 540 for fuel was not an advance as it was meant for the Fund's operations.

Evaluation of Management Response

Reconciliations for the $66 155 to the return of advances or loans made to the Appropriation Account were not possible signifying absence of efficient internal controls.

1.4 Single or No Quotations on Vouchers

Finding

Treasury Instruction 1216 requires payment vouchers to be adequately supported by relevant source documents. Contrary to the above, expenditure amounting to $28 104 was not supported by three (3) quotations, comparative schedules and/or service contracts. This was caused by management oversight and overriding of procurement controls. As a result, I was not able to ascertain whether the expenditure was a proper charge to the Fund.

Risk/Implication

Fraudulent payments may be processed due to non-adherence to procurement procedures.

Recommendation

The Fund should ensure that payments are adequately supported and that all source documents are attached to payment vouchers.

Management Response

For the servicing and maintenance of motor vehicles only one quotation is used from the SPB gazetted list, it is also because garages charge fees for diagnosing the problem. The Ministry will incur unnecessary costs by diagnosing a vehicle from three garages before engaging what will be deemed the cheapest.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Controls on Booking Sheets

Finding

I observed that the booking sheets used to support the amount of revenue generated by the Fund for both the Accounts and Estates Departments were not pre-numbered. The two departments had different revenue amounts generated from hiring, that is, $14 280 and $16 370 for Estates and Accounts Departments respectively. This resulted in a variance of $2 090. I therefore, could not satisfy myself that all revenue accruing to the Fund was properly disclosed. This was caused by non-compliance with laid down regulations.

Risk/Implication

Failure to strengthen internal controls may lead to material misstatements of the financial statements.

Recommendation

The Fund should ensure that robust internal controls are put in place to guard against material misstatements of the financial statements.

Management Response

The observation has been noted. The booking sheets will be pre-numbered.

VOTE 14. -HEALTH AND CHILD CARE

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Health and Child Care for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$281 976 000	$68 258 754	**$350 234 754**	$340 530 864	**$9 703 890**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Health and Child Care for the year ended December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Unauthorised Transfer of Funds

Finding

In contravention of Section 4 of the Appropriation Act, 2016, the Ministry transferred funds amounting to $6 741 320 from the Appropriation Account into a Health Services Fund account without Treasury authority. The account where funds were transferred was opened in the name of Health Services Fund, although it was not part of the main approved account of the Health Services Fund. Consequently, I could not satisfy myself whether funds appropriated by Parliament were used for the intended purposes.

Risk/ Implication

If funds are transferred from the Appropriation account to another account without authority of Treasury, unauthorised expenditure may be incurred that may lead to wasteful expenditure.

Recommendation

The Ministry should ensure that funds appropriated by Parliament are expended for the intended purposes. In cases where usage is to be varied, the necessary procedures of seeking Treasury authority should be followed.

Management Response

Transfers made to the Health Services Fund are payments to Regional and International Organisations whereby we eventually do Telegraphic Transfers from our CBZ Commercial Bank Account, medical assistance for the recipients who do not have vendor numbers for onward transmission to the respective accounts, ZIMRA payments which require payments from a commercial Bank and funds from Treasury for PSIPs. Management has received verbal authority from Treasury for the transfer of such funds.

Evaluation of Management's Response

Formal authority to transfer the money to the above mentioned account is required to ensure proper accountability.

1.2 Unallocated Reserves

Finding

There was a variance of $48 734 583 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and the one disclosed in the Treasury records. According to the schedule from Treasury that was received after the audit had been concluded, the Ministry was supposed to have received $116 993 337. However, as at May 10, 2018 the Ministry confirmed having received $68 258 754 through the Public Finance Management System (PFMS), and the difference which is about seventeen per cent (17%) of the original budget of the Ministry, had not been uploaded on the PFMS to enable the Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Risk/ Implication

The Appropriation Account may be misstated.

Recommendation

The Ministry should liaise with Treasury to ensure that all transfers from Unallocated Reserve are communicated to the Ministry and uploaded in the system timeously. Documents in support of the related expenditure should also be availed.

Management Response

The amount shown in Treasury's records has not been effected on our Public Finance Management System (SAP) and we did not receive the release letters. The figure that the auditors got was only made available to us after the auditors had asked for confirmation of the URs that the Ministry had disclosed.

1.3 Temporary Deposits

Finding

The Ministry failed to clear funds credited to the Temporary Deposit Account as required by Treasury Instructions 1803 and 1804. A net debit amount of $219 701 (2016: $233 825) remained outstanding in the Temporary Deposit Account. Some of the balances that make up the amount date back from 2010 to 2013 financial years. I am concerned with the slow pace at which outstanding balances in the Temporary Deposits Account were being cleared. I made the same observation on page 266 of my 2016 report.

Risk/Implication

Failure by the Ministry to clear outstanding balances in the Temporary Deposit Account may result in funds being held in the Suspense Account for too long thereby affecting liquidity and service delivery.

Recommendation

The Ministry should ensure that the Temporary Deposits Account is cleared timeously as required by Treasury Instructions 1803 and 1804.

Management Response

The observation is noted and agreed. However, there are some discrepancies in the balances of the open items in year 2017. The process of clearing prior year's balances is slow due to challenges the Ministry is facing with the Temporary Deposit Account. Some transactions are fully executed but cannot be cleared from the system due to document splitting, a system error, which is beyond the Ministry's span of control.

Some prior years' debit balances have corresponding credit balances misposted to other revenue ledger accounts.

1.4 Outstanding Payments to Suppliers of Goods and Services.

Finding

Outstanding amounts to suppliers of goods and services remained significant at $48 304 527 (2016: $70 112 498), contrary to Treasury Instruction 1204 which stipulates that all claims against government should be dealt with promptly and arrear claims be avoided. I made the same observation on page 265 of my 2016 report.

Risk/ Implication

When arrear claims are not settled on time, there will be a burden on the budget. The total expenditure figure for the year is understated.

Recommendation

The Ministry should make effort to make payments in the year the expenditure is incurred and avoid transferring the burden into the future.

Management Response

Whilst the observation and recommendations are welcome, it should be noted that this problem has been exacerbated by the current economic conditions whereby the Ministry of Finance is not able to adequately fund the Ministry.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Receipts and Disbursements Return

Findings

The Ministry submitted an inaccurate Receipts and Disbursements Return which could not be validated. According to the information disclosed on the return, deposits not receipted totaled $1 116 231 yet the same return reflected the total amount of $463 228 that was deposited into the Exchequer Account resulting in a variance (short fall) of $653 003 that was not explained. Under normal circumstances, the amount of deposits not receipted should reflect as having been deposited into the Exchequer Account of the Consolidated Revenue Fund.

Further to the above, there was a variance of $821 168 between the figures on the Receipts and Disbursements return and on the Public Finance Management System (PFMS) which was not reconciled. (Table below refers).

Variances between the Return and the PFMS

	PFMS ($)	Return ($)	Variance ($)
Balance carried forward 01.01.17 RBZ	(82 743)	594 450	677 193
Balance carried forward 01.01.17 CBZ	(49 023)	93 952	142 975
Total	**($131 766)**	**$688 402**	**$821 168**

Risk /Implication

Accounting records may contain inaccurate information which could result in misstatement of financial statements.

Recommendation

Monthly bank reconciliations should be performed to ensure information in the financial records is accurate.

Management Response

The observation is noted. The outstanding receipts not deposited were reported on a cumulative basis that's why the reported amount appeared to be so high.
For the year 2017 CBZ Account had a total of $329 934 dollars while the amount that went through the system was $193 983 this means that $136 042 was not receipted in the system although the money was on the bank statement.

For the RBZ a total of $612 984 was on the bank statement while $269 335 was the amount that went into the system leaving a balance of $343 649 not introduced in the system .The total for 2017 that was not inputted into the system should total $479 681, not the $1 074 141 that included prior years that caused us a lot of challenges in that the other figures were for amounts with debtors not created including instances when the receipting itself had to be reversed to correct errors that had been made then. These corrections are however in full swing but unfortunately all unfinished prior year's business will only be accounted for in 2018. The 2016 figure of outstanding deposits was $551 763 and the 2015 figure was supposed to be $42 697.

3 PROCUREMENT

3.1 Unsupported expenditure

Finding

Section 81 (b) (iii) of the Public Finance Management Act *[Chapter 22:19]* read in conjunction with Treasury Instruction 1216 requires expenditure to be supported by receipts, goods received vouchers, invoices or any proof of payment. Contrary to this regulation, the Ministry made payments amounting to $97 504 for goods and services without sufficient source documents. Consequently, I could not satisfy myself whether the expenditure was a proper charge against the vote.

Risk/ Implication

If payments are made to service providers without supporting documents, it could result in expenditure being incurred for the purpose not intended or fraudulent transactions could be processed.

Recommendation

The Ministry should ensure that all payments are adequately supported by source documents to ensure what is incurred is legitimate.

Management Response

The Goods Received notes pertaining to these documents are available for Inspection. However, it is not feasible to get receipts for some of these payments as some suppliers issue their invoices/receipts and delivery notes as a single document.

Evaluation of Management Response

The Goods Received Notes were not availed to the auditors for inspection, although the Ministry's response suggest that the documents were availed to the auditors.

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

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Outstanding Revenue

Finding

The total long Outstanding Revenue for the Ministry amounted to $455 982 as at December 31, 2017. I am concerned about the low rate of recovery being taken by the Ministry. The bulk of the amounts date back to 2013 and 2015 financial years.

Risk/ Implication

If outstanding revenue remains uncollected for too long, it may result in failure to recover the money

Recommendation

The Ministry should continue to follow-up and recover outstanding revenue.

Management Response

The observation is noted. There are two main issues that caused the Surcharge debtors figure to rise in 2017. The Ministry in 2016 failed to create both Disallowance and Surcharge debtors due to system failure and this created a huge backlog. It was only towards the end of the first quarter of 2017, when a new system, (CRM), the Client Relationship Module in (PFMS), was introduced to facilitate creation of debtors in the system. As a result, all 2016 Disallowances whose accounts could not be created were treated as Departmental Surcharge debtors and this contributed to the rising Surcharges figure.

Furthermore, the Ministry could not receipt recoveries from Salary Services Bureau (SSB) for the period October to December 2017 during the financial year 2017 because we failed to access the SSB Alpha deduction schedule as SSB was rolling over from manual production of Alpha Deductions Schedules, (i.e. hardcopy) to electronic based production of softcopy schedules. This process also resulted in further creation of a backlog that would be addressed in 2018. The Surcharge figure of $747 394 is expected to drop in this current year, 2018 after receipting the amounts recovered during the October to December 2017 period.

Evaluation of Management Response

The bulk of the figures relate to 2015 going back to 2010 financial years. The Management Response is dwelling on action taken to address current balances but has remained silent on reasons for not clearing long outstanding amounts.

HEALTH SERVICES FUND 2016

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.

I have audited the Health Services Fund Account for the Ministry of Health and Child Care for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and financial position for the year:

Statement of Comprehensive Income

Item	$
Income	14 349 023
Expenditure	10 710 819
Surplus/ (Deficit)	**$3 638 204**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	-	- 27 410 319
Current	27 593 826	183 507
Total	**$27 593 826**	**$27 593 826**

Opinion

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 and the results of operations of the Health Services Fund as at December 31, 2016.

Basis for Qualified Opinion

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Recovery of Debtors

Finding

The recovery rate for amounts due from debtors has remained low as the outstanding amount accumulated to $26 981 166 (2015: $23 634 749). Treasury Instruction 0101 requires receivers of revenue to supervise and enforce the timely collection of revenue. The follow up mechanisms in place had not yielded good results of reducing the balance.

Risk/ Implication

If the amount outstanding from debtors is not collected timely, there is a risk that the money may not be recovered.

Recommendation

The health institutions should put more effort to ensure that outstanding amounts are recovered without further delay. The process should be effectively supervised by the Ministry.

Management Response

The increase might be due to lack of disposable income from patients who live in the surrounding areas. A lot has been done previously in an effort to recover the debts, which included writing reminders to individuals, appealing to ward counsellors for assistance, and even communication through telephone as a constant follow up method but only a few debtors were forthcoming. The institutions had also engaged debt collectors who are operating from hospital premises. However, the institutions will continue to update the debtors list.

2 PROCUREMENT

2.1 Purchases made without following Procurement Procedures

Finding

Seven institutions incurred expenditure amounting to $384 651 and ZAR14 870 that was not adequately supported by source documents such as three competitive quotations, procurement committee minutes and comparative schedules. This was contrary to the provision of Section 5 (1) of the Procurement Regulations of 2002 read in conjunction with Treasury Instruction 1005 (3). Consequently, I was unable to determine whether the purchases were made to the best economic advantage of the Fund. The institutions are indicated below:

Institution	Amount $	Amount ZAR
Gwanda Provincial Hospital	77 513	
Gweru Provincial Hospital	194 885	
Bindura Provincial Hospital	8 691	
Masvingo Provincial Hospital	24 216	
Tsholotsho District Hospital	27 097	14 780
Plumtree District Hospital	24 369	
Nkayi District Hospital	27 880	
Total	**$384 651**	**ZAR14 780**

Risk/Implication

If purchases are done without following procurement procedures, goods and services may not be obtained from the most competitive suppliers which could result in wasteful expenditure.

Recommendation

The administrators of the Fund should ensure that procurement procedures are fully adhered to when purchasing goods and services to ensure competitive sourcing.

Management response

Candid Petroleum was the only service station accepting fuel coupons in Bindura as an agent of Petrotrade. We procure green vegetables direct from farmers who trade at Bindura market hence they do not provide quotations. Some companies such as National Blood Service, BOC Gases and ZIMOCO are sole service suppliers.

Evaluation of Management Response

If goods and services are provided by a single supplier, the Ministry should obtain authority from Treasury and the State Procurement Board and a service level agreement should be attached to the payment vouchers.

2.2 Irregular Expenditure

Finding

In violation of Section 29 of Statutory Instrument 1 of 2000, Mashonaland East Provincial Medical Director`s Office (PMD) incurred rental expenditure amounting to $29 325 in respect of accommodation expenses for the Principal Nursing Officer (PNO) and Provincial Epidemiology Disease Control Officer (PEDCO) who were also being paid housing allowances. The payments were made without approval of Treasury nor Public Service Commission (PSC).

Risk/ Implication

If expenditure is incurred without authority, it leads to wastefulness and lack of financial discipline.

Recommendation

The Ministry should avoid incurring expenditure that is not authorised although the intention may appear to be noble.

Management Response

The observation is noted and agreed. However, the PMD's office has written to the Accounting Officer and is still waiting for the response.

3 GOVERNANCE ISSUES

3.1 State of Accounting Records

Findings

In violation of Treasury Instruction 0705 which requires every officer administering a Fund to ensure that full and proper accounts are kept of the transactions for which he/she is responsible, Tsholotsho District Hospital, Nkayi District Hospital and Marondera Provincial Hospital did not maintain ledger accounts. Murewa District Hospital last updated the ledgers on August 31, 2016. Therefore, I could not determine whether transactions were accurately recorded and properly classified.

In addition, there was an overall variance of $7 438 noted on figures presented in the financial statements of the Mashonaland East Provincial Medical Director (PMD)'s Office and those submitted by Marondera Provincial and Murewa District Hospitals. I was therefore not able to verify the accuracy of figures disclosed in the financial statements submitted for audit.

Risks/Implications

If ledger accounts are not maintained, financial transactions may not be fully recorded which could lead to inaccurate information being disclosed in the financial statements.

It could be difficult to rely on figures disclosed in the financial statements as the figures may not be accurate.

Recommendations

The hospitals management should maintain ledger accounts so that transactions are recorded and classified to ensure completeness and reliability of financial statements.

The Provincial Medical Director's office should send a copy of consolidated accounts to the hospitals for confirmation of the figures before submitting them to the Head Office for consolidation.

Management Response

Ledger accounts were produced, but due to poor filing in the accounts department, ledger accounts for the financial year under review could not be located.

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

1 PROCUREMENT

1.1 Fuel Management

Finding

An inspection of fuel records revealed that Gweru and Gwanda Provincial Hospitals and Plumtree District Hospital procured a total of 13 133 litres of petrol and 17 086 litres of diesel at a total cost of $38 672. The fuel was issued to motor vehicles without being recorded in the fuel registers. Further to the above, log books for Gwanda Provincial Hospital were not produced for audit inspection. Consequently, I could not satisfy myself whether the fuel procured at these institutions was used for the intended purpose.

Risk/ Implication

Fuel may not be perfectly accounted for if it is not recorded in the register on receipt and when being issued out.

Recommendation

The health institutions should improve the internal control system on fuel to ensure proper accountability.

Management Response

The finding is noted and agreed. From now onwards, the goods received register will be used for both liquid fuel and coupons.

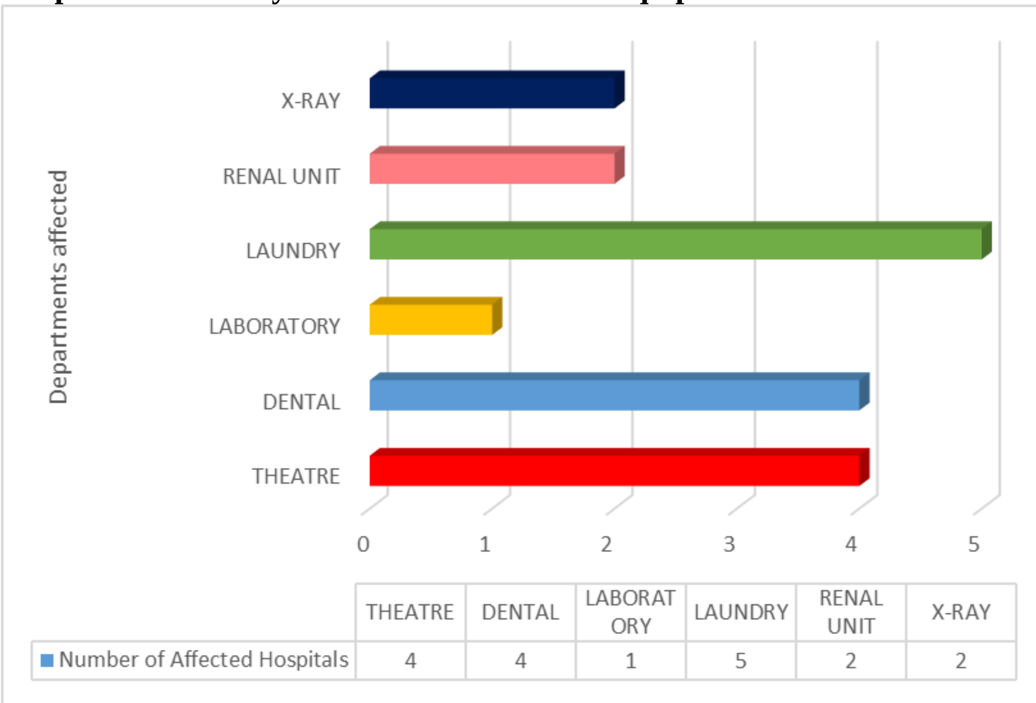
2 MANAGEMENT AND IMPLEMENTATION OF GOVERNMENT PROGRAMMES

2.1 Service Delivery

Finding

Section 3 (2) (b) of the Public Health Act *[Chapter 15:09]* states that the functions of the Ministry shall, subject to this Act be to promote the public health, the prevention, limitation and suppression of infectious and contagious diseases within Zimbabwe. From the health institutions visited, nine had their critical departments operating below capacity due to medical equipment constantly breaking down, shortage of technicians to operate the machines and medical equipment that could have been installed but not commissioned or not installed at all. The table below shows the affected hospitals.

Hospitals affected by constant breakdown of equipment



HOSPITAL	DEPARTMENTS AFFECTED					
	Theatre	**Dental**	**Laboratory**	**Laundry**	**Renal Unit**	**X-Ray**
Bindura Provincial	✓	✓		✓		✓
Gwanda Provincial		✓	✓	✓		
Masvingo Provincial					✓	
Marondera Provincial				✓	✓	✓
Tsholotsho Provincial	✓			✓		
Nkayi District	✓					
Plumtree District	✓	✓				
Chivhu District						
Murehwa District		✓		✓		

Risks/ Implications

If health institutions operate without medical equipment, service delivery is negatively affected which may result in loss of lives.

Recommendations

The Ministry should ensure that all equipment that is not functioning efficiently is repaired.

In cases where the equipment is not serviceable, the Ministry should lobby Treasury for resources to acquire new equipment.

Management Response

The institutions have a significant number of old machines that are beyond repair. There is shortage of funds to repair equipment that are serviceable.

2.2 Management of Assets

Findings

My physical inspection of motor vehicles at 4 District Hospitals, 5 Provincial Hospitals and 6 Provincial Medical Directors' offices revealed that most of the motor vehicles were constantly breaking down and not in good condition to be used by the institutions efficiently, compromising service delivery. It was also observed that negligent driving was a major cause for poor state of motor vehicles. In some cases, motor vehicles would breakdown soon after being repaired or serviced.

Further to the above, the health institutions mentioned above were operating with a fleet of ambulances and motor vehicles whose number was below 48% to 49% of the ideal fleet for the population served by those health institutions.

Risk/ Implication

Service delivery is compromised if motor vehicles and ambulances are inadequate to service health institutions.

Recommendations

The Ministry should supervise drivers assigned duties to drive Government vehicles and in the event that negligent driving is evident, action should be taken against the perpetrators in line with the regulations governing the use of government vehicles.

There was need to review service contracts for motor vehicle garages and maintenance and give contracts to those service providers who provide quality services to the Ministry.

Management Response

The motor vehicles are not lasting due to the bad terrain within the provinces and districts. Lack of resources in hospitals is as a result of inadequate cash flows to sustain service delivery throughout these hospitals.

2.3 Public Private Partnership Contract

Findings

Marondera Provincial Hospital and Doves Funeral Services (Pvt) Ltd entered into a Public, Private Partnership for a 5-year funeral parlour service contract on June 17, 2015. Marondera Provincial Hospital was required to cede operations of the mortuary and revenue therefrom (of $9/ adult and $6/ infant per day and $40 for late collection of bodies) and in return Doves Funeral Services (Pvt) Ltd was expected to service the mortuary refrigerators.

- Doves Funeral Services (Pvt) Ltd should remit monthly to the Hospital 10% of its gross profit.
- The Hospital is expected to provide a showroom for display of Doves Funeral Services (Pvt) Ltd products.
- Doves Funeral Services (Pvt) Ltd is expected to provide new refrigerators.

An examination of the terms of the contract and interviews with the Hospital Executive on October 5, 2017, revealed that the contract had not benefited the Hospital technically, operationally and economically because Doves Funeral Services (Pvt) Ltd had not remitted any money to the hospital neither had it installed any new refrigerators arguing that it had not registered any profit since commencement of the deal and that the hospital had also not fulfilled its commitments.

Although claims were made that Doves Funeral Services (Pvt) Ltd was indeed servicing the refrigerators, five (5) out of nine (9) refrigerators were not functioning despite that only two (2) were not functional at the time the two parties entered into the contract.

Risks/Implications

The hospital may lose revenue without benefiting from the contract due to technicalities as well as contractual obligations.

The quality of funeral parlour services may be compromised if income received continues to be ceded to Doves Funeral Services.

Recommendation

The Ministry should engage the Legal Division of the Attorney-General's Office to relook at the contract and determine whether the terms are reasonable and that they do not disadvantage the institution.

Management responses

Discussions are underway on the issue of Public, Private Partnership with the funeral parlour with the aim of making decisions on way forward.

3 GOVERNANCE ISSUES

3.1 Medicines Management

Findings

Essential medicines were out of stock at Tsholotsho District Hospital, Plumtree District Hospital, Nkayi District Hospital, Murehwa District Hospital and Bindura Provincial

Hospital. The Zimbabwe National Medicines Policy of 2011 requires highest possible availability of essential medicines throughout the nation.

Further to the above, I am concerned about the continuous failure to record medicines in the Goods Received Register as evidenced by medicines with a total cost of $6 847 that were not recorded in the goods received register and stock cards. Stock cards which were availed for audit inspection were not being updated regularly resulting in variances between physical stock and stock card balances.

Risks/ Implications

If health institutions are operating without essential medicines, service delivery may be negatively affected. Failure to record medicines in the receiving register and stock cards weakens the internal control system exposing medicines to pilferage and losses that may not be detected.

Recommendations

The health institutions should continue to prioritise procurement of essential medicines and tighten internal controls through recording and maintaining up to date records.

Supervisory checks, regular stock counts and internal audits should also be carried out.

Management Response

The findings are noted and agreed. The issue of medicines' availability being at less than 100% is a result of limited resources. It was an oversight that some stocks were not recorded in the receiving registers. In future, due care will be exercised and supervisory control will be enforced to enhance the internal control system over medicines.

MEDICAL RESEARCH COUNCIL OF ZIMBABWE 2015

OBJECTIVE OF THE COUNCIL

The Council was established to promote, direct, control and carry out medical research within Zimbabwe and for matters incidental thereto.

I have audited the Medical Research Council of Zimbabwe for the Ministry of Health and Child Care for the year ended December 31, 2015. Below is a summary of the statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	311 100
Expenditure	327 700
Surplus/ (Deficit)	**($16 600)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current	17 594	-
Accumulated Fund		**32 269**
Other		**98 909**
Current	116 823	3 239
Total	**$134 417**	**$134 417**

Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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 of the Medical Research Council of Zimbabwe for the year ended December 31, 2015.

Basis for Disclaimer of Opinion

1 GOVERNANCE ISSUES

1.1 Missing Payment Vouchers

Finding

The Council processed a total of five hundred and thirty-one (531) payment vouchers in the year under review and out of these, the Council failed to avail one hundred (100) payment vouchers for audit examination. Therefore, I was unable to validate the accuracy of the total expenditure figure disclosed in the financial statements produced for audit.

Risk/Implication

If payments are processed without payment vouchers, there would be no evidence that the expenditure was certified correct and authorised for payment, a situation that promotes fraudulent behavior.

Recommendation

The Council should compile payment vouchers and attach supporting documents to the vouchers and ensure that these are certified correct, approved for payment and maintained as a record of expenditure.

Management Response

All the payments made by the Council are for genuine services and for goods provided to the council. However, due to immense workload on the single Administrator who was handling administration as well as finance duties, the financial controls were not adhered to. The Council is in the process of rectifying this anomaly by employing a finance official to handle the financial procedures as stated in the approved Financial Operations Manual.

The Accounting Assistant will be responsible for ensuring that no payment is made without adequate documentation and shall ensure that no withdrawal of payment is made with the bank without authorized payment vouchers.

2 PROCUREMENT

2.1 Unsupported Expenditure

Finding

Expenditure amounting to $80 295 could not be verified due to lack of adequate supporting documentation such as payment vouchers, competitive quotations, comparative schedules, goods received notes and receipts. This was in violation of the provisions of section 81 (b) (iii) of the Public Finance Management Act *[Chapter 22:19]*, read in conjunction with Treasury Instruction 1216 and Financial Policies and Procedures Manual for Medical Research Council of Zimbabwe sections 21(1-5) and 30 (5-8). Therefore, I was unable to determine whether the payments made were a proper charge to the Council.

Risk/implication

Fraudulent payments could be made if supporting documents are not raised and maintained to support payments.

Recommendation

Management should ensure that all payments are adequately supported by authentic documentation.

Management Response

The bulk of the expenditure ($41 551) highlighted by audit refers to vendors paid from statements and do not require procurement process, namely CIMAS, NSSA, ZIMRA, OMLAC, TELONE, AFRICOM and NIHR. The Council will ensure that future payments to these vendors bear the statements and authorizations on payment vouchers are in place. On the few payments requiring procurement processes such as internal requisitions, comparative schedules and quotations, the council will set up a procurement committee to ensure that all processes are adhered to. Also the impending employment of Accounting Assistant will ensure that no payments will be made without supporting source documents.

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

1 GOVERNANCE ISSUES

1.1 Late Submission of Financial Statements

Finding

The 2015 financial statements were submitted late for audit on April 10, 2017, instead of March 31 2016, in violation of Section 35 (4) of the Public Finance Management Act *[Chapter 22:19]* read in conjunction with Audit Circular No.1 of 2015.

Risk/Implication

Late submission of financial statements renders the information less useful and also results in delays of the audit process.

Recommendation

Management should ensure that financial statements are submitted within the statutory timeframe.

Management Response

The Council had human resource constraints in the Finance Department. The Council's financial resources have been limited in recruiting personnel to fill the vacancies. However, effort is being made to recruit an accountant who will report all the work to Head Office.

The recruitment of the Finance Officer will ensure that the Council follows all its financial procedures and will be able to meet statutory deadlines.

1.2 Segregation of Duties

Finding

A review of the accounting system revealed that there was no segregation of duties for receipting, recording of transactions, making payments and handling of cash. The Administrator performed all the functions. This was against the requirements of Treasury Instructions 2401 and 2402 which require the Accounting Officer to ensure that there is proper assignment of responsibilities and segregation of duties.

Risk/Implication

Failure to provide for proper segregation of duties could result in fraud, errors and misstatements of the financial statements going undetected.

Recommendation

Management should ensure that no individual performs all the duties either in the buying or accounting cycles.

Management Response

The management has started the process of hiring an Accounting Assistant. Once this has been done there will be segregation of duties through interchanging of tasks. The lack of segregation of duties is being caused by human resource constraints which management will also try to resolve by lobbying Head Office to allocate officers to the Council on secondment as we are not in a financially liquid position to employ personnel as per the approved establishment. In the interim, the employment of the Accounting Assistant will alleviate some of the challenges that the Council is facing.

MEDICAL RESEARCH COUNCIL OF ZIMBABWE 2014

OBJECTIVE OF THE COUNCIL

The Council was established to promote, direct, control and carry out Medical Research within Zimbabwe and for matters incidental thereto.

I have audited the Medical Research Council of Zimbabwe for the Ministry of Health and Child Care for the year ended December 31, 2014. Below is a summary of the statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	299 782
Expenditure	292 297
Surplus/ (Deficit)	**$7 485**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current	23 967	-
Accumulated Fund		48 869
Other		98 909
Current	127 545	3 734
Total	**$151 512**	**$151 512**

Opinion

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 and performance of the Medical Research Council of Zimbabwe for the year ended December 31, 2014.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Maintenance of Accounting Records

Finding

Contrary to the provisions of Section 35(6)(a) of the Public Finance Management Act *[Chapter 22:19]*, the Council did not maintain proper books of accounts during the year under review such as the cash book and general ledger accounts. As a result, I was unable to verify the completeness and accuracy of the balances disclosed in the financial statements.

Risk/ Implication

Financial statements may be materially misstated if the cash book and ledger accounts are not maintained.

Recommendation

The Council Management should maintain proper books of accounts to ensure transparency and accountability.

Management Response

The Council Management maintained a number of interlinked spread-sheets that mirror an electronic financial system to the financial statements. The spread-sheets comprised three cash books for the bank accounts and each cashbook had consolidated ledgers within each cashbook classifying expenditure on a month by month basis with control totals and with cumulative total for the year.

Management asserts the spread-sheets have proper audit trail and can be easily checked than maintain the same system through the handwritten manual system.

Evaluation of Management Response

The Council did not have an accounting application package, so they should enhance controls on excel that they are using to guard against errors and manipulation.

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

1 GOVERNANCE ISSUES

1.1 Late Submission of Financial Statements

Finding

Contrary to Section 35 (6)(b)(i) of the Public Finance Management Act *[Chapter 22:19]* read in conjunction with Audit Circular No. 1 of each year, the Council submitted the 2014 financial statements for audit examination on April 10, 2017 which was 2 years after the statutory deadline of March 31, 2015.

Risk/ Implication

Late submission of financial statements may compromise decision making and accountability thereby rendering the information irrelevant.

Recommendation

The Council should adhere to the provision of the Public Finance Management Act *[Chapter 22:19]* and ensure that financial statements are submitted for audit on or before the statutory deadline of March 31, of each year.

Management Response

The observation is noted. The Council has no qualified finance personnel which is a major human resource constraint that resulted in failure by the Council to meet statutory deadlines. The Council`s financial resources have been limited in recruiting personnel to fill the vacancies. However, effort is being made to recruit a Finance Officer, who will report to Head Office. The Council is committed to meet the statutory deadline.

1.2 Segregation of duties

Finding

A review of the accounting system revealed that there was no segregation of duties in respect of receipt of stocks, maintenance of receiving registers, payments and handling of cash. The Administrator performed all the incompatible functions. This was contrary to the requirements of Treasury Instructions 2401 which require the Accounting Officer to ensure that there is proper separation of duties and responsibilities.

Risk/ Implication

Failure to put a system in place that provides for segregation of duties could result in fraud and errors going undetected.

Recommendation

The Council officials should adhere to the laid down procedures and ensure that there is adequate segregation of duties.

Management Response

The observation is noted and agreed. The Council currently has shortages of manpower to enable the segregation of duties as expounded in the operational manual. The Council`s financial situation inhibits the employment of the full establishment. Hence to enable segregation of duties to take place, activities will be interchanged between two people, and this will be enforceable once the council fills in the post of the Accounting Assistant.

We are flighting an advert to fill the position of Accounting Assistant in order to create segregation of duties in the functions performed in Finance and Administration department.

2 PROCUREMENT

2.1 Flouting of Procurement Procedures

Finding

In violation of Section 5 (1) of the Procurement Regulations of 2008 read in conjunction with Treasury Instructions 1005 (3) and 1216, the Council incurred expenditure amounting to $33 417 without seeking competitive quotations and supporting documents such as comparative schedules, procurement meeting minutes, receipts, invoices, delivery notes, requisitions and purchase orders were not attached to payment vouchers. Therefore, I was unable to determine whether the purchases were made to the best economic advantage of the Council.

Risk/ Implication

If procurement procedures are not followed, fraudulent activities and uneconomic buying may take place.

Recommendation

The Council should follow the laid down procedures and adhere to guidelines.

Management Response

The observation is noted. The Council with guidance from the Ministry of Health and Child Care will set up a procurement committee to manage the procurement processes.

3 MANAGEMENT OF ASSETS

3.1 Investments

Finding

Section 17 (3) of Statutory Instrument 854 of 1980 of the Research Act *[Chapter 10:22]* requires that investment decisions should be approved by the Minister of Finance. Contrary to the regulation, the Council invested an amount of $20 000 in December 2010 without the approval of the Minister of Finance.

Risk/ Implication

Investing without the approval of the Minister of Finance may result in ineffective use of resources

Recommendation

The Council should get investment approval from the responsible authorities and maintain proper records of investments.

Management Response

The observation is noted. The investment was approved by the Council of the Medical Research Council Zimbabwe and in future we will involve the Minister of Finance to approve.

VOTE 15. -PRIMARY AND SECONDARY EDUCATION

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account and Supporting Returns for the Ministry of Primary and Secondary Education for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$803 771 000	$42 200 754	**$845 971 754**	$843 320 722	**$2 643 032**

Opinion

In my opinion, the Appropriation Account and Supporting Returns presents fairly, in all material respects, the financial position and performance of the Ministry of Primary and Secondary Education as at December 31, 2017.

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

1 GOVERNANCE ISSUES

1.1 Risk Management Policy

Finding

I noted that the Ministry did not have a documented and approved risk management policy, a tool that is used to identify and mitigate possible risks in its operations. Furthermore, there was no documentary evidence that risk assessments were carried out during the year under review. This is contrary to tenets of good corporate governance practice.

Risk/Implication

In the absence of a clearly documented and approved risk management policy, the Ministry would be susceptible to numerous risks like fraud which could negatively impact on its performance.

Recommendation

The Ministry of Primary and Secondary Education should prioritise coming up with a documented and approved risk management policy in conformity with good corporate governance practice.

Management Response

The observation is noted. Efforts are being made to identify a correct template of a risk management policy and use it to draft one for Ministry of Primary and Secondary Education.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Outstanding Revenue

Finding

Treasury Instruction 0501 stipulates that officers responsible for collecting Government 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. However, as noted in prior year's audit report, the Ministry's debt recovery system remained ineffective. Revenue from Departmental Surcharges, Penalties and Treasury Orders remained uncollected and the cumulative effect of such non-collections prejudiced the State of a total amount of $2 413 204. The amount rose by 53% from $1 574 134 in 2016. There was no evidence that robust dunning procedures were put in place in the current financial year.

Risks/Implications

Failure to collect revenue adversely affects service delivery within government departments due to strained financial resources.

Failure to recover outstanding revenue would lead to loss of state funds which is needed to boost the Government's operations.

Recommendations

The Ministry should come up with robust dunning procedures in collecting revenue under its jurisdiction.

Further to this, effective measures should be put in place to monitor revenue collection.

Management Response

The Ministry collected revenue for 2016 and 2017.

The following issues have contributed to the current status:

i) **The Customer Relations Management (CRM PRD) platform was not fully operational during the year 2017, hence the majority of disallowance notes that were piling outside the system had to be invoiced in December resulting in a significant increase in uncollected revenue.**

ii) **Most of the individual debts that are handled fall below the minimum of $500 benchmark set by the Civil Division of the Attorney General's office in order for them to deal with the case.**

iii) **Most of the uncollected revenue relate to members who are no longer in service and their file addresses through which notices of recovery are sent have since changed.**

3 TEMPORARY DEPOSITS

3.1 Long outstanding Temporary Deposits

Finding

An examination of Temporary Deposits Return revealed that there were cases of long outstanding Temporary Deposits amounting to $32 287 dating back to 2010. This was in contravention of Treasury Instructions 1803 and 1804 which require that the Accounting Officer should ensure that Temporary Deposits are cleared by payment or adjustment without delay. There was no evidence that regular reviews were being carried out to clear the long outstanding Temporary Deposits.

Furthermore, Temporary Deposits returns submitted from various centres for audit had anomalies, in some cases debit balances appeared on the returns without corresponding credit balances. The explanations given on the returns were not satisfactory and at times it was given as awaiting SSB deductions or to be cleared by accountant etc.

As a result, the figure of outstanding Temporary Deposits was understated by debit balances totalling $43 477 included in the return.

Risks/ Implications

It would be difficult to clear Temporary Deposits that remain outstanding for a long time.

In addition, debit balances could expose funds in the Temporary Deposits Account to misuse.

Recommendations

Management should review and clear all the long outstanding Temporary Deposits.

The Temporary Deposits return should be prepared correctly. Debit balances appearing on the returns should be investigated and explained accordingly.

Management Response

The large portion of the balances are in years 2016 and 2017. This is the period when the Ministry had challenges in debtor creation because of the shift from the old debtor's creation platform to the new Customer Relations Management (CRM PRD). Therefore, debtors lodged with Temporary Deposits could not be cleared.

INDEPENDENT COLLEGES GUARANTEE FUND 2016

OBJECTIVES OF THE FUND

The objectives of the Fund are 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 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.

I have audited the financial statements of the Independent Colleges Guarantee Fund for the Ministry of Primary and Secondary Education for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	275 228
Expenditure	148 577
Surplus/ (Deficit)	**$126 651**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current	615 849	-
Accumulated Fund		1 975 788
Current	1 388 078	28 139
Total	**$2 003 927**	**$2 003 927**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position and performance of the Independent Colleges Guarantee Fund for the year ended December 31, 2016.

HOWEVER, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Debtors

Findings

As highlighted in my previous audit reports, the Fund financial statements reflected debtors amounting to US$1 273 483 which was an increase of 16% from last year's figure of $1 102 430. Although the Fund was writing reminders to colleges with long outstanding debts, there was no evidence to show that physical follow ups had been made to the colleges which were failing to pay their annual guarantee fees. This was contrary to Treasury Instruction 0501 which states that Officers responsible for collecting debts shall take adequate steps to collect any sums due to the Government on due date and shall on no account allow a debt to become extinguished through lapse of time.

Risk/Implication

There is risk that debts may not to be recovered, a situation which may lead to loss of revenue.

Recommendation

The Fund should devise a robust debt collection strategy in order to collect outstanding registration fees.

Management Response

There was an increase in the debtors' figure in the year 2016 because of the economic hardships being experienced by the country. Most colleges failed to pay their subscriptions and some applied for payment plans which they were failing to adhere to. Principal Education Directors and District School Inspectors have been advised to close all independent colleges not complying with the rules and regulations. Follow ups for those not paying are being done.

1.2 ADVANCES TO THE PARENT MINISTRY

Finding

There has been an increase of 1.7% in advances made to the Ministry in the year under review. The figure disclosed in last year's financial statements amounted to US$275 080, and the 2016 figure was US$279 811 thereby showing an increase of US$4 731. The advances made by the Fund to its parent Ministry date back to 2013. No Treasury authority to advance monies to the parent Ministry was produced for my inspection. Therefore, the advances were unprocedural and unauthorized.

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 tried its best to restrain from borrowing from the Fund as it would quickly reimburse most of the funds as evidenced by only $4 731 outstanding invoices for 2016 which are now being processed for reimbursement.

1.3 Constitution and Accounting Officer's Instructions of the Fund

Finding

Since 2012, I have reported that the Fund was operating without an approved Constitution and Accounting Officers' Instructions. This situation was still prevalent in the year under review, contrary to provisions of Section 18 (2) of the Public Finance Act *[Chapter 22:19]* which require that a constitution to guide and regulate the affairs of the Fund be drawn up. I was therefore not convinced that the Fund management were taking the necessary action to regularise the draft Constitution and Accounting Officers' Instructions.

Risks / Implications

In the absence of an approved Constitution and Accounting Officer's Instructions, there is no legal basis to assess the Fund's performance and this has an impact on accountability.

The Fund may fail to fulfil its intended mandate and can easily be manipulated as a result of lack of guidelines.

Recommendation

The Ministry should finalise the issue of the Fund's Constitution and the Accounting Officer's Instructions by ensuring that they are put in place as a matter of priority.

Management Response.

The Ministry has made a draft constitution of the Fund.

Evaluation of Management Response

The drafts have been in existence since 2014 and since then there has been no progress to finalise the document.

SCHOOL SERVICES FUND 2016

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.

I have audited the financial statements of the School Services Fund (SSF) for the Ministry of Primary and Secondary Education for the year ended December 31, 2016. Below is a summary of the Statement of Comprehensive Income and Statement of Financial Position for the year:

Statement of Comprehensive Income

Item	**$**
Income	30 669 171
Expenditure	27 193 240
Surplus/ (Deficit)	**$3 475 931**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current	647 318	**-**
Accumulated Fund		**14 517 766**
Current	23 431 185	9 560 737
Total	**$24 078 503**	**$24 078 503**

Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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

1 GOVERNANCE ISSUE

1.1 Financial Statements

Finding

The financial statements that were initially submitted for audit had notable variances, with the Trial Balance figures being different from the balances disclosed in the financial statements. The Ministry resubmitted two adjusted sets of financial statements on June 23, 2017 and May 4, 2018 respectively. However, adjustments made to the financial statements were not supported by journals, explanations, or supporting documents from the affected Schools, Districts and Provinces. Visits to some schools indicated that maintenance of accounting records was a challenge. As a result, I was not able to validate the accuracy of the figures disclosed in the financial statements.

Risks /Implications

It would be difficult to validate the accuracy of the figures disclosed in the financial statements without supporting journals and explanations.

Non maintenance of accurate accounting records compromises the quality of financial statements produced.

Recommendations

The Fund should liaise with all the affected Schools, Districts and Provinces so that they submit the journals and explanations to support the adjustments.

Bursars and Accounts Clerks at Schools, Districts and Provinces should be trained in record keeping and preparation of financial statements.

Management Response

The Ministry is arranging a workshop to train all Bursars and their District Accountants on proper SSF record keeping and how to produce credible financial statements.

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

1 GOVERNANCE ISSUES

1.1 Finance Meetings

Findings

Government schools are required to establish finance committees that assist in providing financial oversight to their respective schools. This responsibility is carried out through committee meetings. Five (5) out of thirty-two (32) schools visited did not avail audit with minutes of meetings as evidence that their finance committees held committee meetings during the year under review. Section 3.5 of the School Services Fund Accounting Procedures Manual states that meetings must be held monthly during a school term. This state of affairs could be prevalent to other government schools throughout the country. As a result, I could not establish how finance committees were carrying out this oversight role in the absence of finance committee meetings.

Risk/ Implication

Financial resources could be exposed to misuse through incurring expenditure that would not have been approved by finance committees.

Recommendation

Finance meetings should be held monthly in line with the provisions of the School Services Fund Accounting Procedures Manual. Holding such meetings regularly in terms of regulations will improve management of school resources by those charged with governance.

Management Response

Schools were advised to hold Finance meetings according to the School Services Fund Manual. The Ministry will continue to train School Heads, Deputy Heads and Bursars on the importance of adhering to the School Services Fund Manual on holding of Finance meetings.

2 PROCUREMENT

2.1 Procurement Procedures

Finding

Audit observed that sixteen (16) schools incurred expenditure amounting to $75 635 without following proper procurement procedures as evidenced by some payments not being authorised while others did not have comparative schedules. The same problem could be widespread in other schools, which were not audited as this represented 50% (16/32) of the schools audited. Treasury Instruction 1216 states that before forwarding a cash voucher for payment or a journal voucher for adjustment, the officer initiating the transaction shall satisfy himself that the claim is a proper charge against public funds, is covered by competent authority, supported by the relative requisitions including procurement minutes, three quotations, comparative schedule or explanation for their absence and properly certified.

Risk/ Implication

Value for money might be compromised and fruitless and wasteful expenditure may be incurred if procurement procedures are not followed.

Recommendation

Provisions of Treasury Instruction 1216 should be adhered to, ensuring that all payment vouchers are properly certified, passed for payment, covered by competent authority and supported by relevant documents**.**

Management Response

The observation is noted. All School Heads and some Deputy Heads were trained on financial management when they were issued with a Manual on Financial Management.

Follow ups will also be done to check if these schools are now adhering to the Procurement procedures. Schools will be urged to have the new Procurement Act *[Chapter 22:23]* regulations No. 5 of 2018.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Debtors

Finding

The Fund had debtors amounting to $20 589 788 as at December 31, 2016. There was an increase of 34% from the 2015 figure of $15 307 774. 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 to clear their debts. 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 schools, if collected on time.

Further, some schools were not maintaining tuition fees ledger cards for all the pupils to record invoices raised and the payments made if any. Paragraphs 9.1(b) and (d) of the School Services Fund Manual require school authorities to record invoice details and receipts on pupils' individual school fees ledger cards. Consequently, it was difficult to trace the existence and completeness of the debtors' records.

Risks / Implications

In the absence of effective debt recovery strategies, the Ministry may not collect the outstanding amounts.

Possible loss of revenue can occur if schools do not maintain pupils' individual school fees ledger cards on which to record invoices raised and details of payments made by parents.

The figure of debtors disclosed in the financial statements could be misstated.

Recommendations

The Ministry should come up with debt recovery strategies and engage parents so that parents show commitment and come up with payment plans to clear their debts. This would enhance recovery of outstanding fees and improve service delivery by the schools.

Pupils' individual school fees ledger cards should be maintained on which to record invoices raised and receipts from parents. This will ensure completeness and accuracy of the figure of debtors.

Management Response

Schools were advised to invoice all students and keep ledger cards so that the debtors figure can be computed easily.

3.2 Hiring out Facilities

Finding

One school entered into contracts to hire out school facilities to church organisations for indefinite periods. However, the school did not raise invoices to the organisations, and neither did they maintain ledgers to account for the income earned. Such a practice could be common in other schools. Section 35 (6)(a) of the Public Finance Management Act *[Chapter 22:19]* requires that an Accounting Officer of a Ministry shall keep or cause to be kept proper records of accounting.

Risks/ Implications

The debtors and income figures could be misstated if invoices are not raised and ledgers not maintained.

Non-maintenance of proper accounting systems and records increases chances of manipulation and misappropriation of the much-needed income.

Recommendation

Management should raise invoices and maintain ledgers for each organisation.

Management response

The schools have been advised to invoice the organisations, open ledger cards and receipt all the revenue from the organisations.

3.3 Mobile money Transfer Statements

Finding

Some schools started using Mobile Money Transfers (EcoCash) to collect levies and tuition fees. However, there were no EcoCash print outs which showed transaction details. The absence of EcoCash transactions' printouts made it impossible to have an audit trail of all revenue collected through EcoCash and as a result I was not able to substantiate whether all the monies received through EcoCash were receipted by the schools**.**

Risks/ Implications

Material misstatements and errors of EcoCash transactions may not be detected early for correction. Without EcoCash print outs, it was difficult to trace if all monies collected through EcoCash had been properly accounted for.

Recommendation

It is recommended that effective controls and procedures be instituted within the schools to monitor revenue collected through EcoCash and the schools should obtain print outs from the service provider which show all EcoCash transactions at various intervals to give a complete audit trail.

Management Response

Schools have since made arrangements to get printouts on a regular basis.

VOTE 16. -HIGHER AND TERTIARY EDUCATION, SCIENCE AND TECHNOLOGY DEVELOPMENT

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account and supporting returns for the Ministry of Higher and Tertiary Education, Science and Technology Development for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$200 886 000	$91 772 775	**$292 658 775**	$289 878 361	**$2 780 414**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Higher and Tertiary Education, Science and Technology Development as at December 31, 2017.

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

1 GOVERNANCE ISSUES

1.1 Foreign Services

Finding

For the second year in succession, I observed that a sample of payment vouchers amounting to $359 050 (2016: $121 000) in respect of rentals, salary arrears, medical examinations, allowances and operations at foreign missions were not supported with receipts, invoices and acquittals. Therefore, I could not satisfy myself whether the public financial resources were spent for the purposes intended.

Risk/Implication

The Ministry may incur expenditure for unintended purposes.

Recommendation

The Ministry should expedite engagement with Ministry of Foreign Affairs and International Trade to agree on a mechanism which guarantees availability of foreign services invoices, receipts and other supporting documents for audit inspection.

Management Response

The observation is noted. The Ministry communicated with the Ministry of Foreign Affairs, the latest being a letter written by our Permanent Secretary to his counterpart in the Ministry of Foreign Affairs on January 25, 2018. We have not yet had a formal response.

1.2 Fuel Allocations

Finding

I observed that the Ministry gave its officers additional fuel for use during public holidays of Easter, Heroes and Christmas, over and above monthly fuel allocations stipulated by Treasury Circular No. 5 of 2016. A review of the fuel register showed that 12 650 litres of petrol and 7 770 litres of diesel were issued for the holidays. Authority to issue the extra fuel was granted by the Accounting Officer without Treasury concurrence.

Risk/Implication

Scarce public resources might not have been used to the best advantage of the Ministry.

Recommendation

The Ministry should comply with Treasury circulars in managing public resources.

Management Response

The observation is noted. Treasury circular No. 5 of 2016 applies to fuel allocation for normal working days. The fuel allocated to officers during holidays was as per Accounting Officers discretion on the basis that he might require any of his senior officers to be called to work at any time during the holiday.

1.3 Management of Public Funds

Findings

The Ministry created a fund titled Zimbabwe Manpower Development Fund (ZIMDEF) bearing the same name with ZIMDEF established in terms of the Manpower Development Act *[Chapter 28:02]*. This new ZIMDEF fund was said to be catering for monies transferred from the main ZIMDEF account for student beneficiaries. The objectives and operational guidelines of this fund were not made clear as there was no documentation relating to its establishment. Also established along the same lines a fund named Zimbabwe Centre for High Performance Computing (ZCHCPC) which is being funded from the ZIMDEF main account.

Contrary to Section 18 (6) of the Public Finance Management Act [*Chapter 22:19*], the Ministry was operating ZIMDEF and ZCHPC without approved Constitutions from Treasury. Therefore, I could not verify whether expenditure incurred on ZIMDEF and

ZCHPC amounting to $1 586 610 and $288 998 respectively had been applied for to attain authorized objectives.

Risk/Implication

Misapplication of public resources may go undetected.

Recommendation

The Ministry should regularize with Treasury the establishment of Zimbabwe Manpower Development Fund and Zimbabwe Centre for High Performance Computing Fund in compliance with the requirements of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The Ministry opened a bank account for the Zimbabwe High Performance Computer Center (ZHPC) following a directive from the Office of the President and Cabinet. A copy of the directive is available for audit. We will consult the Office of the President and Cabinet on the way forward, whether to close the account or request that formalities be commenced and completed to establish the ZHPC Fund.

The bank account opened for ZIMDEF facilitates separate accounting for its funded programmes and activities to avoid mixing these with the Ministry's normal transactions. The transactions are monitored and reported on by the ZIMDEF Chief Executive Officer.

Evaluation of Management Response

The Ministry requires approved Constitutions for the two Funds to be operational.

Authority to open the banks account should be sought from Treasury.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Recovery of Disallowances and Surcharges

Finding

In contravention of Treasury Instruction 1605, the Ministry did not recover surcharges amounting to $167 565 and disallowances totalling $128 372 dating back to February 2010 in respect of current serving members and the ones whose services were terminated.

Risk/Implication

Surcharges and disallowances outstanding for long periods might end up being irrecoverable resulting in state funds being lost.

Recommendation

The Ministry should comply with the provisions of Treasury Instruction 1605 by instituting measures to promptly recover outstanding disallowances and surcharges.

Management Response

The observation is noted. It is correct that there are outstanding debtors which are overdue. The position is attributed to, among other factors, the financial challenges which resulted in the Salary Services Bureau failing to pay the Ministry deductions from employees. As a result, the Ministry was not receipting based on the deduction schedule in accordance with the cash accounting basis. It was then difficult to institute recovery measures when the deduction could have been already made but not paid.

AMENITIES FUND ACCOUNT 2013

OBJECTIVE OF THE FUND

The objectives of the Fund are to provide students with facilities for sporting, social and cultural activities, sponsor education in subjects of a technical and cultural or intellectual nature, provide additional study aids for students. The Fund also provides salary advances for staff whose salaries are in arrears, canteen facilities for students and facilitate the production of learning aids.

I have audited the Amenities Fund financial statements for the year ended December 31, 2013. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	14 738 547
Expenditure	13 730 773
Surplus/ (Deficit)	**$1 007 774**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	 4 829 432
Current	5 658 240	828 808
Total	**$5 658 240**	**$ 5 658 240**

Opinion

Because of the significance of the matters described in the Basis for Disclaimer of opinion paragraph, I was not able to obtain sufficient appropriate audit evidence to provide a basis of an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Basis for Disclaimer of Opinion

1 GOVERNANCE ISSUES

1.1 Maintenance of Accounting Records

Finding

Thirteen colleges visited did not maintain ledgers which were relevant for the compilation of financial statements. As a result, I was not able to obtain appropriate and sufficient evidence to confirm the correctness of figures disclosed in the financial statements. This was contrary to Section 5(5.3) of the Fund’s Financial and Accounting Manual which provides for the maintenance of the General Ledger to be used for posting entries from the cash book, debtors control and creditors control and journals of the Fund.

Risk/ Implication

Failure to maintain general ledgers meant that the source of information that was used to compile the financial statements was unreliable which resulted in variances noted in expenditure and revenue figures.

Recommendation

The institutions should maintain the ledgers as required by the Fund's Financial and Accounting Manual as the ledgers would facilitate the compilation of reliable financial statements.

Management Response

The observation is noted. Some of our institutions were preparing Financial Statements using Cash Accounting System as used generally in Government while others were using Accrual Accounting as per IFRS. From year 2016 Accrual Accounting will be used. The Ministry has encouraged institutions to run their respective accounts on a computerized accounting system preferably Pastel.

1.2 Non-Current Assets

Findings

The financial position of the Amenities Fund was misstated as some institutions did not capitalize and depreciate the fixed assets over their useful lives. Assets acquired in prior years were written-off in the year of purchase. Non-current assets worth $1 742 752 were not disclosed in the Statement of Financial Position despite the fact that these were disclosed at cost in the individual institutions' financial statements. The write-offs were contrary to the provisions of Section 4(4.7) of the Fund's Financial and Accounting Manual which provides for the capitalization of fixed assets at the time of purchase and their depreciation using the straight- line method over the life span of the asset.

Furthermore, as was the case in the previous financial years, the Ministry has been writing off the same non-current assets in the Statement of Comprehensive Income each year. This was evident for institutions such as Mkoba and Mutare Teachers Colleges.

The Accumulated Depreciation for Mkoba Teachers College as at December 31, 2012 was $91 845 and the charge for 2013 was $66 624 giving a total of $158 469 as the Accumulated Depreciation at the end of 2013. However, on consolidation, $66 624 was an expense in the Statement of Comprehensive Income and $158 469 was credited as Income. As a result, the calculated surplus was grossly misstated.

Risk/ Implication

If non-current assets and depreciation are not properly treated, the financial statements would be grossly misstated.

Recommendation

All non-current assets acquired should be capitalized in the year of purchase and depreciated over their useful lives in the statement of financial position in accordance with the Fund's Financial and Accounting Manual to guard against misstatement of the financial statements.

Management Response

The observation is noted. Efforts will be made to rectify the error during 2016 going forward. The anomaly was mainly caused by confusion over the accounting framework to use between cash and the accrual accounting. Staff member competence was also an issue. A standardized accounting system that conforms to IFRS will be adopted in the 2016 financial year.

1.3 Accumulated Fund

Finding

The opening accumulated fund balance as at January 1, 2013 of $3 821 658 was different from the 2012 closing balance of $2 298 441. The financial statements were therefore misstated by a figure of $1 523 217 ($3 821 658-$2 298 441).

Risk/ Implication

The financial statements for the year under review were misstated.

Recommendation

There is need to ensure that correct figures are captured and the errors should be corrected.

Management Response

The recommendation has been noted, the error will be corrected.

1.4 Late Submission of Financial Statements

Finding

The Ministry submitted the financial statements for the Amenities Fund for the year ended December 31, 2013 on August 20, 2014 well after the statutory deadline of March 31, 2014. The delay was in violation of Section 35(4) of the Public Finance Management Act [*Chapter 22:19*] read in conjunction with Audit Circular No.1 of 2013.

Risk/ Implication

The Ministry did not comply with regulations.

Recommendation

The Ministry should comply with regulations in order to enhance accountability.

Management Response

The observation is noted. The financial statements submitted by institutions had errors and this caused the delay in submission of the consolidated financial statements to the Auditor-General. Going forward, efforts will be made to submit financial statements on time from 2016. We have twenty seven (27) institutions throughout the country. Some of the institutions had manpower and competency challenges.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Revenue Collection

Finding

Income from students' fees was recognized at the point when cash was received instead of recognizing the revenue when invoices for fees due were raised. This was contrary to the accrual basis applicable to the operations of the Fund. The revenue collections disclosed for the year for amenities fees and levies included payments for the previous years and prepayments for the following year. As a result, I was not able to establish the correctness of Amenities fees and levies due to the Fund for the year under review.

Risk/ Implication

If revenue is not recognised on accrual basis and if there are no debtors control systems in place the Fund's debtors would not be properly accounted for and disclosed in the financial statements.

Recommendation

The Ministry should consider installing computerised packages such as Pastel at the Institutions to enhance accountability for revenue of the Fund.

Management Response

The observation is noted. Some of our institutions were preparing financial statements on cash basis while others were using accrual accounting. Furthermore, staff performance gaps also affected the reporting quality of our financial statements. The accounting framework will be standardised to accrual accounting system during 2016. Efforts will be made to properly recognise the debtors.

2.2 Debtors

Finding

The breakdown of the debtors figure of $2 202 776 shown in the financial statements was not produced for audit examination. As a result, the accuracy of the debtors figure could not be verified, the actual existence of the disclosed debtors remained unknown, as the institutions had no systems for accounting for their debtors especially students who would have defaulted paying fees and levies. As such, it could not be established how the disclosed figure was arrived at.

Furthermore, it was not clear how the institutions cleared students to get their results and certificates in the absence of an up to date debtor's ledger.

Risk/ Implication

The absence of a debtors control system might result in manipulation of the processes and students might be cleared before settling their fees, thus resulting in prejudice of resources due to the Fund.

Recommendations

The Colleges should ensure proper and complete accountability for its debtors, from the day of student enrolment up to the completion of the course. Debtors' ledgers should be maintained where each student is invoiced with fees due and recording of payments to clear the debts and reconciliation of the debtors' ledgers at year end, and disclosure in the final accounts.

The Institutions should also consider acquisition of computerized accounting packages in order to enhance accountability for its finances and debtors. This would also improve the preparation and presentation of final accounts.

Management Response

The observation is noted. Some of our institutions were preparing financial statements on cash basis while others were using accrual accounting. Furthermore, staff performance gaps also affected the reporting quality of our financial statements. The accounting framework will be standardised to accrual accounting system during 2016. Efforts will be made to properly recognise the debtors.

AMENITIES FUND ACCOUNT 2014

OBJECTIVE OF THE FUND

The objective of the Fund is to provide students with facilities for sporting, social and cultural, sponsor education in subjects of a technical and cultural or intellectual nature, provide additional study aids for students. The Fund also provides salary advances for staff whose salaries are in arrears, canteen facilities for students and facilitate the production of learning aids.

I have audited the above financial statements of the Amenities Fund for the year ended December 31, 2014. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	11 138 331
Expenditure	9 060 082
Surplus/ (Deficit)	**$2 078 249**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	- 6 244 176
Current	6 757 349	513 173
Total	**$6 757 349**	**$6 757 349**

Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I was not 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

1 GOVERNANCE ISSUES

1.1 Constitution of the Fund

Finding

The Fund was operating without an approved Constitution since its inception in 1979. Up to the time of audit, the Constitution of this Fund had not yet been tabled in Parliament and no progress had been made in fulfilling this statutory requirement.

Risk/Implication

The absence of an approved Constitution implies that there would be no legal basis on which to assess the performance of the Fund.

Recommendation

There is need to ensure that all Funds under the Ministry have the requisite approved constitutions in line with the Public Finance Management Act.

Management Response

The observation is noted. The Ministry did engage Treasury but the process was not finalised. The Draft Constitution was submitted to Treasury for tabling. Effort will be made to rectify the anomaly.

1.2 Maintenance of Accounting Records

Finding

The Colleges were not maintaining proper books of accounts as evidenced by the compilation of financial statements from payment vouchers. Ledger accounts were also not being maintained. This resulted in numerous variances between the aggregate financial statement balances and the underlying records. As a result, I could not ascertain the truth and fairness of revenue and expenditure disclosed in the financial statements submitted for audit which amounted to $11 138 331 and $9 060 082 respectively. Furthermore, income from students' fees was recognized when cash had been received instead of recognizing the revenue when invoices for fees were raised. This was contrary to the accrual basis of accounting applicable to the operations of the Fund.

Risks/Implications

The financial statements could have been materially misstated. The balances in the consolidated financial statements are susceptible to errors and misstatements.

Recognising revenue on cash basis might have resulted in understating income, current assets and therefore distorting the accumulated fund. Furthermore, it would be difficult to determine the amount of money that would be tied up in debtors at any given time.

Recommendations

The Ministry should ensure proper books of accounts are maintained. Furthermore, accounting policies should be put in place to govern the operations of the Fund.

A ledger account should be opened for each student, debited with amounts due at the beginning of each term and credited when payment is made. Furthermore, debtors' reconciliations should be done on a monthly basis.

Management Response

The observation is noted. Some of our Institutions were preparing Financial Statements using Cash Accounting system as used generally in Government while others were using Accrual Accounting as per IFRS. From the year 2016, Accrual Accounting system will be used. The Ministry has encouraged Institutions to run their respective accounts on a computerised accounting systems preferably Pastel. The Ministry is also making effort to train Institutions' Accountants on proper maintenance of financial records.

1.3 Non-Current Assets

Findings

As was reported in the previous financial year, the financial position of the Fund was misstated as the Institutions did not capitalize and depreciate fixed assets over their useful lives. Non-current assets were not disclosed in the Statement of Financial Position despite the fact that these were disclosed at cost in the individual Institutions' financial statements.

Furthermore, as was reported in the previous financial year, the Ministry was writing off same non-current assets in the Statement of Comprehensive Income each year. This was evident for Institutions such as Mkoba and Mutare Teachers' Colleges.

The Accumulated depreciation for Mkoba Teachers College as at December 31, 2013 was $158 469 and the charge for 2014 was $70 665 giving a total of $229 134 at the end of 2014. However, on consolidation $26 394 was expensed in the Statement of Comprehensive Income and $229 134 (2013: $158 469) was credited as income. The depreciation charge for the year under Mkoba Teachers College was shown as Administration expenses.

Risk/Implication

The financial statements for the year under review were misstated. If non-current assets and depreciation are not properly treated, the financial statements would be grossly misstated.

Recommendation

All non-current assets acquired should be capitalized in the year of purchase and depreciated over their useful lives in the statement of financial position in accordance with the General Accepted Accounting Practice.

Management Response

The observation is noted. Some of our Institutions were maintaining financial records using a Cash Accounting system as used generally in Government while others were using Accrual Accounting as per IFRS. Efforts will be made to rectify the problem through training of staff to prepare proper financial statements. The anomaly was mainly caused by staff inefficiency. A standardised Accounting System that conforms to IFRS will be adopted in the 2016 financial year.

1.4 Accumulated Fund

Finding

The financial statements presented for audit had an opening balance of the Accumulated Fund of $4 165 926 which was different from the 2013 closing balance of $3 821 658. The variance was not explained.

Risk/Implication

The financial statements were materially misstated.

Recommendation

The closing balance of prior year accumulated fund should be the opening balance in the subsequent year.

Management Response

Financial statements that were submitted to the Auditor-General had a suspense account due to imbalances in the Financial Statements submitted by Institutions to Head Office for consolidation. This anomaly was caused by performance gaps on our Institutional Accounts. Effort to train Accountants will be made.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Debtors

Finding

I could not establish the authenticity of revenue collected by the Fund as the Colleges were not maintaining a proper database of students' enrolments. The balance of debtors which amounted to $2 601 662 could not be relied upon as some Institutions failed to disclose their debtors in the financial statements. It was also difficult to establish how much money was owed to the Fund from students due to inadequate maintenance of records.

Risk/Implication

The revenue figure disclosed in the financial statements might have been materially misstated. The Institutions might fail to collect debts from students thereby prejudicing the Institutions of revenue.

Recommendation

The Institutions should maintain proper databases of students' enrolments every semester and should account for all debts owed.

Management Response

The observation is noted. Some of our Institutions were preparing financial statements on Cash Basis while others were using Accrual Accounting. Furthermore, staff performance gaps also compounded the reporting quality of our financial statements. The accounting framework will be standardised during the year 2016. Efforts will be made to properly recognize the debtors.

AMENITIES FUND ACCOUNT 2015 AND 2016

OBJECTIVE OF THE FUND

The objective of the Fund is to provide students with facilities for sporting, social and cultural, sponsor education in subjects of a technical and cultural or intellectual nature, provide additional study aids for students. The Fund also provides salary advances for staff whose salaries are in arrears, canteen facilities for students and facilitate the production of learning aids.

I have audited the financial statements of the Amenities Fund for the years ended December 31, 2015 and 2016. Below is a summary of the statement of comprehensive income and statement of financial position for the year 2016:

Statement of Comprehensive Income

Item	$
Income	13 065 944
Expenditure	12 192 063
Surplus/ (Deficit)	**$873 880**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	2 469 467	- 10 739 294
Current	8 699 984	430 157
Total	**$11 169 451**	**$11 169 451**

Opinion

Because of the significance of the matters described in the basis for Disclaimer of Opinion paragraph, 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 Amenities Fund financial statements for the years ended December 31, 2015 and 2016.

Basis for Disclaimer of Opinion

1 GOVERNANCE ISSUES

1.1 Preparation of Consolidated Account

Finding

I observed that the consolidated financial statements for the years ended December 31, 2015 and 2016 did not include financial statements for Bulawayo Polytechnic, Marymount Teachers College, Masvingo Polytechnic and Harare Polytechnic Colleges. This was in contravention of Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] and had an effect of limiting the scope of my audit procedures.

Risk/Implication

The consolidated accounts may not fairly present the financial performance and position of the Amenities Fund.

Recommendation

The Fund should take measures to ensure that all Teachers' and Polytechnic Colleges prepare and submit annual accounts for consolidation purposes within the statutory deadline.

Management Response

Each institution will retain its respective 100% of revenue collected. We have since applied for Treasury authority to cease consolidation as it serves no accounting purpose. Institutions have varied accounting competencies. Efforts will be made to continue to assist those institutions that are lagging behind in the production of financial statements.

Evaluation of Management Response

Consolidation of accounts is a vital accounting process for entities operating various business units. This concept equally applies to the public sector as the Ministry's Head Office remains overally responsible for the preparation of financial statements for colleges and polytechnics. It is Head Office's responsibility to ensure that qualified and competent staff are recruited and retained at these institutions so that financial statements are prepared and submitted for consolidation.

1.2 Suspense Account

Finding

I observed that 2016 financial statements submitted for audit reflected an imbalance of $3 717 142 (2015: $3 579 206) which was disclosed as a suspense account. No satisfactory explanation had been given on the accounts regarding the imbalance.

Risks/Implications

Uncleared balances in the suspense account may give rise to perpetration of fraudulent activities.

Consolidated financial statements may not be of help in sound decision making.

Recommendation

The Fund should investigate the suspense account balance and take corrective measures to clear the imbalance.

Management Response

The observation is noted. A suspense account was created while the imbalances were being investigated. The Ministry will continue with efforts to develop institutional Accountants in order to capacitate them to produce fair and reasonable financial statements.

Evaluation of Management Response

I made a similar observation in the previous years and I am concerned by the fact that the Ministry has taken long to address the anomaly.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Debtors' Ledger Accounts

Finding

In contravention of Treasury Instruction 0705 and for the second year running, Bulawayo, Kwekwe Polytechnics, Hillside and Madziwa Teachers' colleges did not maintain appropriate ledger accounts for revenue and debtors. Hence, I was not able to ascertain the accuracy of a debtors' balance of $895 738 (2015: $2 539 290) disclosed in the consolidated financial statements for the year ending December 31, 2016. Furthermore, Kushinga Phikelela, Madziwa Teachers College, Joshua Mqabuko Nkomo, Mutare and Gweru Polytechnics presented nil debtors balances in their statements of financial position, although their underlying records revealed substantial debtors amounts.

Risks/Implication

The debtors figure in the consolidated financial statements could be materially misstated.

Recommendation

All colleges should maintain updated ledger accounts to facilitate preparation of credible financial statements in accordance with the requirements of Treasury Instruction 0705.

Management Response

For Kwekwe, only ledgers for expenditure were in operation starting from January 2016, Ledgers for revenue will be in operation starting from January 2017. The other institutions were in the process of determining correct ledger balances to apply in their migration from manual (cash) accounting to computerised Pastel accounting package (accrual basis).

2.2 Investment

Finding

Kwekwe Polytechnic College did not recognise an investment held with MetBank valued at $1 038 746 and interest receivable of $103 875 in the financial statements. In addition, the College realized interest at a lower coupon rate than the initially agreed rate of 10% per annum on the principal amount.

Risks/Implications

Non-disclosure of investments distorts the College's financial position.

Unsubstantiated variation in the coupon rate may result in loss of potential revenue.

Recommendations

Kwekwe Polytechnic should adjust financial statements to reflect the investment and interest receivable.

Kwekwe Polytechnic should engage MetBank with a view of having their investment account credited with the correct value of interest receivable.

Management Response

The MetBank issue is now being handled by our lawyers. We have since requested through our lawyers the reason why the interest rate on the debenture has been varied from 10% to 2% and we are yet to get a response on the issue. The financial statements for year 2016 will be adjusted to show the investment. A request for the total interest due will be made through our lawyers to MetBank so as to have it recorded in the books.

VOCATIONAL AND TECHNICAL EXAMINATIONS FUND 2014, 2015 AND 2016

OBJECTIVE OF THE FUND

The objective of the Fund shall be to finance the development and maintenance of services, programmes and related activities for National Examinations, Curriculum Research and Development activities.

I have audited the financial statements of Vocational and Technical Examinations Fund for the years ended December 31, 2014, 2015 and 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year 2016:

Statement of Comprehensive Income

Item	**$**
Income	3 925 564
Expenditure	4 977 406
Surplus/ (Deficit)	**($1 051 842)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	355 798	- 937 281
Current	1 953 911	1 372 428
Total	**$2 309 709**	**$2 309 709**

Opinion

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 results of operations of Vocational and Technical Examinations Fund as at December 31, 2014, 2015 and 2016.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Sustainability of Services

Finding

I observed that the Fund incurred excess expenditure over income of $1 051 842 (2015: $594 532). This indicated improper financial management. Hence, the future sustainability of the Fund’s operations was doubtful under these circumstances.

Risk/Implication

The Fund may not be able to settle its financial obligations when they fall due.

Recommendation

The Fund should put in place robust financial management systems to safeguard the Fund's operational existence.

Management Response

The observation is noted. This was caused by direct deposits not yet receipted during the period under review.

Measures have now been put in place to ensure that all direct deposits are receipted timeously and allocated to correct revenue heads. Un-receipted direct deposits shall be investigated through bank reconciliations.

1.2 Suspense Account

Finding

The financial statements submitted for audit reflected a suspense account balance of $345 156 (2015: $343 980 and 2014: $8 108) which the Fund could not clear at the time of concluding the audit.

Risk/Implication

Outstanding suspense account balances distort the fair presentation of financial statements.

Recommendation

The Fund should ensure that full and proper accounting records are maintained.

Management Response

Observation noted. The Fund Administrators are in the process of investigating the outstanding suspense balances.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Maintenance of Accounting Records

Finding

Contrary to paragraphs 9.3 and 9.5 of the Fund's Accounting Procedures Manual, the Fund did not maintain a debtors' ledger and control account during the financial years ended December 31, 2014, 2015 and 2016. Hence, I could not verify the income and accounts receivable balances of $3 925 564 (2015: $4 124 536, 2014: $5 226 526) and $373 201 (2015: $293 919, 2014: $204 007) respectively.

Risk/ Implication

It may be difficult to trace fraudulent transactions, errors and omissions if ledgers are not maintained.

Recommendation

The Fund should maintain proper accounting records in compliance with the requirements of paragraph 9.3 and 9.5 of the Fund's Accounting Procedures Manual.

Management Response

The observation is noted. In future invoices shall be issued out to all debtors and ledgers shall be updated accordingly.

2.2 Direct Deposits

Finding

For the third year running, in contravention of Treasury Instruction 0424, the Fund did not issue receipts or make journal entries to bring direct deposits amounting to $1 372 428 (2015: $2 516 435, 2014: $1 199 600) into accounting records.

Risk/ Implication

A huge volume of un-cleared direct deposits may result in the creation and recording of fictitious transactions.

Recommendations

The Fund should investigate the origin of unknown direct deposits and bring them into accounting records.

The Fund should also direct institutions that make direct deposits into the Fund's bank account to include all necessary details on deposit slips to enable the bank to capture names of depositors and purpose of deposits made.

Management Response

Clients are supposed to deposit in Regional bank accounts. However, some clients have a tendency of depositing money into the Head Office bank account and inform the Regional Office by way of a deposit slip. Efforts shall be made to request all clients to deal with Regional Offices for their respective banking needs.

Evaluation of Management Response

It is the responsibility of the Ministry to ensure that whenever funds are deposited into the Head Office bank account receipts are issued out stating the source and the purpose of the *deposit. In the event that electronic transfers are made, there is need to improve communication between the Head Office and Regional Offices within the Ministry.*

3 PROCUREMENT

3.1 Other Expenses

Finding

In contravention of the Fund's chart of accounts, the Fund misclassified payments to service providers and cash withdrawals amounting to $85 454 (2015: $180 925 and 2014: $142 174) as 'Other expenses'. This caused distortions in the financial statements submitted for audit.

Risk/Implication

Wasteful expenditure may go undetected.

Recommendation

The Fund should adhere to the laid down chart of accounts when recording transactions.

Management Response

The expenditure of $85 454 (2014: $142 174) shall be disaggregated into distinct ledger codes in the financial statements for the year ended December 31, 2017.

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

4 MANAGEMENT OF ASSETS

4.1 Board of Inquiry

Finding

Contrary to the requirements of Treasury Instruction 2302 as read in conjunction with Section 12 of the Public Finance Management Act [*Chapter 22:19*], the Fund did not convene a board of inquiry in respect of a Toyota Hilux motor vehicle ADY 7352 which was involved in an accident on May 1, 2016. At the time of concluding the audit, in November 2017, I was not availed with documents to establish whether the Fund had taken any action to recover the cost of the damaged vehicle.

Risk/Implication

Accountability for losses and damage to State property may not be guaranteed.

Recommendation

The Fund should expedite the process of convening a board of enquiry in order to make a determination on the accident damaged motor vehicle ADY 7352.

Management Response

Efforts are being made to persuade nominated officers to give priority to the conclusion of this matter.

INDUSTRIAL TRAINING AND TRADE TESTING FUND 2014

OBJECTIVE OF THE FUND

The objective of the Fund is to collect and administer fees to finance the development and maintenance of services, programmes and related activities for Industrial Training and Trade Testing Department to improve efficiency and service delivery.

I have audited the financial statements for the Industrial Training and Trade Testing Fund as at December 31, 2014. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	2 514 235
Expenditure	2 120 435
Surplus/ (Deficit)	**$393 800**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	179 172	- 976 638
Current	997 479	200 013
Total	**$1 176 651**	**$1 176 651**

Opinion

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 results of operations of the Industrial Training and Trade Testing Fund Account as at December 31, 2014.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Unauthorised Retention of Money

Finding

In violation of the provisions of Section 302 of the Constitution of Zimbabwe, the Administrators of the Fund retained money without authority amounting to $2 514 236. The money should have been deposited into the Exchequer Account. The issue was also reported in the 2012 and 2013 financial years.

Risk/ Implication

The Ministry is retaining funds generated under the Industrial Training and Trade Testing Fund without an approved Constitution of the Fund.

Recommendation

The Ministry should get authority for retention of funds from Treasury.

Management Response

The Ministry started retaining money after approval of the Fund Constitution by Treasury in 2002. Treasury also approved the opening of the Fund bank account where the money collected is banked and expended. Treasury has been receiving financial statements since then.

Evaluation of Management Response

The Ministry wrote to Treasury in 2010 and 2013 requesting for the approval of the Industrial Training and Trade Testing Fund constitution but no response was received. This showed that the 2002 constitution was no longer operational.

1.2 State of Financial Statements Produced For Audit

Finding

The Financial Statements submitted for audit were not accurate as there was a variance of $553 510 between the accumulated fund closing balance of $976 638 and the balance disclosed in the financial statements amounting to $423 128. I was therefore unable to rely on the financial statements produced for audit.

Risk/ Implication

The financial statements were materially misstated.

Recommendation

There is need for an adjustment to be made to the financial statements to reflect the true and fair view of the financial position of the Fund as at December 31, 2014.

Management Response

ITTD account is consolidated at Head Office after receiving financial statements from the Regional Centres. Regional Centres had not been submitting their financial statements on time, and sometimes submit them with errors. The Ministry adjusted the 2013 accumulated fund amount after the 2013 and 2014 accounts had already been submitted for audit. It is always necessary to adjust the accumulated fund to the audited figures.

1.3 Suspense Account

Finding

The financial statements had a suspense account balance of $110 072 (2013: $31 297) in its statement of financial position which had not been cleared at the conclusion of the audit.

Risk/ Implication

The financial statements could be materially misstated.

Recommendation

The differences should be investigated and adjusted accordingly.

Management Response

The observation is noted. A suspense account was created while the imbalances were being investigated. The Ministry will continue with efforts to develop institutional accountants in order to capacitate them to produce fair and reasonable financial statements. The Public Service Commission has since been engaged to regrade accountants in charge at our Institutions in order to recruit, motivate and retain experienced staff for optimum performance.

1.4 Presentation of the Financial Statements

Finding

The Financial Statements that were re-submitted for audit on June 9, 2017 showed an understatement of Non-current assets by $62 787. An analysis of the 2013 and 2014 Financial Statements showed that the closing balance for Non-current assets as at December 31, 2014 should have been $241 959 and not $179 172 as disclosed in the 2014 Statement of Financial Position. This difference coupled with the Suspense Account figure of $110 072 resulted in the Financial Statements failing to reflect a true and fair view of the financial position of the Fund as at December 31, 2014.

Risk/ Implication

The financial statements could be materially misstated.

Recommendation

The client is advised to investigate these noted differences in the suspense account and non-current assets.

Management Response

Management did not respond.

INDUSTRIAL TRAINING AND TRADE TESTING FUND 2013

OBJECTIVES OF THE FUND

The objective of the Fund is to collect and administer fees to finance the development and maintenance of services, programmes and related activities for Industrial Training and Trade Testing Department to improve efficiency and service delivery.

I have audited the financial statements for the Industrial Training and Trade Testing Fund as at December 31, 2013. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	1 717 700
Expenditure	1 628 459
Surplus/ (Deficit)	**$89 241**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	213 360	- 582 838
Current	416 819	47 341
Total	**$630 179**	**$630 179**

Opinion

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 results of operations of the Industrial Training and Trade Testing Fund Account as at December 31, 2013.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Unauthorised Retention of Money

Finding

The Ministry violated provisions of Section 302 of the Constitution of Zimbabwe by retaining a total amount of $1 089 241 due to the Exchequer without authority as the Industrial Training and Trade Testing Fund was not sanctioned to retain money by Treasury.

Risk/ Implication

The Ministry is illegally retaining funds generated under the Industrial Training and Trade Testing Fund.

Recommendation

The Ministry should get authority to retain funds from Treasury.

Management Response

The Ministry did not violate the provisions of Section 302 of the Constitution of Zimbabwe. Collection and retention of money under the Fund only started after the approval of the Fund's Constitution by Treasury in October 2002. The approval of the constitution led to the subsequent approval of the opening of the Fund's bank account where the money collected was banked and expensed. The Fund's Constitution was availed to auditors for inspection.

Evaluation of Management Response

Currently, the Industrial Training and Trade Testing Fund does not have a constitution as "Fund's Constitution" being referred to in the Management Response was for the Skilled Manpower Trade Testing and Certification Fund.

1.2 Maintenance of Accounting Records

Finding

The three Regional offices visited namely Bulawayo, Masvingo and Mutare did not maintain proper accounting records such as appropriate ledgers and as a result, I was not able to obtain appropriate and sufficient evidence to confirm the correctness of figures disclosed in the financial statements. This was contrary to Section 5(5.3) of the Fund's Financial and Accounting Manual which provides for the maintenance of the General Ledger to be used for posting entries from the Cash Book, debtors and creditors control Accounts and journals of the Fund.

Risk/ Implication

Failure to maintain proper accounting records meant that the source of information that was used to compile the financial statements was not reliable as evidenced by the variances noted in expenditure and revenue figures.

Recommendation

The administrators of the Fund should maintain the ledgers as required by the Fund's Financial and Accounting Manual. The ledgers would enable the Ministry to compile all the information required in the financial statements.

Management Response

The anomaly has been noted and corrective action will be taken. However, the anomaly was caused by shortage of accounting staff.

1.3 Suspense Account

The financial statements produced for audit contained a suspense account balance of $31 927 that was not cleared by the time of concluding the audit on May 5, 2017.

Risk/ Implication

If the financial statements contain a suspense account balance, it could mean that the same are materially misstated.

Recommendation

The difference should be investigated and the suspense balance cleared.

Management Response

The observation is noted. The suspense account balance is still being investigated. After a series of reconciliations and verifications, the Ministry was still to establish the cause of the imbalance.

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

1 GOVERNANCE ISSUES

1.1 Late Submission of Accounts

In violation of the provisions of Section 35(4) of the Public Finance Management Act [*Chapter 22:19*] read in conjunction with Audit Circular No.1 of 2013, the Ministry submitted financial statements for the Industrial Training and Trade Testing Fund for the year ended December 31, 2013 on September 15, 2014 which was five months after the statutory deadline of March 31, 2014.

Risk/ Implication

Failure to submit accounts on time for audit could be indicative of lack of proper accountability which could also lead to delays in the audit process.

Recommendation

The financial statements should be submitted within the required time frame as stipulated in standing instructions.

Management Response

The observation is noted. ITTTD account is consolidated at Head Office after receiving Fund financial statements from Regional Centres. Regional Centres had not been submitting their financial statements on time and sometimes the submissions were with

errors. This delayed the consolidation leading to delayed submission to the Auditor-General as well.

INNOVATION AND COMMERCIALISATION FUND 2016

OBJECTIVE OF THE FUND

The objectives of the Fund are to: Support the development and commercialisation of innovation in Zimbabwe; fund projects carried out by individuals, public and private research institutions and companies; and fund transfer of technology or innovations from outside the country.

I have audited the Innovation and Commercialisation Fund Account for the Ministry of Higher and Tertiary Education, Science and Technology Development for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	22 052
Expenditure	15 300
Surplus/ (Deficit)	**$6 752**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	227 805	- 312 930
Current	85 125	-
Total	**$312 930**	**$312 930**

Opinion

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 results of operations of the Innovation and Commercialisation Fund as at December 31, 2016.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Loan Disbursements

Findings

Contrary to provisions of Section 3 of the Fund's Constitution, the Fund did not manage to fund new innovation projects since the first batch of loan disbursements was done on April 20, 2012. I observed with concern that outstanding loans had increased to $218 396 (2015: $201 344). This was caused by weaknesses in the Ministry's debt recovery mechanisms.

Furthermore, a sample of seven files examined by audit revealed that no interest was charged on aggregate loan borrowings amounting to $35 000. This resulted in financial prejudice to the Fund in the form of unrealized cumulative interest revenue receivable totalling $15 694 as at December 31, 2016.

Risks/ Implications

Outstanding loans may become irrecoverable through lapse of time thereby affecting the Fund's capacity of accomplishing targeted innovation projects.

The Fund might face liquidity constraints as a result of loss of potential interest.

Recommendations

The Fund should put in place robust debt collection strategies in order to mitigate default risk.

The Administrators of the Fund should conduct regular supervisory checks of the loan portfolio to ensure that agreed interest rates are applied on outstanding loans.

Management Response

The advances were experimental projects. The Ministry is reviewing the model used to determine whether the amounts disbursed can be recovered. Treasury shall be engaged should any write-off be necessary.

Evaluation of Management Response

The auditee's response is not consistent with the intention of management when they disbursed the loans in the first place. The intention was to loan start up business that would pay back the loans with interest as evidenced by loan agreements for every loan issued. Research and development support was issued in the form of grant to distinguish the intention of lending and mere technological support transfer. It would appear that the Ministry's review of the model is only coming up as a result of noted inefficiencies in the recovery of the loaned out funds.

NATIONAL EDUCATION AND TRAINING FUND 2016

OBJECTIVE OF THE FUND

The objective of the Fund is to provide grants and interest bearing loans to enable deserving students who are citizens of Zimbabwe and who are of well attested ability and proven diligence, to pursue course of studies leading to the acquisition of professional qualifications at local and foreign universities, teachers and agricultural colleges and other institutions of higher learning approved by the Secretary.

I have audited the financial statements of National Education and Training Fund for the Ministry of Higher and Tertiary Education, Science and Technology Development for the year ended December 31, 2016. Below is a summary of the statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	1 618 598
Expenditure	1 347 309
Surplus/ (Deficit)	**$271 289**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Deficit	-	- (35 657 089)
Current	630 339	36 287 428
Total	$630 339	**$630 339**

Opinion

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 results of operations of the National Education and Training Fund as at December 31, 2016.

Basis for Qualified Opinion

1 EXPENDITURE CONTROL

1.1 Accounts Payable

I observed that the Fund's financial statements reflected an accumulated fund deficit of $35 657 089 which was mainly attributed to a debt arising from Scholarship and Cadetship fees owed to institutions of higher learning amounting to $35 715 322. This made the Fund technically insolvent and unable to pay its creditors given the fact that its total annual revenues for the past 3 years had been less than $3 000 000.

Risk/Implication

The Fund's incapacity to settle debts owed to institutions of higher learning may compromise the quality of education and training rendered by these Institutions.

Recommendation

The Fund should engage higher learning institutions with a view of negotiating a payment plan for amounts already owing and look for other alternative sources of funding that give a realistic possibility of extinguishing the current debt.

Management Response

The Ministry has since stopped taking any new cadetship students. The amount payable was accrued over the years. Reduction of the liability is through either payment by the students or disbursement by Treasury. The Ministry prepares a budget for the funds every year.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Loan Recoveries

Contrary to Section 6 of the Policy on Scholarships, the Fund did not recover loans amounting to $2 031 992 from various students who completed their University studies abroad through the National Scholarship Scheme.

Risks/Implications

Money may be tied up in debtors and this might negatively impact the revolving nature of the Fund.

Prospective beneficiaries may be deprived of an opportunity to get educational assistance from the Fund.

Recommendation

The Fund should put in place robust debt recovery mechanisms to ensure timely repayment of loaned out funds.

Management Response

Letters of demand to past beneficiaries were sent but still only 3 out of 114 are paying back the loans on instalments as per agreements. Others still insist that they got outright scholarship grants, not repayable. Going forward, scholarships will be administered under OPC (Office of the President and Cabinet).

2.2 Receipting of Income for other Entities

I observed that the Fund receipted and classified as income a total amount of $305 500 relating to operational activities of the Vocational and Technical Examinations Fund (VOCTEC) and Industrial Training and Trade Testing Fund in contravention of the mandate spelt out in the Fund's Constitution. No reconciliation was done to show the impact of movement of monies across the Fund accounts. As a result, I could not ascertain whether the bank balance disclosed reflected the exact cash assets belonging to the Fund.

Risk/ Implication

Public funds could be misappropriated through teeming and lading.

Recommendation

The Fund should desist from collecting funds not provided for in its Constitution without appropriate authority.

Management Response

Observation noted. During the year 2016, the VOCTEC account had funds in excess of $5 million. As part of managing bank risk, $1 million was transferred to the National Education and Training Fund (NETFUND) bank account at FBC bank. This amount was spent on VOCTEC activities from that bank account. It is agreed that the accounting treatment of the inter fund transfers was not proper. The Ministry is analysing each and every transaction involved with a view of taking corrective measures.

NATIONAL EDUCATION AND TRAINING FUND 2015

OBJECTIVES OF THE FUND

The objective of the Fund is to provide grants and interest bearing loans to enable deserving students who are citizens of Zimbabwe and who are of well attested ability and proven diligence, to pursue course of studies leading to the acquisition of professional qualifications at local and foreign universities, teachers and agricultural colleges and other institutions of higher learning approved by the Secretary.

I have audited the National Education and Training Fund for the Ministry of Higher and Tertiary Education, Science and Technology Development for the year ended December 31, 2015. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	2 548 219
Expenditure	39 573 618
Surplus/ (Deficit)	**($37 025 399)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Deficit	-	- (35 928 378)
Current	1 118 238	37 046 616
Total	**$1 118 238**	**$1 118 238**

Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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 of the National Education and Training Fund Account for the year ended December 31, 2015.

Basis for Disclaimer of Opinion

1 GOVERNANCE ISSUES

1.1 Other Income

For the fourth year in succession, I noted that the Fund Administrators retained refunds from Universities worth $151 499 (2014: $60 240) without authority. The money had originally been transferred to Universities through the Ministry’s Appropriation Account to finance employment costs for the Universities. The money should have been paid into the Exchequer Account.

Risk/ Implication

Public funds could have been retained without appropriate authority and might not have been properly accounted for.

Recommendation

The Fund should not retain funds not authorised by Treasury. Appropriate authority should always be sought before excess funds are subjected to other uses not covered by the original authority.

Management Response

The observation is noted. The Universities were not supposed to return the excess funds for salaries to the Ministry. However, past refunds have been taken as other income of the Fund and used as such. The Ministry has since advised all institutions involved not to send any excesses back to the Ministry.

Evaluation of Management Response

There is need for guidance from Treasury on how to handle excess funds.

1.2 Cadetship Grant

Due to lack of credible supporting evidence I was not able to authenticate the Cadetship creditors figure of $36 479 151 disclosed in the financial statements for the year under review since the Fund Administrators did not have ledger accounts for each student where balances per student could be collated to arrive at the above-mentioned figure.

Risk/ Implication

The Cadetship creditors figure could have been grossly misstated in the absence of credible supporting evidence.

Recommendation

The creditors' amount should be supported by ledger balances for each student.

Management Response

The observation is noted. While overall administration of Cadetship programme is done at Head Office, individual ledgers for students on cadetship are done at Institutions. The Ministry is in the process of creating a student cadetship database with assistance from the Institutions. The Ministry has now received information from

Institutions which made it possible to revise the creditors figure to $36 479 151 as at 31 December 2015.

Evaluation of Management Response

The reduction in cadetship money owed to students from $61 630 345 to $36 479 151 could not be authenticated in the absence of relevant ledgers per student at Head Office.

1.3 Fares and Stipends

Findings

The financial statements submitted for audit were drawn without taking into account the stipends owed to students on bilateral scholarships. This made the financial statements unreliable as they did not present fairly the activities and operations of the Fund as at December 31, 2015.

The Fund Administrators withdrew cash amounting to $84 200 on July 9, 2015 to pay stipends for students in Russia and Turkey. A staff member travelled to Russia and handed the cash to the Zimbabwean Embassy in Russia for onward payment to the students. I noted from the acquittal submitted for audit that although each student was supposed to receive $2 000 cash, two students ended up getting $500 and $1 800 each. There was no evidence to support the circumstances which resulted in those students receiving less than what was due to them and whether the unpaid $1 700 was returned to Zimbabwe and receipted.

Furthermore, the acquittal sheet in some instances had ‘bank transfer’ on the signature column suggesting that some students could not visit the Embassy to collect their stipends in cash but funds were transferred from the Embassy account to their personal accounts. I was not provided with supporting documents for stipends totalling $42 000 transferred from the Embassy account to some students who had bank accounts in Russia. Hence, I could not satisfy myself that the money reached the intended beneficiaries.

Risks/ Implications

The financial statements might be grossly misleading. Without proper planning there may be wasteful expenditure.

Students’ stipends might not have been properly accounted for if students are made to sign for less than what is due to them and the unpaid cash is not traced.

Recommendations

Reconciliation of creditors should be made and accurate and reliable figures for the amounts owing as at the end of the accounting period should be disclosed in order to enable proper planning for the ensuing period.

The unacquitted stipends should be accounted for.

Management Response

The information regarding stipends owing to students on bilateral scholarship was not available at the time the financial statements for 2015 were finalised. Corrective action will be taken in future.

Yes, the money was carried to the Russian Embassy of Zimbabwe in Moscow, which carried out the disbursement according to the list of students at that time. We were told that some students had incurred debts before the arrival of the stipends which had taken almost a year to be availed. So amounts were deducted against the concerned students by the disbursing accountant at the Zimbabwean Embassy. Not all students are located in Moscow so bank transfers were done for these students. The material evidence can be obtained from the Embassy (Russia). The Embassy has since been advised to let each student sign for the sum indicated by the Ministry then proceed to deduct the various amounts borrowed by students later.

Evaluation of Management Response

The evidence regarding stipends transferred from the Embassy account to respective students' bank accounts was not availed for audit inspection.

1.4 Other Expenses

Finding

According to the Fund's constitution read together with the Policy on Scholarships, the expenditure of the Fund includes payment of approved loans and grants for tuition, stipends and fares. A sample of payments examined under this expenditure item revealed that $20 324 was incurred in paying tuition, food and accommodation for students at local universities. There was no evidence to suggest that the students were selected by their respective Universities through the Cadetship scheme. In addition, payments for the students' fees were made as other expenditure giving the impression that the students may not be among those who were supposed to be funded by the Ministry contrary to the provisions of the Fund's constitution.

Risk/ Implication

If students were not selected by their respective Universities, beneficiaries of the Cadetship scheme might be improperly selected and deserving cases may fail to benefit from the scheme.

Recommendation

Please provide an explanation together with supporting documents as to why the students were not selected by their respective Universities to benefit from the scheme and reasons for the expenditure to be treated in the manner noted above.

Management Response

These are desperate cases for needy students identified through the Institutions and other government departments who recommend them for full funding which falls outside the Cadetship programme. After consideration of each case submitted, the funding for the student is approved by the Accounting Officer. The account description shall be full local scholarship.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Loan Recoveries

Findings

I noted that many students were provided with loans to acquire University qualifications through the National Scholarship scheme but there was no evidence to show that the loans were being recovered. This contravened Section 6 of the Policy on Scholarship which states that students have to pay back all the money which will have been loaned to them. Furthermore, the financial statements did not disclose the National Scholarship Loan debtors figure as at December 31, 2015. Therefore, I was not able to ascertain how much money was tied up in loan debtors as at that date.

The Fund was issuing interest free loans contrary to the provisions of Section 3 of the Fund’s Constitution which provides that it shall provide grants and interest bearing loans to deserving students. The Income of the Fund according to Section 5.2 includes interest on loans but there was no evidence to indicate that the Fund received income from interest on loans.

Risks/ Implications

Money may be tied in debtors and this might negatively impact the revolving nature of the Fund thereby depriving prospective beneficiaries an opportunity to get assistance from the Fund. Financial statements may be grossly misleading if disclosure is incomplete. The Fund was being deprived of potential income from interest on loans.

Recommendations

The Fund administrators should recover the money from loan debtors.

Disclosure of Scholarship loan debtors should be done in the financial statements.

Interest should be charged on National scholarship loans as prescribed by the Fund’s Constitution.

Management Response

The observation is noted. The Ministry is currently finalising the preparation of the Debtors Ledgers and will determine the interest rate on loans given to students. Full disclosure will be made when correct and undisputed individual's loan amounts are ascertained, a process which the Ministry is currently undertaking.

TERTIARY EDUCATION AND TRAINING DEVELOPMENT FUND 2015 AND 2016

OBJECTIVE OF THE FUND

The objective of the Fund is to collect and administer fees for the purposes of supplementing the Ministry of Higher and Tertiary Education, Science and Technology Development's budget (both capital and recurrent), for the development and maintenance of services, programmes and activities at tertiary institutions.

I have audited the financial statements of Tertiary Education and Training Development Fund for the Ministry of Higher and Tertiary Education, Science and Technology Development for the years ended December 31, 2015 and 2016. Below is a summary of the statement of comprehensive income and statement of financial position for the year ended December 31, 2016:

Statement of Comprehensive Income

Item	**$**
Income	25 019 024
Expenditure	20 219 475
Surplus/ (Deficit)	**$4 799 549**

Statement of Financial Position

Item	**ASSETS**	**LIABILITIES**
Non-current	$9 186 456	-
Accumulated Fund		20 948 648
Other		1 603 531
Current	$14 094 687	$728 964
Total	**$23 281 143**	**$23 281 143**

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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 for the Tertiary Education and Training Development Fund Account for the years ended December 31, 2015 and 2016.

Basis for Disclaimer of Opinion

1 GOVERNANCE ISSUES

1.1 Accounting Framework

Finding

For the second year in succession, I observed that preparation of the Fund's financial statements for the year ended December 31, 2016 did not follow a clearly identifiable accounting framework in contravention of Generally Accepted Accounting Practice (GAAP). Therefore, I could not ascertain whether assets, liabilities, revenue and expenditure were fairly stated.

Risk / Implication

The absence of an identifiable accounting framework may result in the loss of credibility to the financial statements.

Recommendation

The Fund should disclose its accounting policy in the notes to the financial statements in order to enhance financial reporting.

Management Response

The observation is noted. Some of our institutions were and are still preparing their financial statements using cash accounting systems as opposed to the accrual accounting systems as per GAAP. Efforts to train our accountants to prepare proper financial records are underway.

1.2 Budgeting and Budgetary Control

Finding

For the years 2015 and 2016, Bulawayo Polytechnic, Joshua Mqabuko Nkomo Polytechnic, Kwekwe Polytechnic, Gweru Polytechnic, Mkoba and Hillside Teachers' Colleges operated without approved budgets in contravention of Section 3 paragraph 7.2 of the Fund's Financial Accounting Manual.

Risk/Implication

Operating without approved budgets may result in failure to allocate resources to the best advantage of Colleges thereby compromising service delivery.

Recommendation

The Management Committee should ensure that budgets for all Colleges are approved by the Accounting Officer and Treasury on or before December 31 of each year and timely communicated to Principals of the respective Colleges in compliance with Section 3 paragraph 7.2 of the Financial and Accounting Manual.

Management Response

Institutions shall be directed to produce formal annual budgets. Otherwise at present institutional budgets are consolidated in the Blue Book.

Evaluation of Management Response

It is not ideal for Institutions to operate using a consolidated budget. Budgets formulated at College level would be more appropriate as they identify specific operational targets and outputs set by institutions.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Enrolment Statistics

Finding

I observed with concern that Bulawayo and Masvingo Polytechnics could not avail for audit inspection enrolment statistics and fees for each service rendered to students during the years ended December 31, 2015 and 2016. Therefore, I could not confirm the correctness of the income figures disclosed in the financial statements

Risks/Implications

Lack of statistics limits the College's capacity to make sound revenue forecasts.

Where controls are not effective, errors and omissions may not be timely prevented and detected.

Recommendation

Accurate enrolment statistics should always be maintained to enhance verification of revenue receivable.

Management Response

The audit observation is acknowledged. The institutions through accounts and administration offices will ensure that enrolment statistics are kept for all students at each study level.

2.2 Management of Debtors

Finding

Treasury Instruction 0501 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. I observed that Teachers and Polytechnic Colleges had not taken action to recover a total outstanding debtors balance of $9 443 310 (2015: $8 360 123) as at December 31, 2016.

Risk/Implication

Long outstanding debts may be irrecoverable thereby depriving the Fund of the much needed revenue inflows.

Recommendation

The Management Committee should assist the College to recover all outstanding debts and where there is strong evidence that debts can no longer be recovered, authority to write-off should be sought from Treasury.

Management Response

The observation is noted. The Ministry shall capacitate college accountants on debt management and record keeping to avoid debt write-offs.

3 MANAGEMENT OF ASSETS

3.1 Disclosure of Non-Current Assets

Finding

I observed that Madziwa and Hillside Teachers' College, Joshua Mqabuko Nkomo, Bulawayo, Kushinga Phikelela, Mutare and Kwekwe Polytechnics did not bring forward balances of non-current assets dating back to year 2013 into the current year resulting in lack of clarity in the accounting treatment and depreciation methods applied. Therefore, I could not validate the closing year balance of $9 186 456 (2015: $6 511 098).

Risk/Implication

The value of non-current assets may not be fairly stated in the financial statements.

Recommendations

The Ministry's Head Office should put in place mechanisms to ensure that all Teachers' Colleges and Polytechnics accurately carry forward balances of non-current assets acquired in the previous year and add them to values of those acquired in the current period to enable credible financial reporting.

The Ministry should also formulate a uniform depreciation policy for the Fund to guide all Teachers' Colleges and Polytechnics and guarantee consistency in the preparation and presentation of financial statements.

Management Response

Observation noted. The Institutions have incorporated assets in Sage Pastel showing their asset types, Votes and location for easy of identification and were automatically depreciated using straight line method and the depreciation posted to the income and expenditure of the relevant Votes. Those from previous years will be depreciated accordingly and charged to income and expenditure.

3.2 Asset Registers

Finding

Section 3 paragraph 14.6 of the Fund's Financial and Accounting Manual requires accountants to maintain a fixed asset register and perform an annual inventory check. I observed that Bulawayo Polytechnic, Madziwa Teachers' College and Mutare Polytechnic did not maintain separate asset registers for the Fund during the years ended December 31, 2015 and 2016 instead all of the College's assets were recorded in one asset register where it was difficult to identify those assets specifically belonging to the Fund.

Risks/Implications

It may be impossible to identify assets belonging to the Fund in the event of a dissolution or merger with other Funds.

Verification for disposal of assets belonging to the Fund may not be possible.

Recommendation

Head Office should put systems in place to ensure that all Colleges maintain separate asset registers for the Fund.

Management Response

Observation noted. The Institutions have single combined registers and we will ensure that the funds used to purchase assets are indicated in the Register so that each asset is easily identified where it belongs. We have also incorporated the assets in Sage Pastel showing their asset types, Votes and location for easy of identification and are automatically depreciated using straight line method and the depreciation charge posted to the income and expenditure of the relevant Votes.

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

1 GOVERNANCE ISSUES

1.1 Submission of Financial Statements

Finding

The Fund's financial statements for financial years 2015 and 2016 were submitted on June 13, 2017, which is approximately one year two months after the statutory deadline respectively. This was contrary to Section 35(6) (b) (i) of the Public Finance Management Act [Chapter 22:19] which requires every Accounting Officer to submit financial statements for audit to the Auditor-General within sixty (60) days of the end of the financial year. Further to that, four (4) tertiary institutions namely, Marymount Teachers College, Harare, Masvingo, and Bulawayo Polytechnics had not yet submitted their financial statements at the time of concluding the audit on September 14, 2017.

Risk/Implication

The absence of financial reports on a timely basis may compromise decision making and accountability by those charged with governance.

Recommendation

The Ministry should ensure that its financial statements are submitted for audit within the stipulated statutory deadline.

Management Response

The observation is noted. The Ministry had a back log in terms of consolidation due to delayed submission of financial statements by institutions. Harare, Bulawayo and Masvingo polytechnics did not submit as they were facing manpower and competence challenges. Going forward, efforts will be made to submit financial statements on time.

2 MANAGEMENT OF ASSETS

2.1 Biological Assets

Finding

The amount disclosed for biological assets at Mutare Teachers' College for the year 2016 of $16 150 was carried forward from year 2015 without any adjustments when the cattle herd had increased from 39 at the end of year 2015 to 53. In addition, the Institution had 48 pigs at the end of year 2016. The animals were not properly valued and disclosed in the year 2016 financial statements.

Risk/Implication

The amount of biological assets disclosed for Mutare Teachers' College may not be correctly valued in the financial statements.

Recommendation

Mutare Teachers' College should ensure that biological assets are correctly valued and disclosed in the financial statements.

Management Response

Auditors' observation will be implemented.

3 PROCUREMENT

3.1 Purchase of Motor Vehicle

Finding

Mutare Teachers' College acquired an Isuzu Double cab vehicle worth $57 250 from Paza Buster Car sales in August 2016. The acquisition was done without following the provisions of Statutory Instrument (SI) 126 of 2016 and Section (6) (1) of the Procurement Regulations, 2002. The Statutory Instrument provides that Informal Tender (IT) procedures should be done for all expenditure between $10 000 and $500 000. Of concern was that the cost of the vehicle was much higher than a similar vehicle that was bought from CMED by another College in Mutare in March 2016 for $40 451.

Risk/Implication

Value for money might not have been realised.

Recommendation

Mutare Teachers' College should comply with proper procurement procedures as outlined in SI 126 of 2016 and Section (6) (1) of the procurement Regulations, 2002.

Management Response

Auditors' recommendations will be fully implemented. However, authority was sought from Head office and we acknowledge that an omission was made in failing to get an authority for direct purchase from State Procurement Board.

3.2 Tender Splitting

Finding

I observed that Bulawayo Polytechnic acquired the services of four suppliers on two occasions each during the 2015 financial year. Instead of procuring through informal tender procedures, each acquisition was split into two transactions as shown in the Table below. This was contrary to the requirements of Section 30 of the Procurement Act [*Chapter 22:14*] and Statutory Instrument 126 of 2015 as well as Treasury Instruction 1005 (6) (b) which state that a supply or service shall not be subdivided in order to bring the total estimated value below informal tender threshold. Procuring through informal tender would have allowed the College to cast the net wider than the three (3) quotations and was likely to get quality service at lower prices as bidders compete among themselves.

Voucher No	Date	Supplier	Amount $	Total
0265/15VT	26/03/15	Communicasual	5 820	
0333/15VT	15/04/15	Communicasual	4 450	**$10 270**
0186/15VT	10/03/15	Denman Engineering	9 307	
0548/15VT	16/06/15	Denman Engineering	6 541	**$15 848**
0633/15VT	07/07/15	Macro-Tech (Pvt Ltd)	9 900	
0689/15Vt	28/07/15	Macro-Tech (Pvt Ltd)	9 900	**$19 800**
0738/15VT	12/08/15	Skeep Solutions	9 590	
0884/15VT	21/09/15	Skeep Solutions	9 590	**$19 180**
Grand Total				**$65 098**

Risk/Implication

Value for money could have been comprised through non-adherence to the requirements of informal tender procedures.

Recommendation

Bulawayo Polytechnic should adhere to the provisions of the Procurement Act [*Chapter 22:14*].

Management Response

The observation made by the External Audit is appreciated. The college was under pressure after a request was made for the software that was supposed to be used by Information Technology students for their examinations. We were left with no option, given the timing but to use competitive quotations. We however pledge to put procurement plans in order to guide our procurement processes.

3.3 Pastel Accounting Software

Finding

I observed that Madziwa Teachers' College acquired Pastel Sage software worth $9 758 in March 2016. However, the software was not yet operational at time of audit in August 2017. No satisfactory explanation was given by the College as to why they still continued using the manual system despite acquisition of the Pastel accounting package.

Pastel is a worldwide proven software which can add value to the operations of the College as it enhances accountability of funds, student debtors and efficiency in clearance of students. It also improves the preparation and presentation of final accounts.

Risks/Implications

Value for money may not be realized if action is not taken to fully utilize the pastel accounting software.

The purpose for which the Pastel Sage package was acquired might be rendered meaningless.

Recommendation

Madziwa Teachers' College should ensure that the Pastel accounting package is utilized lest it becomes obsolete without benefiting the Institution in which case it becomes an unfair charge to public funds.

Management Response

It is a fact that the institution acquired Pastel accounting package, however some technicalities such as assets valuation were being encountered. The College is willing to adopt a new strategy of going ahead to implement as accounts department whilst the administration is working on assets valuation. The College has set a deadline of implementation of Pastel system as end of September 2017.

TERTIARY EDUCATION AND TRAINING DEVELOPMENT FUND 2011 - 2014

OBJECTIVE OF THE FUND

The objective of the Fund is to collect and administer fees for the purposes of supplementing the Ministry of Higher and Tertiary Education, Science and Technology Development's budget (both capital and recurrent), for the development and maintenance of services, programmes and activities at tertiary institutions.

I have audited the financial statements of the Tertiary Education and Training Development Fund for the years ended December 31, 2011 to 2014. Below is a summary of statement of comprehensive income and statement of financial position for the year 2014:

Statement of Comprehensive Income

Item	$
Income	36 138 240
Expenditure	38 283 653
Surplus/ (Deficit)	**($2 145 413)**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	-	- 9 680 285
Current	10 282 663	602 378
Total	**$10 282 663**	**$10 282 663**

Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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 of the Tertiary Education and Training Development Fund Account for the year ended December 31, 2014.

Basis for Disclaimer of Opinion

1 GOVERNANCE ISSUES

1.1 Maintenance of Accounting Records

Finding

As was the case in the previous financial year, the fourteen colleges visited did not maintain proper books of accounts, as in some Institutions financial statements were being prepared from payment vouchers. Ledger accounts were not being maintained. This resulted in numerous variances between the aggregate financial statement balances and physical records inspected by audit. Consequently, I could not ascertain the correctness of the revenue and expenditure disclosed in the financial statements submitted for audit which amounted to

$36 138 240 and $38 283 653 respectively as well as the resultant Accumulated Fund Balance.

Risk/Implication

The income and expenditure figures were misstated.

Recommendation

The Fund Administrators should ensure that general ledgers are maintained to enable disclosure of accurate financial information.

Management Response

The observation is noted. The Ministry acknowledges the noted variances in the financial statements submitted by some of the institutions. However, most of the institutions individually maintain sufficient accounting records. For institutions that had variances, reconciliations are in progress in order to rectify the anomalies. Going forward the institutions have been directed to adopt accrual accounting system and a similar chart of accounts to avoid the variances mentioned above.

1.2 Debtors

Finding

For the second year running I observed that income from students' fees was being recognized at the point when cash was received instead of recognizing the revenue when invoices for fees due were raised. This was contrary to the accrual basis of accounting which was applicable to the operations of the Fund. Consequently, this resulted in misstatement of the debtors in the financial statements for the year under review. Furthermore, the Colleges had no debtor control systems to enable full accountability of the debtors especially the student debtors. This was also reported in the previous financial year.

Risk/Implication

Non adherence to the accrual basis of accounting would result in gross misstatement of the debtors figure

Recommendation

The Ministry should consider utilizing accounting packages such as Pastel at the various Institutions to enhance accountability of the fees and levies due to the Fund.

Management Response

The observation is noted. Some of the institutions were preparing financial statements on cash basis while others were using accrual accounting. Furthermore, staff performance gaps also affected the reporting quality of the financial statements. The accounting framework will be standardized during financial year 2016. Efforts will be made to properly disclose the debtors. The Ministry has started targeted on the job training for Accountants facing challenges in the preparation of financial statements in order to improve the quality of financial statements.

1.3 Accumulated Fund

Finding

The take-on Accumulated Fund figure of $11 825 698 for the year under review was different from the 2013 closing balance of $8 906 531. There was no explanation for the variance of $2 919 167 (2013: $4 443 203; 2012: $2 352 490; 2011).

Risk/Implication

The Financial Statements will be materially misstated.

Recommendation

There is need to ensure that take on balances are properly captured and in situations where there are variances, these should be explained.

Management Response

The Financial Statements that were submitted to the Auditor-General had a suspense account due to imbalances in financial statements submitted by some of the institutions for consolidation. Subsequent reconciliations on the individual institution suspense account after the reporting date caused the difference between the Accumulated Fund balances. Some of the institutions were using the Accumulated Fund figure to balance off their imbalances.

1.4 Non-Current Assets

Finding

Non-current assets worth $6 901 550 were written-off in the Statement of Comprehensive Income despite the fact that assets worth $2 512 837 only, were acquired during the year. The difference amounting to $4 388 713 related to assets which had been written off during the 2013 financial year.

Although the assets were written off in the Statement of Comprehensive Income, depreciation worth $134 143 (2013: $59 327) was charged to the same statement. Provision for Depreciation worth $386 631 (2013: $172 964) was included as income during the year under review.

Risk/Implication

Financial statements will be materially misstated if non-current assets are not properly disclosed

Recommendation

Non-current assets should be properly disclosed in the financial statements.

Management Response

The observation is noted. Some of the institutions were preparing Financial Statements using cash accounting system as used generally in Government while others were using accrual accounting as per International Financial Reporting Standards (IFRS). Institutions which expensed non-current assets were using cash accounting system. The Ministry has directed that accrual accounting be used from the financial year 2016. The Ministry has encouraged institutions to run their respective accounts on a computerized accounting system preferably Pastel. The accounting framework and chart of accounts was standardized during the financial year 2016. The Ministry has also ordered the computerisation of the accounting function for efficiency.

1.5 Preparation and Presentation of Financial Statements

Finding

International Accounting Standard (IAS) 1 prescribes the basis for preparation and presentation of general purpose financial statements to ensure consistence in reporting. However, I observed that the financial statements for Masvingo Polytechnic were not included in the consolidated financial statements for Tertiary Education Training and Development Fund for the year ended December 31, 2014.

Risk/Implication

The financial statements were misstated.

Recommendations

The Fund Administrators should ensure that all the Colleges are included in the consolidated financial statements to enable completeness in reporting of the Fund's financial position.

In addition, there is need to ensure that all institutions are included in the consolidated financial statements.

Management Response

The observation is noted. The financial statements for Masvingo Polytechnic College were not included in the consolidated account submitted to the Auditor- General because the college had not submitted its financial statements on time for consolidation. The Ministry decided to comply with the submission deadline than to wait for one institution to submit its financials. Masvingo later submitted the financials with imbalances.

HOWEVER, below is another issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Late Submission of Financial Statements

For the fourth year in succession, the Fund did not submit financial statements on time with 2014 financial statements being submitted on July 7, 2015. The Public Finance Management Act [*Chapter 22:19*] Section 35 paragraph 4 provides for the submission of the Fund's financial statements to the Auditor-General within three months of the end of the financial year for audit.

Risk/Implication

The absence of financial reports on a timely basis may compromise decision making and accountability by those charged with governance

Recommendation

The Ministry should ensure that its financial statements are submitted for audit within the stipulated statutory deadline.

Management Response

Contributory factors to the delay in submission of the financial statements included manual accounting at some of our institutions and incompetence by some of the accounting personnel. Efforts will continue to be made to get all institutions computerised.

ZIMBABWE MANPOWER DEVELOPMENT FUND 2016

OBJECTIVE OF THE FUND

The Fund was established to finance the cost of any scheme of manpower development or such other costs in connection with vocational education or training through levy imposed on certain employers and also to finance the training and employment of apprentices in specified industries.

I have audited the Zimbabwe Manpower Development Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	41 403 346
Expenditure	41 790 024
Surplus/ (Deficit)	**($386 678)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current	44 807 643	**-**
Accumulated fund		**59 404 438**
Other		10 685 861
Current	31 107 374	5 824 718
Total	**$75 915 017**	**$75 915 017**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Zimbabwe Manpower Development Fund as at December 31, 2016, and its financial performance for the year then ended.

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 National Manpower Advisory Council (NAMACO)

Finding

The Fund’s National Manpower Advisory Council (NAMACO) tenure of office expired in 2014 and since then the Fund was operating without the Council. The purpose of the council is to promote accountability and transparency and advise the Minister on the human capital needs of the industries.

Risk/Implication

There may be a policy formulation vacuum and the needs of the industries may not be adequately catered for.

Recommendation

The Fund should continue to liaise with the Trustee in respect of the appointment of NAMACO Councillors to ensure transparency and accountability as well as to cater for the training needs of industries.

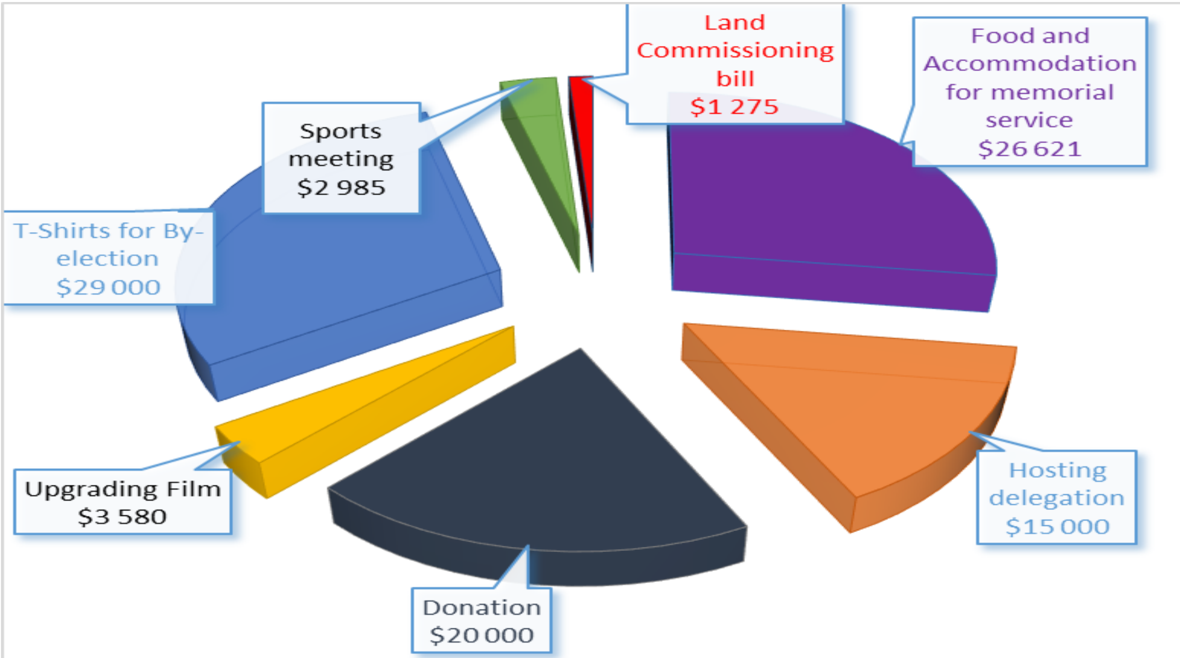
Management Response

The observation is noted with thanks. The Minister is the appointing authority of NAMACO in terms of the relevant Act. The Ministry is in the process of repealing the Act and the composition of NAMACO to strengthen its mandate and oversight responsibilities, which is anticipated to be completed by June 30, 2017. Thereafter, the appointment of the Council will be done in terms of the new Act.

1.2 Mandate of ZIMDEF

Finding

According to Section 47 paragraph 2 of the Manpower Planning and Development Act *[Chapter 28:02]*, the objective of the Fund was for the development of skilled manpower in Zimbabwe. However, I noted that there were payments made from the Fund through the line item contingencies for the Ministry of Higher and Tertiary Education, Science and Technology Development which were outside the mandate of the Fund. All sampled payments were directives to pay invoices without at least three competitive quotations and comparative schedules in line with procurement regulations.
The following is a sample of the transactions processed which were outside the mandate of ZIMDEF:



Risk/ Implication

Failure to achieve its mandate through diversion of resources to finance non-core activities.

Recommendation

The Fund should ensure that only activities within its mandate are financed.

Management Response

The payments for food and accommodation for the Trustee's guests of $15 664 and $7 905 are covered by the approved Top Management Funeral / Memorial Service Benefits Policy (page 117) and the donation to National People's Conference ($20 000) is also covered by the Corporate Donation and Corporate Social Responsibility Policy.

It must be noted that the Human Capital Development does not occur in a vacuum but requires resourcing some areas that support the process. What is important is securing the Trustee's approval which is equivalent to a Board Resolution.

1.3 Lack of funding

Finding

Visits to polytechnic colleges revealed that the colleges were no longer getting funds for equipment (last received 2015), consumables (2016) and the Bachelor of Technology allowances for three months were not yet received at Kwekwe Poly by end of March 2017. The lectures were more of theory than practical due to non- availability of consumables.

Risk/ Implication

Failure to achieve its mandate.

Recommendation

The Fund should ensure availability of funds to polytechnics to achieve its mandate.

Management Response

The Ministry does not have a Policy for ZIMDEF to own the consumable budget for Polytechnics but only comes in to cover shortfalls. The Ministry has been advised to inform the Polytechnics of this position.

1.4 Handsets gifts to Ministerial Crew Members

Findings

ZIMDEF purchased ten (10) Samsung Galaxy S7 edge cellphone handsets worth $10 450 as gifts for the, Ministers' Aides and drivers. The procurement was done citing section 48 of the Manpower Planning and Development Act which says, "Minister may, in his capacity as trustee of the Fund, do any or all of the following-, (d) pay to his employees such salary, wages or other remuneration as he may with the approval of the Minister responsible for finance; (e) make his employees such gifts, bonuses or the like as he thinks". The beneficiaries were not ZIMDEF employees and there was no approval from the Ministry of Finance.

Furthermore, the purchase was not in line with the mandate of the Fund which is to finance the development of critical and highly skilled manpower in Zimbabwe.

Risk/Implication

Misappropriation of funds.

Recommendations

Management should ensure that all the funds are channeled towards the Fund's mandate.

Improper payments made should be recovered.

There may be need to review provisions of the Manpower planning and Development Act *[Chapter 28:02]* to enhance accountability for public funds.

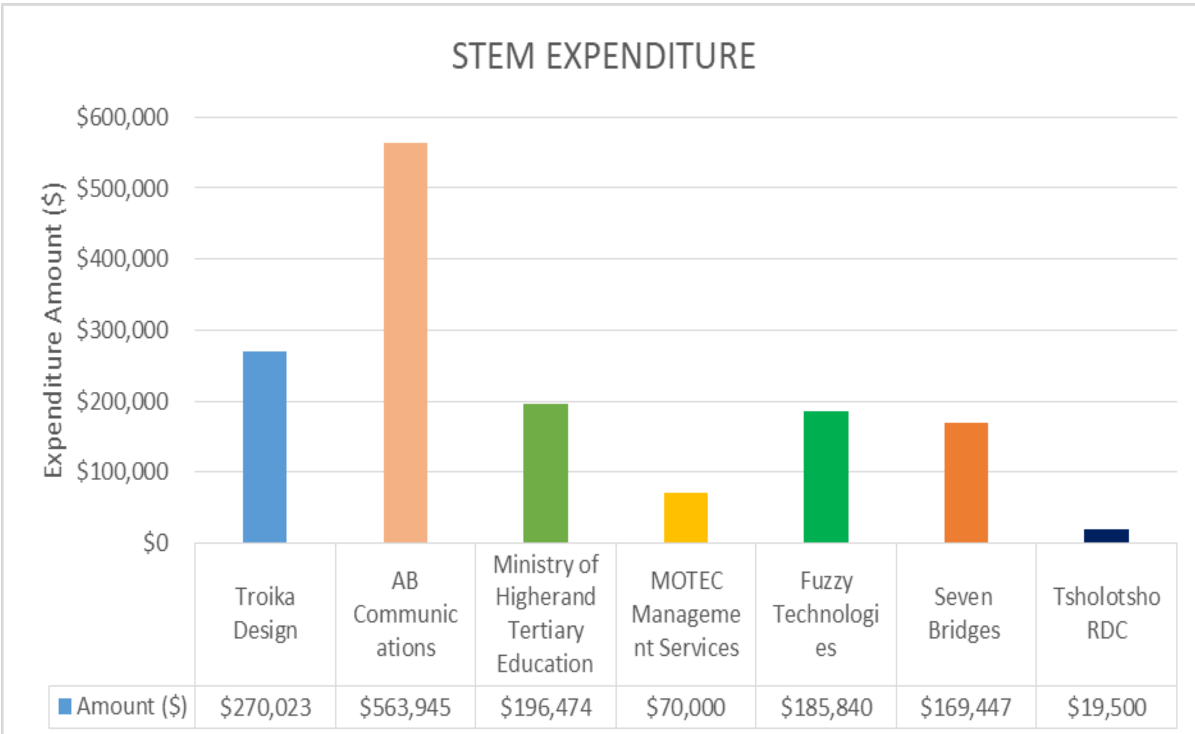
Management Response

The observation is noted and will not be repeated in future. The gadgets were purchased for their Aides, Drivers and Personal Assistants as support staff in the office of the Trustee at the insistence of the Ministry.

2 PROCUREMENT FOR SCIENCE TECHNOLOGY, ENGINEERING AND MATHEMATICS (STEM)

Finding

The Zimbabwe Manpower Development Fund (ZIMDEF) paid a number of suppliers for services rendered for STEM. However, there was no evidence to support that the procurement procedures were followed since the directive to pay these suppliers was from the Ministry of Higher and Tertiary Education. The table below shows such payments:



Risk/Implication

Payments may have been made for services not rendered or for services that were not for the benefit of the Fund.

Recommendation

The Fund should adhere to procurement procedures.

Management Response

Where the Ministry directs that payment be made direct to suppliers, it is assumed that tender procedures would have been done at the Ministry since they (the ministry) would have identified the suppliers. Attached herewith are copies of Ministry's procurement committee minutes for some of the transactions listed. ZIMDEF is not the procurement Agent for all its beneficiaries. Where funds are disbursed directly to the institution, the same should ensure adherence to procurement procedures.

Evaluation of management response

Companies such as Troika Design and AB Communication started preliminary work on behalf of the Ministry before tender procedures were done. In addition, the companies were identified as the sole preferred providers by the principals.

However, this was inconsistent with Informal tender procurement procedures and there was no evidence to support that authority was sought from the State Procurement Board for sole supplier purchase.

VOTE 17. -YOUTH, INDIGENISATION AND ECONOMIC EMPOWERMENT

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Youth, Indigenisation and Economic Empowerment for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under Spending
$17 192 000	$9 140 683	**$26 332 683**	$25 067 759	**$1 264 924**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph below, the financial statements present fairly, in all material respects, the financial position and performance of the Appropriation Account for the Ministry of Youth, Indigenisation and Economic Empowerment for the year ended December 31, 2017.

Basis for Qualified Opinion

1 EMPLOYMENT COSTS

1.1 Salaries and Allowances Expenditure

Findings

In my 2016 audit report I observed that the Ministry understated its employment costs by $9 862 963. The practice persisted for the second year running with the Ministry understating its employment costs for the year under review by $17 520 015. Payments in respect of Salaries and allowances processed by the Salary Services Bureau (SSB) amounted to $38 302 307, whilst the Ministry's ledger had $20 782 292 leaving a variance of $17 520 015 unaccounted for. This was in contravention of Treasury Instruction 0952 which states that the sub-head "Salaries, Wages and Allowances" shall be debited with such expenditure in respect of all officers included therein according to the estimates, and such additional establishment as may be authorized by the Treasury. The matter regarding accounting for the variance had not been concluded between the Ministry of Youth, Indigenisation and Economic Empowerment, Ministry of Finance and SSB. As a result of the above, I was not convinced that the Appropriation Account showed a true position in respect of expenditure incurred under salaries and allowances.

Furthermore, the salaries bill including allowances for December 2017 had $7 731 738 whilst the salaries summary sheet from SSB for the same month had $7 110 308 giving a variance of $621 431 which had not been reconciled by the Ministry at the time of finalising my audit in May 2018.

Risk/Implication

Failure to properly monitor and reconcile employment costs may result in improper payments being made and incorrect figures may be disclosed.

Recommendations

Management should reconcile with SSB so that they recognize $17 520 015 as part of employment costs of the Ministry.

Furthermore, the variance of $621 431 for December 2017 between the Salary bill and Salary summary sheet from SSB should be reconciled.

Management Response

The Ministry did not understate its employment costs. The employment costs reported in the Appropriation Account were as per the budget for the year 2017 and subsequent releases by Treasury. In a nutshell the Ministry budget and releases reported in the Appropriation Account did not tally with the report obtained from Salary Services Bureau as the payments by Salary Services Bureau were done outside the system (PFMS). In order to account for the variance the Ministry reconciled the payments made by the Salary Service Bureau against the releases from Treasury and the budget allocations. This resulted in a variance of $17 520 015 referred to by the Auditor.

The difference of $621 431 for December 2017 between the Salary bill and SSB summary sheet is being investigated. A letter has been written to Salary Services Bureau requesting explanation for the variance.

Evaluation of Management Response

The amount of $17 520 015 relates to Salaries and Allowances paid to employees working under Ministry of Youth, Indigenisation and Economic Empowerment and such costs should form part of the Ministry's wage bill for the year 2017. These people acquitted their pay sheets under the Ministry of Youth, Indigenisation and Economic Empowerment.

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

1 GOVERNANCE ISSUES

1.1 Unallocated Reserves (URs) Transfers

Finding

There was a variance of $12 524 458 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and Treasury records. According to the schedule from Treasury, the Ministry's Unallocated Reserves (URs) transfers amounted to $21 665 141. However, as at May 10, 2018 the Ministry confirmed receipt of $9 140 683 through the Public Finance Management System (PFMS). The difference which is two thirds of the initial budget of the Ministry, had not been uploaded on the PFMS to enable the

Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the related expenditure.

Risk/Implication

Failure to upload on the PFMS Unallocated Reserves amounting to $12 524 458 and related expenditure would misstate the Appropriation Account.

Recommendation

The Ministry should reconcile Unallocated Reserves with Treasury so that the variance of $12 524 458 and the related expenditure are validated and properly accounted for.

Management Response

The observation is acknowledged. The Ministry will adjust the Appropriation Account after Treasury has uploaded the Unallocated Reserves in the PFMS.

1.2 Traveling and subsistence allowances refunds

Finding

As reported in my 2016 audit report, the Ministry was failing to pay travelling allowances on time to its employees travelling locally and abroad on Government business. An examination of Travelling and Subsistence registers revealed that the Ministry owed its employees allowances amounting to $73 585 made up of $13 840 for foreign and $59 745 domestic travel.

Risks/Implications

The Ministry is committing Government by allowing staff to travel when there is no money.

Accumulation of unpaid allowances by the Ministry would reduce staff morale thereby affecting service delivery. This also compromises the upkeep of staff when on duty away from home.

Recommendations

The Ministry should review the system of managing travelling and subsistence so that officers do not travel before being given advances.

Management should come up with a plan on how they intend to clear the outstanding allowances to employees.

Management Response.

The outstanding amounts to be cleared upon release of funds from Ministry of Finance.

1.3 Information Technology Security Policy

Finding

The Information Security Policy communicates how an organization plans to protect its physical and information assets. It serves to set a standard of the security procedures to be followed to help identify, evaluate and optimally manage risks. However, I noted that the Ministry did not have an Information Technology (IT) security policy.

Risk/Implication

Without an IT security policy, the Ministry's assets are prone to theft or damage while information is subject to possible misuse.

Recommendation

Management should develop an IT security policy so that risks can be identified, evaluated and optimally managed.

Management Response

The issue is being handled by IT section in the Ministry. We are also waiting for guidance from Ministry of Information, Communication Technology and Cyber Security.

2 EMPLOYMENT COSTS

2.1 Recovery of Disallowances

Finding

As reported in my 2016 audit report, the Ministry has not been effective in the management of disallowances as the figure has been rising since 2009 with negligible recoveries being made. This was in contravention of Treasury Instruction 1605 which states that Accounting Officers are responsible for the recovery of Disallowances and shall ensure that this is done as soon as possible. Long outstanding disallowances amounted to $147 510 as at December 31, 2017.

Risk/Implication

Delays in recovering outstanding disallowances may result in financial resources that could be used to finance government operations being tied up in debts.

Recommendation

Disallowances should be regularly monitored to ensure prompt recovery of financial resources that should be used to finance government operations.

Management Response

The Ministry is going to recommend write-offs for insignificant amounts of disallowances for members who are no longer in service and where cost of recovery is greater than amounts to be recovered. The Ministry will write to Salary Service Bureau requesting for information on members who are no longer with the Ministry and demand letters will be issued to members who are no longer in service.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Accounting for Revenue

Finding

Treasury instruction 0103 states that, Receivers of revenue shall ensure that full and proper accounts are kept of the transactions for which they are responsible**.** Contrary to the above provision, I noted that there were variances between the Revenue figures on the Revenue received return submitted for my examination and those extracted from the SAP ledgers. The Revenue received return had a total figure of $110 550 whereas the SAP ledgers figure was $80 334 giving a variance of $30 216.

Risk/Implication

The credibility of the Financial Statements is reduced if the variances between ledger balances and those on the revenue received return are not reconciled.

Recommendation

Variances should be investigated and adjustments should be made in the ledgers and the returns.

Management Response

The variance is as a result of revenues from Reserve Bank of Zimbabwe (RBZ) exchequer account and Commercial Bank of Zimbabwe (CBZ) exchequer account from September to December 2017 not captured in the system in various SAP ledgers. The Ministry is in the process of updating the records.

3.2 Recovery of Outstanding Departmental Surcharges

Finding

Treasury Instruction 1605 states that Accounting officers are responsible for the recovery or adjustment of disallowances and departmental surcharges and shall ensure that this is done as soon as possible. Contrary to the above provision the Ministry did not avail audit evidence of follow-ups or action being taken by the Ministry to recover outstanding surcharges amounting to $128 717 as at December 31, 2017.

Risk/Implication

Delays in recovering outstanding departmental surcharges may result in the outstanding amounts being irrecoverable.

Recommendation

Departmental surcharges should be regularly monitored and measures should be put in place to ensure prompt recovery of outstanding surcharges.

Management Response

The Ministry is going to recommend write-offs for insignificant amounts of surcharges for members who are no longer in service and where cost of recovery is greater than amounts to be recovered. The Ministry will write to Salary Services Bureau requesting for information on members who are no longer with the Ministry and demand letters will be issued to members who are no longer in service.

YOUTH DEVELOPMENT AND EMPLOYMENT CREATION FUND 2016

OBJECTIVE OF THE FUND

The purpose of the Fund is to mobilise financial resources for on-lending to youth businesses, projects and youths intending to start income generating projects and businesses to empower and create employment for them.

I have audited the Youth Development and Employment Creation Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	103 484
Expenditure	96 330
Surplus/ (Deficit)	**$7 154**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	-	- 2 901 203
Current	2 902 050	847
Total	**$2 902 050**	**$2 902 050**

Opinion

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 and performance of the Youth Development and Employment Creation Fund as at December 31, 2016.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Vocational Training Centres Financial Information

Finding

The Constitution of the Fund was amended through Treasury Minute B/50/63 dated December 10, 2015 to incorporate the financial transactions of all the Vocational Training Centres (VTCs). However, the Fund prepared and submitted for audit financial statements that did not include debtors and production activities. The amounts not accounted for were as follows: - debtors arising from outstanding student fees amounting to $419 181, production income amounting to $187 068 and production expenditure amounting to $184 307. These figures were obtained from ten (10) stations visited by the audit team. Considering that there are forty-two (42) VTCs in the country and only ten were visited it implies that the Fund's financial statement balances for the year ended December 31, 2016 were materially misstated. Furthermore, the revenue and expenditure figures for Kaguvi VTC were understated because they started maintaining books of accounts for production activities in July 2016.

Risk/Implication

Failure to fully implement the provisions of the amended constitution might lead to misappropriation of financial resources of the Training Centres as they have not been accounted for.

Recommendation

Management should fully implement the provisions of the amended Constitution by consolidating all the activities of VTCs with Youth Development and Employment Creation Fund.

Management Response

The omission was a result of figures that were submitted to Head Office under a separate cover and debtors not disclosed.

1.2 Management of Debtors

Findings

In my previous audit report for the year ended December 31, 2015, I made mention of the Ministry's failure to institute effective recovery action on loans. This persisted in the year 2016 as the amount of outstanding loans increased from $532 369 to $533 545. The increase can be attributed to failure by management to institute effective recovery action resulting in a high default rate by the borrowers. This is contrary to Treasury Instruction 0501 which requires Officers responsible for collecting debts to 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.

For the fifth year in succession, no allowance was created to recognize the potential loss that would arise as a result of irrecoverable loans.

Furthermore, nine Vocational Centres that were visited namely Mushagashe, Magamba, Kaguvi, Tabudirira, Masvingo Urban, Nyanyadzi, Gweru Urban, Nyahoni and Shurugwi had a total debt of $419 181 in respect of uncollected student fees. I failed to quantify the amount outstanding at Mutare Urban VTC due to unavailability of debtor records.

Risks/Implications

Delays in recovering outstanding debts may result in the outstanding amounts being irrecoverable. This would impact negatively on the Fund's operations.

The figure of loans disclosed in the financial statements could be misstated if the Fund does not create an allowance to recognise the potential loss that could arise as a result of irrecoverable loans.

Recommendations

Management should put more efforts to recover all outstanding debts. Where debts have become irrecoverable, appropriate action should be taken as this will ensure reliability of financial information disclosed in the financial statements.

The Fund should create an allowance to recognise the potential loss that could arise as a result of irrecoverable loans.

Management Response

Efforts to recover outstanding debts are in progress. IDBZ, the bank that was managing the loan portfolio was engaged. In their response the bank indicated that the defaulters were handed over to their lawyers after final demand letters were written.

The Ministry is in the process of engaging Treasury for guidance on how to treat the suggested provision.

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

1 GOVERNANCE ISSUES

1.1 Maintenance of Accounting Records

Findings

Section 6.1 of the Fund's draft Accounting Officer's Financial Instructions provides that the Fund shall maintain a cash book with receipts and payments sections. The cash book whose analysis column are determined by the number of income and expenditure items of the Fund, shall be used to record all receipts from various sources as well as payments to suppliers at each Centre and Head Office. Contrary to the above, the cash books maintained at Gweru Urban VTC, Kaguvi VTC, Magamba VTC, Masvingo VTC, Mushagashe VTC, Tabudirira VTC and Shurugwi VTC were not up to date resulting in variances between cash book balances and the figures reported in the financial statements.

The farming department at Tabudirira Vocational Training Centre was not recording production yields despite producing crops such as maize, sugar beans, tomatoes and onions. No satisfactory explanation was given by the Centre for not maintaining a record of activities that were taking place at the farm in terms of yields.

Risks/Implications

Failure to maintain an updated cash book and also to perform regular checks on the cash book may result in misstatement of financial statements**.**

In the absence of production records the Centre will not be able to assess the performance of the farming department.

Recommendations

Management should take measures to ensure that the cash book is updated to avoid misstatement of financial statements. The Center Head should also regularly check the cash book to minimize errors.

The farming department should prepare production yields records to enable the Centre to assess the performance of the unit.

Management Response

A team was appointed to assist staff at Centres to maintain and update all books of accounts. All books are expected to be up to date by 30 June 2018. Meanwhile all Accountants have been directed to ensure that up to date records are kept.

The anomaly will be rectified. The records could not meet the standard that you expected because of lack of manpower to satisfy the requirements. With adequate and appropriate manpower this anomaly would be corrected.

Evaluation of Management Response

The manpower that is there should be able to update consumables and stock records if they are there. What is required is strengthened supervision of the agribusiness accountability system and not necessarily the numbers of people on the payroll. If the numbers are very low one person could be assigned the duties but will have to be under tight supervision

VOTE 18. -HOME AFFAIRS

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Home Affairs for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$364 308 000	$45 873 186	**$410 181 186**	$403 390 273	**$6 790 913**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Home Affairs as at December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

ADMINISTRATION AND GENERAL

1.1 Processing of Payment Vouchers

Finding

I noted that the amounts appearing on the payment vouchers did not match with amounts on supporting ledgers. I was therefore not able to verify expenditure amounting to $1 247 013 incurred in 2017. In addition, contrary to Treasury Instruction 1221 I noted that payment vouchers submitted for audit did not have voucher numbers and dates.

Risk/Implication

The reported expenditure could be questionable without adequate supporting vouchers.

Recommendation

Payment vouchers should be numbered, dated and prepared for every separate transaction and be matched with amounts on ledgers.

Management Response

The observation has been noted. Each payment made is subsequently allocated a payment run number which is machine generated.

Evaluation of Management Response

The machine generated number was not indicated on the payment vouchers.

REGISTRAR GENERAL

1.2 Irregular Transfer of Funds

Finding

Treasury availed $8 997 500 to the Department as budget support for mobile registration. However, the Department went further to transfer these funds into the Registrar General Retention Fund without Treasury Authority. This was contrary to the provisions of the Public Finance Management Act *[Chapter 22:19]*, Section 6(2) which stipulates that Treasury may by notice to officers concerned issue instructions or directions in terms of section 78 in relation to matters involving the collection, receipt, custody, control, issue or expenditure of public money.

Risk/Implication

Control of funds may be difficult if they are transferred without proper authority and may have resulted in unauthorised retention of money after the lapse of the 2017 Appropriation Act as stipulated by Section 31 of the Public Finance Management Act *[Chapter 22:19]*.

Recommendation

The Department should adhere to the Provisions of the Public Finance Management Act *[Chapter 22:19]*, Section 6 Subsection (2).

Management Response

The Department agrees with the observation. Please note that the Mobile registration exercise started on August 28, 2017 and during that period no funds were availed to purchase the required materials. The funds were released in October, six weeks after the exercise had started. There was already pandemonium by both the public and Members of Parliament that the Department was not carrying out its duties as directed. As a result of this pressure, the Department thought of transferring the released funds from the PMG account into the Revenue Retention Fund where it could have a quick access and urgently attend to the crisis. However, the funds were properly accounted for.

Evaluation of Management Response

The Department must have obtained authority from Treasury to utilize the funds from the Fund Account.

2 EMPLOYMENT COSTS

2.1 Variance on Employment Figures

Finding

The Ministry reported employment costs amounting to $370 677 400 while Salary Services Bureau (SSB) reported $370 474 539 giving a variance of $202 861. At the conclusion of my audit the difference had not been reconciled.

Risk/Implication

The Appropriation Account may be misstated.

Recommendation

The Ministry should liaise with SSB to reconcile the figures.

Management Response

The observation has been noted. Reconciliations will be carried out with SSB.

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

1 GOVERNANCE ISSUES

1.1 Supporting Evidence not Attached to Payment Vouchers.

Finding

I noted that the Department of Registrar General did not attach supporting evidence like procurement minutes, purchase requisitions, purchase orders and delivery notes to payment vouchers amounting to $1 129 360 contrary to Treasury Instruction 1216.

Risks/Implications

Procurement may not be carried out on the basis of value for money and in line with the statutory requirements.

As a result of lack of supporting evidence to the payment vouchers, it was difficult to establish an audit trail for the procurement of goods

Misappropriation of goods could take place unnoticed because there is no documentation for the purchase and delivery of goods.

Recommendation

The Department should establish and carry out clear and consistent procedures for requesting and purchasing goods.

Management Response

The Department agrees with your observations. However, the mentioned supporting documents which were not attached to payment vouchers were filed in separate box files.

Evaluation of Management Response

The supporting documents were not availed for audit inspection, however these must be attached to the payment vouchers.

1.2 Unallocated Reserves

There was a variance of $29 147 822 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and Treasury records, that was received after the audit had been concluded. According to the schedule from Treasury the Ministry was supposed to have received $75 021 008, however as at May 10, 2018 the Ministry confirmed having receipt of $45 873 186 through the PFMS, and the difference had not been uploaded on the PFMS to enable the Ministry to account for it. As a result I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Risk/Implication

The Appropriation Account may be misstated.

Recommendation

Treasury should ensure that all transfers from unallocated reserve are communicated to the Ministry and uploaded in the system timeously.

Management Response

The difference emanated from direct payments and set offs done directly to service providers by Treasury without corresponding entries and notifications to the Ministry, which we came to know after the 13th period and could not be accordingly adjusted to reflect the correct position.

IMMIGRATION SERVICES FUND 2016

OBJECTIVE OF THE FUND

The objective of the Fund is to provide financing to ensure the effective prosecution of Immigration duties in terms of the Immigration Act [*Chapter 4:02*]. It will allow the department to improve services in remote areas by ensuring that border areas are effectively controlled and managed.

I have audited the Financial Statements of Immigration Services Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	1 216 514
Expenditure	1 340 281
Surplus/ (Deficit)	**($123 767)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	556 618	**-** 579 243
Current	22 625	-
Total	**$**579 243	**$579 243**

Opinion

In my opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the Financial Statements present fairly, in all material respects, the financial position of Immigration Services Fund as at December 31, 2016 and its financial performance for the year then ended.

Basis for Qualified Opinion

1 GOVERNANCE ISSUE

1.1 Reconciliation of Expenditure Figures

Finding

There was a variance of $136 886 between the total expenditure of $1 340 281 and the figure of $1 203 395 from the monthly expenditure reports. There was no satisfactory explanation provided for the difference.

Risk/ Implication

Financial statements may be materially misstated.

Recommendation

Reconciliations should be done to detect errors and omissions.

Management Response

The observation has been noted. Indeed, the Income and Expenditure Account reflected a total of $1 340 281. The variance of $136 886 was a result of year end account being prepared according to International Financial Reporting Standards whereas monthly expenditure reports were prepared on cash basis. That resulted in Depreciation and Capital expenditure being reported in the Income and Expenditure Account and the Cash flow Statement respectively.

Evaluation of Management Response

The total depreciation charge for the year ended December 31, 2016 in the Statement of Comprehensive Income was $207 645.

REGISTRAR GENERAL RETENTION FUND 2016

OBJECTIVE OF THE FUND

The main objectives of the Fund are to provide for additional resources for all vital registration exercises, staff development and retention programs and to finance the information dissemination activities of the Registrar General's Department.

I have audited the financial statements for the Registrar General Retention Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	28 854 234
Expenditure	25 673 240
Surplus/ (Deficit)	**$3 180 994**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	5 656 489	**-** **13 833 249**
Current	8 176 760	-
Total	$13 833 249	**$13 833 249**

Opinion

In my opinion, except for 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 Registrar General Retention Fund as at December 31, 2016 and its financial performance for the year then ended.

Basis for Qualified Opinion

1 PROCUREMENT

1.1 Failure to Follow Procurement Procedures

Finding

Contrary to the requirements of the State Procurement Board (SPB) Circular Number 1 of 2015 which states that any procurement which is between $10 001 and $500 000 must follow Informal tender, I noted that the Fund made purchases of up to $40 700 without following the tendering process. There was no evidence of tender adverts, procurement tender opening minutes, evaluation of tenders and contracts. Refer to the table below:

Voucher Number	Date	Name of Company	Goods Purchased	Amount $
76/16	14/01/16	Honeymart	Toner Cartridges	34 665
505/16	18/03/16	Posscrip Enterprises	Lever Arch Files	40 700
1813/16	28/09/16	Chemhost Distributors	Lever Arch Files	27 750
1845/16	30/09/16	Honeymart	Toner Cartridges	25 300
2401/16	15/12/16	Mopgive Distributors	Toner Cartridges	32 960
2400/16	15/12/16	Chemhost Distributors	Toner Cartridges	34 200
2549/16	30/12/16	Weat Wood Enterprises	Metaliphoto Liquid	37 655

Risks/Implications

Value for money may not be recognised.

In the absence of a contract for the supply of goods and services, it may be difficult to recover money or goods and services if the suppliers do not deliver.

Recommendation

The Fund should adhere to the State Procurement Board (SPB) Circular Number 1 of 2015.

Management Response

State Procurement Board (SPB) Circular Number 1 of 2015 does not outline the tender processes/procedures mentioned in the audit report. Its subject is devolving additional Procurement functions to Accounting Officers. The auditee followed the tender process as guided by the Treasury Instructions.

Evaluation of Management Response

State Procurement Board (SPB) Circular Number 1 of 2015 clearly provides the new procurement threshold for Competitive Quotations, Formal and Informal tenders. Any procurement which is between $10 001 and $500 000 falls under Informal tender. The tender process which includes Invitation for tenders or letters of quotations are done through newspapers.

The Treasury Instructions do not give procurement thresholds and are silent on the advertisements of informal tenders. It however says that Informal tender is not required to be advertised in the Government Gazette. The Treasury Instructions also do not indicate that tender processes should not be followed on Informal tenders.

2 MANAGEMENT OF ASSETS

2.1 Valuation of Assets

Finding

I could not validate the figure for depreciation amounting to $3 153 940 disclosed in the financial statements due to the absence of ledger accounts to support the same.

Risk/Implication

The account balances in the financial statements could be misstated.

Recommendation

Management should make use of the Non-Current Assets Module in the Pastel Accounting system.

Management Response

The observation is noted. The service provider (Pastel Zimbabwe) is being engaged to upload the assets on to the system as a corrective measure.

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

1 GOVERNANCE ISSUES

1.1 Excess Expenditure Incurred

Finding

Contrary to Section 7 of the Registrar General Financial and Accounting Manual, I noted that there were some expenditure items that exceeded the budgeted amount or were not budgeted for. Refer to the table below:

Component	Budgeted Amount $	Expenditure Incurred $	Variance $
Utilities and Others	600 000	717 387	117 387
Office Supplies	850 000	1 149 778	299 778
Institutional Provisions	270 000	328 991	58 991

Risk/Implication

Sustainability of the Fund may be compromised.

Recommendation

Management should ensure that there are budgetary control measures in place to avoid budget overruns.

Management Response

There was no overspending. The budget was revised by virements.

Evaluation of Management Response

The virements submitted for audit examination amounted to $49 000 only.

VOTE 19. -JUSTICE, LEGAL AND PARLIAMENTARY AFFAIRS

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Justice, Legal and Parliamentary Affairs for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$91 379 000	$22 733 603	**$114 112 603**	$104 899 700	**$9 212 903**
Constitutional and Statutory Appropriation				
$260 000	_	**$260 000**	$246 083	**$13 917**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account fairly presents, in all material respects, the financial position and performance of the Ministry of Justice, Legal and Parliamentary Affairs for the year ended December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Unallocated Reserves

Finding

There was a variance of $11 345 652 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and Treasury records, that were received after the audit had been concluded. According to the schedule from Treasury, the Ministry was supposed to have received $34 079 255. However, as at May 10, 2018 the Ministry confirmed having received $22 733 603 through the Public Finance Management System (PFMS) and the difference which is 12% of the initial budget of the Ministry, had not been uploaded in the PFMS to enable the Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Risk/ Implication

The Appropriation Account may be materially misstated.

Recommendation

Treasury should ensure that all transfers from Unallocated Reserves are communicated to the Ministry and uploaded in the system timeously.

Management Response

The Ministry was not aware of the direct payments from the Unallocated Reserves that were made by Treasury. However, the Ministry will update the Appropriation Account accordingly.

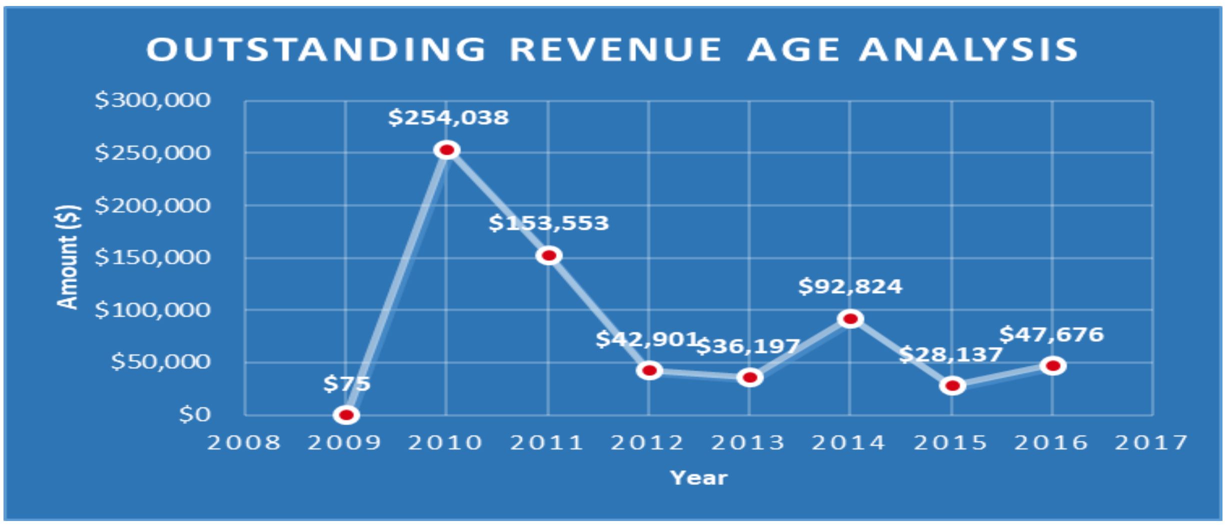
2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Outstanding Revenue

Finding

The total long Outstanding Revenue for the Ministry amounted to $655 402 as at December 31, 2017. I am concerned about the low rate of recovery being taken by the Ministry. The bulk of the amounts date back from 2010 to 2011 financial years as shown below.

Long Outstanding Revenue



Risk/Implication

Some of the outstanding balances may not be recovered due to employee turnover as people may retire or leave the Public Service.

Recommendation

The Ministry should increase the rate of debt recovery to avoid loss of money through irrecoverable debts. Management should effectively implement audit recommendations to recover outstanding amounts.

Management Response

The observation is noted and efforts are underway to speed up recoveries. Excesses on limits for telephone bills are a result of technical glitches from the service provider. The

standing arrangement with the service provider is that authorised limits should not be exceeded unless there are technical problems allowing excesses. There has been a significant decrease in excesses since the previous year.

3 PROCUREMENT

3.1 Inadequately Supported Payments

Finding

The Ministry incurred expenditure totalling $2 590 508 which was not supported by relevant documents such as payment vouchers, invoices and receipts as evidence that the expenditure was properly incurred. The bulk of the amount totalling $2 520 338 (97%) relates to direct payments made by Treasury on behalf of the Ministry. Treasury has instructed Ministries to obtain receipts or proof of payment in all cases where Treasury makes payments to service providers on behalf of Ministries.

Risk/Implication

If payments are processed without source documents, fraudulent payments could be made.

Recommendation

All payments made should be adequately supported by relevant source documents to prevent the processing of fraudulent transactions. With regard to direct payments, there is need for the Ministry to comply with Treasury directives.

Management Response

The audit observation is noted. There is need for communication between Treasury and the Ministry particularly with respect to direct payments made on behalf of the Ministry.

ATTORNEY-GENERAL'S OFFICE ADMINISTRATION FUND 2016

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.

I have audited the financial statements for the Attorney-General's Office Administration Fund as at December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	445 045
Expenditure	387 059
Surplus/ (Deficit)	**$57 986**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	67 544	**-** **179 165**
Current	111 621	-
Total	**$179 165**	**$179 165**

Opinion

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 and the results of operations of the Attorney-General's Office Administration Fund as at December 31, 2016.

Basis for Qualified Opinion

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Revenue not Received

Finding

In terms of section 32(9) of the National Prosecuting Authority Act [*Chapter 7:20*], the Attorney-General's Office and the parent Ministry should receive thirty percent of revenue collected by the Judicial Service Commission. In violation of the provisions of the legal requirement, the Fund received an amount of $445 045 (2.7%) instead of $4 870 139 resulting in a shortfall of $4 425 094. There was no evidence that the issue was raised with the Judicial Service Commission.

Risk/Implication

Failure to receive revenue due to the Fund could affect the achievement of the Fund's objectives.

Recommendation

The Ministry should work closely with the Judicial Service Commission and ensure that the Fund and the parent Ministry receive the correct amount of revenue.

Management Response

The observation is noted. However, we are engaging the Judicial Service Commission over the issue.

DEEDS AND COMPANIES OFFICE FUND 2016

OBJECTIVE OF THE FUND

The Fund was established for the purposes of providing money to the Registrar of Deeds and Companies Office for its effective and efficient administration.

I have audited the financial statements for the Deeds and Companies Office Fund as at December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	$1 064 782
Expenditure	$1 133 948
Surplus/ (Deficit)	**($69 166)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	279 972	- 276 763
Current	5 173	8 382
Total	**$285 145**	**$285 145**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position and the results of operations of the Deeds and Companies Office Fund as at December 31, 2016.

However, below were material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Accounting Officer's Instructions

Finding

In violation of the provisions of section 6 (3) of the Public Finance Management Act [*Chapter 22.19*] read in conjunction with Treasury Instructions 0705 to 0706, for the second year in succession, the Administrators of the Fund operated without Accounting Officer's Instructions.

Risk/Implication

The absence of Accounting Officer's Instructions could result in lack of guidance to staff on accounting and administrative issues which may cause inefficiencies in the systems.

Recommendation

The Administrators of the Fund should ensure that Accounting Officer's Instructions are put in place to guide staff on accounting and administrative issues.

Management Response

The observation is noted and agreed. The document was drafted and it is awaiting Treasury validation and finalization of the revised Treasury Instructions that would be included in the draft Accounting Officer's Instructions.

1.2 Risk Management Policy

Finding

In violation of the provisions of section 50 of the Public Finance Management Act [*Chapter 22.19*], the Fund operated without a risk management policy. As a result, no risk assessment was done to identify, assess and evaluate risks.

Risk/Implication

If risks are not identified and assessed properly, inappropriate control systems could be put in place which could result in the existence of an ineffective internal control system.

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 agreed. The policy document was drafted and it is waiting for Treasury validation.

LEGAL AID FUND 2016

OBJECTIVE OF THE FUND

The objective of the Fund is to provide legal aid to persons who are eligible for such aid in connection with any criminal, civil or other related matter and to all things necessary to promote the provision of legal aid.

I have audited the financial statements for the Legal Aid Fund as at December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	23 580
Expenditure	23 103
Surplus/ (Deficit)	**$477**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	-	- **476**
Current	508	32
Total	**$508**	**$508**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position and the results of operations of the Legal Aid Fund for the year ended December 31, 2016.

However, below are other material issues noted during the audit

1 GOVERNANCE ISSUE

1.1 Incurring Expenditure Using Cash

Finding

The Fund's constitution stipulates that the expenditure of the Fund be paid using cheques or bank transfers. My audit revealed that for the third year in succession the requirements of the Fund's constitution were not complied with, since expenditure amounting to $1 442 (2016: $ 2 591) was incurred using cash.

Risk/Implication

Funds could easily be misappropriated or lost if transactions are made using cash instead of safer methods such as cheques or bank transfers

Recommendation

The Fund should make payments using bank transfers as stipulated in the regulations to avoid risks associated with the handling of cash.

Management Response

The bulk of the payments were made to TelOne where payment through bank transfers would result in the funds being channelled to clear the Ministry's debt.

Evaluation of Management Response

The regulations of the Fund stipulate that payments should be through cheques or bank transfers and therefore payment through cash is a violation of these regulations.

ZIMBABWE PRISONS AND CORRECTIONAL SERVICE FUND 2016

OBJECTIVE OF THE FUND

The Fund was established for the purpose of providing resources to the Zimbabwe Prisons and Correctional Service for enhancing the effective and efficient administration of the service. The Fund retains all the revenue generated by the department.

I have audited the financial statements for the Zimbabwe Prisons and Correctional Service Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	$388 338
Expenditure	$347 613
Surplus/ (Deficit)	**$40 725**

Statement of Financial Position

Item	**ASSETS**	**LIABILITIES**
Non-Current Accumulated Fund	-	**-** **$56 016**
Current	56 016	-
Total	**$56 016**	**$56 016**

Opinion

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 and the results of operations of the Zimbabwe Prisons and Correctional Service Retention Fund as at December 31, 2016.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Irregular Expenditure

Findings

For the fifth year in succession, in violation of Section 5.4 of the Fund's Constitution which requires the Fund to meet medical expenses just for inmates only, the Fund incurred medical expenses for employees of the Zimbabwe Prisons and Correctional Service totalling $80 003 (2015: $68 778) without Treasury authority.

Further to the above, the Fund's budget for Medical Supplies and Services was exceeded by an amount of $77 166 that was incurred without Treasury authority..

Risk /Implication

The use of the Fund's resources for expenses not covered by the Fund's Constitution and not sanctioned by Treasury is tantamount to abuse of the resources of the Fund. This may affect the ability of the Fund to deliver on its mandate.

Recommendation

The expenditure of the Fund should be restricted to activities covered in its Constitution.

Management Response

The allocation for medical expenses from the main Appropriation Account is not adequate, even for staff alone, hence the use of the Fund to finance emergency cases to save lives.

VOTE 20. -INFORMATION, MEDIA AND BROADCASTING SERVICES

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Information, Media and Broadcasting Services for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	**Unallocated Reserve Transfers**	**Total Allocated**	**Expenditure**	**Net Under spending**
$3 329 000	$5 166 912	**$8 495 912**	$8 264 718	**$231 194**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Information, Media and Broadcasting Services for the year ended December 31, 2017.

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

1 PROCUREMENT

1.1 Plant and Mobile Repair

Finding

The Ministry's financial statements indicate that they bought Public Address (PA) system maintenance spare parts valued at $24 000. Further inquiries revealed that instead of buying the spare parts the Ministry transferred the amount to Zimbabwe Film and Television School, one of its parastatals without Treasury approval thereby overstating the expenditure figure by the same amount. The internal arrangement was to avoid losing the funds back to Treasury by the year end. At the time of concluding the audit on April 30, 2018, the spare parts had not been purchased.

Risks/Implications

The resources of the Ministry may be misappropriated if laws and regulations are not complied with.

The financial statements could be overstated by the figure as the amount was supposed to be indicated as a transfer and not expenditure. For it to be treated as expenditure, it should have expenditure supporting documents.

Recommendation

Funds requested should be used for the intended purposes and the Ministry should correctly classify expenditure.

Management Response

Mindful of the fact that Treasury would call back funds not utilized by end of year and taking into considerations the importance of the issue, there was no alternative but to transfer funds for the procurement of the PA System spare parts to ZimFilm and Television School, a parastatal in the Ministry. The Company which was awarded the tender later on requested the Ministry to buy the spare parts indicating foreign currency challenges and the Ministry would then pay for labour charges. The Ministry has started the process to secure the spare parts from China.

2 MANAGEMENT OF ASSETS

2.1 Asset Registers

Findings

According to Treasury Instruction 2002, Accounting Officers are responsible for all departmental assets held by their departments and shall issue instructions governing the method of accounting for and the procedure regarding the purchase, receipt, recording, custody and stocktaking of all such assets.

I noted that there were no asset registers being maintained for all the six stations visited namely, Marondera Provincial Information Office (PIO), Marondera District Information office (DIO), Murehwa DIO, Bindura DIO, Centenary DIO and Goromonzi DIO.

Risk/Implication

The assets may be lost or converted to personal use without detection if they are not recorded and properly accounted for.

Recommendation

The Ministry should maintain asset registers at provincial and district level in order to enhance internal control systems and improve accountability over assets.

Management Response

Observation is noted, the Ministry shall maintain asset registers at provincial and district level in order to enhance internal control system and improve accountability.

2.2 Transfer of Assets

Finding

Audit noted that an officer was transferred from Chivhu to Marondera District Office and moved with all office assets. However, there was no documentation to indicate authorisation of the movement of assets.

Risk/ Implication

The assets may be converted to personal use without detection by authorities if transfers are not authorized.

Recommendation

The Ministry should put in place a policy to ensure that assets are not moved between provinces on transfer of officers as unnecessary costs are incurred in the process.

Management Response

Observation is noted, the Ministry shall sanction movement of assets between provinces in order to safeguard government property.

2.3 Servicing and Maintenance of Motor Vehicles

Findings

From the interviews carried out with officers of all the six stations visited, audit noted that Government vehicles were not being serviced by the Ministry but rather by employees out of their own personal resources as they were not getting an allocation from Head Office.

Furthermore, audit noted that officers for all the six stations visited were not maintaining vehicle log books to account for vehicle usage.

Risks/Implications

Motor vehicles may become non-runners if they are not serviced when due. Service delivery may also be compromised since the nature of the officers` job requires a lot of travelling.

Use of and management of the vehicles maybe compromised since employees are using their money for servicing and maintenance. The staff may convert Government vehicles to personal use.

Recommendations

The Ministry should ensure that all vehicles are in good condition and are serviced as and when they are due. Every officer should have a register in which he/she should record the dates of last service which must be periodically submitted to the administration department for review and monitoring.

The vehicle log books should be completed for each trip undertaken to account for usage of the vehicle.

Management Response

The Ministry was failing to service some of the vehicles due to inadequate resources. However, effort will be made to ensure regular maintenance of vehicles.

VOTE 21. -SMALL AND MEDIUM ENTERPRISES AND CO-OPERATIVE DEVELOPMENT

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Small and Medium Enterprises and Co-operative Development for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$6 131 000	$500 000	**$6 631 000**	$5 234 586	**$1 396 414**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects the financial position and performance of the Ministry of Small and Medium Enterprises and Co-operative Development as at December 31, 2017.

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

1 GOVERNANCE ISSUES

1.1 Outstanding Payments

Finding

At the time of audit in April 2018 the Ministry had outstanding payments to suppliers and staff amounting to $1 167 850 dating as far back as 2013. I could not ascertain whether the payments had not been made since there was no evidence of proper reconciliations and supporting documents.

Risk/Implication

Outstanding payments schedule may be materially misstated and dual payments may also be made.

Recommendation

Reconciliations should be done for all outstanding payments and liabilities should be clearly supported before payments are processed.

Management Response

The observation is agreed to. As at December 31, 2017, reconciliations for all service providers were up to date. However, adequate supporting documents and

reconciliations of outstanding payments to staff will be availed to audit by end of May 2018. Following the dissolution of the Ministry, coordination of this exercise may take some time since key personnel were transferred to other Ministries.

Evaluation of Management Response

The Outstanding payments for the expenditure totalling $753 177 did not have proper reconciliations and adequate supporting documents.

2 PROCUREMENT

2.1 Procurement Regulations

Finding

Assets worth $69 833 were procured without following the informal tender procedures. This was contrary to Section 5,6 and 25 of the Procurement Regulations as read in conjunction with Statutory Instrument 19 of 2015 which stipulates that informal tender procedures should be complied with in procuring assets above $10 000.

Risk/Implication

Non-compliance with procurement procedures may result in uneconomical use of Government resources as goods and services may not be purchased from the most competitive suppliers.

Recommendation

The Ministry should comply with Procurement Regulations.

Management Response

The observation is agreed to. Authority was sought from State Procurement Board for a direct purchase. A no objection to our request to purchase furniture for $18 400 and $26 297 was granted.

All the informal tender documents for the IP PABX system and phones worth $25 136 have now been availed for audit. The informal tender was done at the end of year 2016 and payment was eventually done in 2017 due to insufficient funds.

Evaluation of Management Response

Authority was sought from the State Procurement Board however, according to the minute reference PBR 1035 of October 19, 2017, the Board indicated that there was no basis to award a no objection. There was no evidence that this instruction was later repealed. Therefore, a no objection was not awarded to proceed with a direct procurement from the service providers.

2.2 Supporting Documentation

Findings

The Ministry paid a total amount of $90 440 to the Ministry of Local Government, Public Works and National Housing for electrical materials and labour required for the construction works at Waterfalls Incubation Centre. Supporting documents such as receipts and hired labour schedules were not availed for audit. This was contrary to Treasury Instruction 1216 which requires supporting documents to be attached to payment vouchers.

I also noted that payment vouchers for the Committee for Development and Promotion of African (CODEPA) Conference amounting to $49 145 did not have sufficient appropriate evidence such as attendance registers to support the expenditure incurred.

Risk/Implication

The expenditure incurred may be an improper charge on voted funds in the absence of adequate supporting documents and controls.

Recommendation

Supporting documentation such as invoices, attendance registers and hired labour schedules should be attached to the respective payment vouchers.

Management Response

Receipt number 267227 was received from the Ministry of Public Works for labour, preliminaries, general work and electrical materials. It's a general Government procedure that when paying another Ministry for work done, payment would be made as per the Ministry's quotation. Therefore, Ministry of Public Works would be accountable for the payment records of hiring of labour and other ancillary services.

Invoices and supplier's documents for the CODEPA Conference have now been availed for audit.

Evaluation of Management Response

Supporting documents such as hired labour schedules, electrical materials procurement receipts and conference attendance registers were not availed for audit.

3 EMPLOYMENT COSTS

3.1 Payment of Salaries and Allowances

Findings

Employment costs processed by the Salary Service Bureau (SSB) amounted to $2 415 127 as at December 31, 2017 whilst the Ministry's ledger had an amount of $2 525 224.

Expenditure in the Appropriation Account was overstated by $110 097. I could therefore not satisfy myself whether or not the Appropriation Account had accurate expenditure figures.

Six (6) officers were transferred from the Ministry to other Ministries between January and June 2017. A total amount of $12 434 was paid to employees who had already been transferred from the Ministry. There was no evidence of pay sheet reviews and timely communication to the Salary Service Bureau to ensure that the Ministry did not incur employment costs for services not rendered.

Risks/Implications

Employment costs may be materially misstated.

Employees may be paid salaries for services not rendered.

Recommendations

Monthly review of the payroll should be done in order to identify any anomalies.

Timeous communication should be made to the Salary Service Bureau and the relevant Ministries regarding any employee changes which have a bearing on the employment costs.

Management Response

Observations agreed to. Please note that when a member transfers to another Ministry, it is the duty of the receiving Ministry to notify the Paymaster–Salary Services Bureau, by way of submission of relevant documents, key among them the Miscellaneous Changes Form which shows the date of assumption of duty. The releasing Ministry cannot remove members from its payroll, but can only liaise with the receiving Ministry so that they take note of the situation.

Evaluation of Management Response

There was no evidence that liaison with the receiving Ministry was done timeously

4 ASSETS MANANGEMENT

4.1 Assets Handover/ Takeover

Findings

The Ministry was dissolved in November 2017. There was no formal guidance on how the Ministry's assets would be distributed. Part of the Ministry's portfolio was transferred to Ministry of Women Affairs, Gender and Community Development and the other part to the Ministry of Industry, Commerce and Enterprise Development. At the time of audit in April 2018, the Ministry was still to formally handover to relevant Ministries assets such as motor vehicles, motor cycles, computers, laptops and furniture.

Furthermore, it had not been determined which Ministry would take over one hundred and six (106) laptops which were donated to district officers.

Risks/Implications

Assets may go missing or be converted to personal use if formal handover /takeover procedures are not followed.

Disputes of ownership of the assets may arise due to the absence of a formal handover guidance.

Recommendations

Formal handover/takeover procedures should be followed for all assets which belonged to the Ministry of Small and Medium Enterprises and Co-operative Development.

Management Response

The observation is agreed to. Formal handover takeover has commenced. No guidance was sought from the Ministry of Finance and Economic Development. All assets will be handed over to Ministry of Industry, Commerce and Enterprise Development. Any further guidance will be sought by the Ministry of Industry, Commerce and Enterprise Development.

Evaluation of Management Response

Guidance should be sought from the Ministry of Finance and Economic Development.

CENTRAL CO-OPERATIVE FUND ACCOUNT 2017

OBJECTIVES OF THE FUND

The Fund was established to finance education and training of members and prospective members of registered societies, research activities carried on or likely to be carried on by registered societies, auditing of accounts and books of registered societies and the general development of the co-operative movement.

I have audited the Central Co-operative Fund Account for the year ended December 31, 2017. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	10 546
Expenditure	234
Surplus/ (Deficit)	**$10 312**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	3 705	**-** **44 823**
Current	41 118	-
Total	**$44 823**	**$44 823**

Opinion

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 and performance of the Central Co-operative Fund for the year ended December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Maintenance of Accounting Records

Finding

According to section 93 (1) of the Co-operative Societies Act *[Chapter 24:05]*, every registered society should contribute 5% of its surplus income annually to the Fund. I noted that, there were no proper records maintained for the Co-operative Societies that had not paid 5% surplus income contributions. Co-operative Societies' details were maintained in a diary.

This was in contravention of section 94 (1) Part XII of the Co-operative Societies Act *[Chapter 24:05]* which stipulates that proper books of accounts be kept together with adequate financial and other records. I therefore could not ascertain the accuracy of accounts receivable figure disclosed in the financial statements submitted for audit.

Risk/Implication

If proper accounting records are not maintained, it becomes difficult to identify and follow up the Co-operative Societies with outstanding contributions.

Recommendation

A proper register should be maintained for all the Co-operative Societies which have outstanding contributions.

Management Response

The observation is agreed to. The record is kept electronically and due to shortage of counter books, we provisionally used a diary with the intention to transfer the information when resources permit.

Evaluation of Management Response

The record kept electronically is in Microsoft Excel form which is subject to manipulation due to inadequate controls.

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

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Accounts Receivable

Finding

The accounts receivable balance increased from $10 750 in 2016 to $12 109 in 2017. For the year under review, the Ministry only followed up on two (2) out of seventeen (17) Co-operative Societies which had outstanding 5% surplus income contributions. This was contrary to the requirements of section 91 (1a) Part XII of the Cooperative Societies Act [*Chapter 24:05*] which states that the Central Co-operative Fund consists of monies raised by a way of 5% surplus income contributions.

Risks/Implications

The Fund may fail to achieve its objectives due to inadequate funding, if follow ups of outstanding amounts are not made.

The Fund's accounts receivable balance could be overstated as it may include irrecoverable amounts.

Recommendation

Follow ups on all accounts receivable should be done regularly.

Management Response

The observation is agreed to. Follow up letters were written, but there were no responses from various Co-operatives.

Evaluation of Management Response

The Ministry only made two follow ups in January 2017 for the year under review.

CENTRAL COOPERATIVE FUND 2016

OBJECTIVES OF THE FUND

This Fund was established to finance education and training of members and prospective members of registered societies, research activities carried on or likely to be carried on by registered societies, auditing of accounts and books of registered societies and for the general development of the co-operative movement.

I have audited the Central Co-operative Fund for the Ministry of Small and Medium Enterprises for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	4 427
Expenditure	155
Surplus/ (Deficit)	**$4 272**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	3 705	**-** **34 511**
Current	30 806	-
Total	**$34 511**	**$34 511**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Central Co-operative Fund as at December 31, 2016 and its financial performance for the year then ended.

However, below are material issues noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Monitoring and Review of Records and Activities

Findings

There was no evidence of monitoring and review of the Co-operative Societies activities for the year under review to ensure that audited financial statements and annual reports were submitted to the Registrar in compliance with the Co-operative Societies Act *[Chapter 24:05]* Section 36. Out of a total of 552 Co-operative Societies, only 7 submitted audited financial statements.

Furthermore, there was no evidence of review of the Co-operative Societies register by a senior official. Out of a total of 448 registration certificates issued for the financial year under review, 37 registration certificates were not issued in sequence.

For the second year in succession, there was no evidence of reviews of receipt books by a senior official in compliance with Treasury Instruction 0432. This was also contrary to the management response provided in the 2015 Central Co-operative Fund management letter dated August 29, 2016, where management indicated that the accountant in charge of the Fund had been tasked to review and show evidence by signing in the receipt book.

Risks/Implications

Failure to follow up on audited financial statements and annual reports may result in loss of revenue to the Fund.

There may be risk of inappropriate registration of Co-operative Societies if certificates are not issued in sequence.

Errors may remain undetected for a long period of time if reviews of Co-operative Societies register and receipt books are not periodically done.

Recommendations

Monitoring and reviews of Co-operative Societies activities should be done regularly to ensure that audited financial statements and annual reports are submitted to the Registrar.

Reviews of the Co-operative Societies register should be conducted regularly by a senior official.

There is need to ensure that the reviews of the receipt books are done in line with the management response given in the Management Letter dated August 29, 2016.

Management Response

The observation is agreed to. The Registrar of Co-operatives will in future ensure monitoring and review of the Co-operatives Activities by ensuring compliance and submission of financial and annual reports by Co-operatives. Again, the Registrar will monitor that the registration certificates are issued in correct sequence. In addition, follow up checks will be done to ensure that receipt books are checked regularly.

1.2 Micro, Small and Medium Enterprises (MSME) and Co-operative National Database System

Finding

The Ministry acquired a MSME and Co-operative Communication Database system in 2010 for the capturing and maintaining of accurate MSMEs and Co-operatives information. A total of $8 685 was spent in the development and upgrade of the system. At the time of audit in June 2017, there was no evidence that information had been uploaded into the communication system and that the system was being utilised for the intended purpose.

Risk/Implication

There may be risk of unfruitful expenditure if the database communication system is not used for the intended purpose.

Recommendation

The Ministry should ensure that information is uploaded in the database communication system and that the system is used for the intended purpose.

Management Response

The observation is agreed to, the database has been undergoing a transformational phase for the past 3 years from Local Area Network (LAN) to a Wide Area Network (WAN) network under African Development Bank (AfDB). The process was concluded at the end of June, 2017. Thus, fresh capturing of data is about to start in July 2017.

INDO-ZIMBABWE FUND 2016

OBJECTIVES OF THE FUND

This Fund was established to mobilise financial resources to finance Small and Medium Enterprises as well as to provide training to Small and Medium Enterprises (SMEs), youth and students.

I have audited the financial statements of Indo-Zimbabwe Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	22 305
Expenditure	21 045
Surplus/ (Deficit)	**$1 259**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	3 559	- **227 978**
Current	226 899	2 480
Total	**$230 458**	**$230 458**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Indo-Zimbabwe Fund as at December 31, 2016 and financial performance for the year then ended.

However, below are material issues noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Accounts Receivables

Finding

A total of $ 9 509 included in accounts receivables for the financial year under review relates to funds held in the Royal Bank which was placed under liquidation in 2013. There was no evidence of follow ups with the Master of High Court to determine whether the amount will be recovered.

Risk/Implication

The Ministry's accounts receivable balance could be overstated if follow ups are not done so as to recover the funds.

Recommendation

Follow ups with the Master of High Court should be made by the Ministry to enable the officials to conclude whether the funds held in Royal Bank will be recovered or not.

Management Response

Observation is agreed to. The Ministry will write to the Master of High Court to determine whether the amount is recoverable.

1.2 Submission of Carbon Copies of Every Receipt Issued

Finding

Revenue amounting to $4 090 was deposited by the Provincial Indo-Zimbabwe Training and Production Centres during the year under review. However, there was no evidence such as copies of receipts that were submitted to Head Office for reconciliation and validation. This was contrary to the requirements of Treasury Instruction 0425 which requires that carbon copies of receipts along with bank deposit slips accompany cash schedules submitted to Head Office.

Risk/Implication

Revenue received may be understated if copies of receipts are not forwarded to Head Office for validation and reconciliation.

Recommendation

Follow ups should be made by Head Office to ensure that provincial offices submit copies of receipts that support revenue received on a monthly basis.

Management Response

Observation is agreed to. The copies of the receipts will be submitted on a quarterly basis by the provinces to Head Office.

1.3 Training Fees

Finding

A total of $1 784 was received from seventy (70) students for training in Computer Aided Design (CAD) and Computer Aided Manufacturing (CAM) II practicals at the Bulawayo Indo-Zimbabwe Centre. The approved training fees for this course was $150. Therefore, the training fees received should have been $10 500. There was no evidence that authority was sought to levy lower training fees of $1 784 which were charged to the above mentioned students.

Risk/Implication

There may be risk of loss of revenue as a result of charging unauthorised fees.

Recommendation

Authority should be sought for any variation from the approved fees.

Management Response

Observation is agreed to. The Ministry will ensure that any variation from the approved fees structure is approved by the Accounting Officer.

2 MANAGEMENT OF ASSETS

2.1 Incubation Centre Progress Reports

Finding

Machinery worth $557 884 was received in 2015 for the Indo-Zimbabwe Incubation Centre. There was no evidence of monthly reports on the implementation of the project as well as utilisation of the donation as stipulated in the Ministry of Finance and Economic Development minute A/125/1/23 dated August 26, 2015.

Risk/Implication

The Government of Zimbabwe may fail to meet its obligations in line with memorandum of agreement signed with the Government of India if the project is not timeously implemented.

Recommendation

Regular progress reports should be prepared and submitted to the Ministry of Finance and Economic Development.

Management Response

Observation agreed to. The Ministry will ensure progress reports are submitted to the Ministry of Finance and Economic Development as stipulated in their minute A/125/1/23 dated August 2015.

3 PROCUREMET OF GOODS AND SERVICES

3.1 Use of Indo-Zimbabwe funds for Appropriation Expenditure

Finding

A payment of $900 was made to an officer, employee number 4005093L, for outstanding foreign travel allowances for 2012 which were supposed to be paid from Voted funds. There was no evidence that the Fund was reimbursed.

Risk/Implication

Indo-Zimbabwe Fund objectives may not be achieved if resources are not used for the intended purpose.

Recommendation

The Ministry should reimburse the Indo-Zimbabwe Fund.

Management Response

Observation is agreed to. The Ministry will reimburse the Indo-Zimbabwe Fund when Treasury avails funds for foreign trips.

VOTE 22. -ENERGY AND POWER DEVELOPMENT

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Energy and Power Development for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$6 288 000	-	**$6 288 000**	1 113 401	**5 174 599**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Energy and Power Development as at December 31, 2017.

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Unallocated Reserves

There was a variance of $214 903 708 between the Unallocated Reserve (UR) transfers figure disclosed in the Ministry Appropriation Account and that reflected in the Treasury records. According to the UR schedule from Treasury, the Ministry was supposed to have received $214 903 708, however as at May 10, 2018 the Ministry confirmed not having received the transfers and the amount had not been uploaded on the PFMS to enable the Ministry to account for it. The relevant documents to support the expenditure were not availed for audit. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Risk/Implication

The Appropriation Account may be misstated.

Recommendations

Liaison with Treasury should be done to ensure that all transfers from unallocated reserve are communicated to the Ministry and uploaded in the system timeously.

The Ministry should follow up with Treasury and have the difference reconciled. All supporting documentation should be availed for audit.

Management Response

The Ministry only became aware of the transfer of $214 903 708 by Treasury to ZESA Holdings (Pvt) Ltd and Zimbabwe Power Company (ZPC) after appropriation account had been audited. However, it turned out that the transfer involved Treasury Bills given to ZESA Holdings (Pvt) Ltd by the Government for what was owed to Zimbabwe Electricity Transmission (ZETDC) for unpaid electricity bills by Government Ministries, Local Authorities, State Enterprises and Parastatals. The transfers were made to ZETDC. Treasury and ZETDC could not agree on the actual amount transferred. However, as soon as the two parties agree on a correct figure then the Ministry of Energy and Power Development will adjust the 2017 Appropriation Account accordingly.

1.2 Holiday Fuel Allowances

Finding

As highlighted in my previous report, the Ministry continued granting management staff fuel allowances for Public Holiday breaks and the fuel totalled 4 400 litres, 6 300 litres and 5 700 litres in March, July and December, 2017 respectively. The fuel issuance was in excess of monthly fuel allocation that the managers were entitled to in terms of Treasury Circular Number 5 of 2016. However, the Ministry indicated that the fuel allocation in excess of the monthly allowances for management staff during public holiday periods was for emergencies that could arise during public holidays. There was no Treasury authority to vary provisions of the above mentioned circular nor PSC authority to vary conditions of service for the managers that was produced for my inspection. Therefore, issuance of fuel over and above the entitlement was not procedural and unauthorized.

Risk/ Implication

Diverting fuel for personal benefits deprives the Ministry of much needed scarce resources.

Recommendations

In the absence of Treasury authority and PSC Authority to vary conditions of service, the holiday fuel allocation to staff should be recovered.

There is need to properly account and manage public funds.

Management Response

The Ministry has since written to Treasury seeking condonation.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Outstanding Revenue

Finding

Treasury Instruction 0501 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. However, the Ministry's debt recovery system remained ineffective. Revenue from departmental surcharges, penalties and Treasury orders and interest on Public Financial Assets remained uncollected and the cumulative effect of such non-collections prejudiced the State of a total amount of $21 268 566. As at December 31, 2017, ZESA Holding owed the state an of amount $21 241 922 in outstanding interest charges. There was no evidence that dunning procedures were put in place to recover the outstanding revenue.

Risks/Implications

Non recovery of revenue adversely affects service delivery within government departments due to strained financial resources.

Loss of state funds which is needed to boost the Government's operations may occur if it takes long to follow up and recover what is due to Government.

Recommendations

The Ministry should come up with robust dunning procedures in collecting revenue under its jurisdiction.

The Ministry should engage ZESA Holding so that a payment plan can be worked out.

Management Response

The interest on Public Financial Assets is supposed to be paid by ZESA Holdings (Pvt) Ltd and its subsidiaries. However, ZESA and its subsidiaries are technically insolvent with serious cash flow challenges and huge debts. There is a proposed turnaround strategy for the company. It is hoped that when the company achieves sound turn around, it would be able to serves its debt.

Departmental Surcharges by nature are very difficult to manage as they often arise when the responsible individuals would have left the service. The individuals are not coming forward to complete the PD3 forms for Pensions to effect deductions resulting in the surcharges not being cleared. The Ministry has since handed over the outstanding surcharges to the Civil Division for collection.

STRATEGIC FUEL RESERVE FUND ACCOUNT 2016

OBJECTIVES OF THE FUND

The objectives of the Fund shall be to mitigate the impact of fuel shortage in the country through maintaining adequate stocks of fuel for the strategic reserve.

I have audited the financial statements of the Strategic Fuel Reserve Fund for the year ended December 31, 2016.

Statement of Comprehensive Income

Item	**$**
Income	29 769 151
Expenditure	11 480 423
Surplus/ (Deficit)	**$18 288 728**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	- 113 188 710
Current	113 188 710	-
Total	**$113 188 710**	**$113 188 710**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Strategic Fuel Reserve Fund for the year ended December 31, 2016 and its performance for the year then ended.

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Advances to Zimbabwe Power Company (ZPC)

Finding

Audit noted that the Fund gave Zimbabwe Power Company (ZPC) advances amounting to $12 200 000 as financial leverage to mitigate ZPC cash flow requirements and for the payment of a coal supplier who had threatened to stop supplies to the power utility. However, the Constitution of the Fund does not provide for such transactions. Furthermore, the advance was still outstanding as at April 30, 2018, without any indication that the entity would repay the advances. There was no evidence availed to indicate that the fund management were making follow ups on the recovery of the advances.

Risks/Implications

The Fund may fail to achieve its mandate if financial resources are used to pay for transactions that are not covered by the Constitution.

Without following up with ZPC to repay the advances, the $12 200 000 owed may not be recovered, thereby depriving the Fund of the much needed resource.

Recommendations

Management should desist from effecting transactions against the objectives and purpose of the Fund.

The Fund Management should make follow ups on the outstanding amounts.

Management Response

Vigorous efforts will now be applied by the Ministry to recover the loan.

1.2. Cash at Bank

Finding

The Fund kept substantial balances in its bank account throughout the year 2016. However, there was no evidence that Treasury was approached with a view of investing the excess funds. Refer to Table below. Section 3.5 of the Constitution of the Fund stipulates that all "monies in the Fund not immediately required for the purpose of the Fund shall be invested at the discretion of the Accounting officer in consultation with Treasury."

Bank Statement Closing balances obtaining at the end of each month

Month	**Balance at the end of the month ($)**
January	8 048 963.87
February	6 702 545.29
March	8 100 781.71
April	11 519 287.55
May	12 290 491.67
June	1 794 521.16
July	4 463 239.24
August	6 244 058.21
September	8 032 060.51
October	9 792 226.08
November	11 251 244.68
December	12 817 958.36

Risk/ Implication

The Fund may have lost out on potential interest which could have been earned if the excess monies had been invested.

Recommendation

Fund management should approach Treasury with a view of investing excess funds as a matter of priority.

Management Response

The purpose of the Fund is to procure fuel. However, the funds could not be invested due to the need to purchase fuel which was being hampered by lack of foreign currency. Investing the money will result in tying it down and will not be readily available if the need arises since efforts to procure fuel using different avenues were underway.

Evaluation of Management Response

There are different options at the Ministry's disposal of investing the funds such as short term or long term investments. The funds can be invested in short term investments so that they are easily accessible if the need arises other than leaving them accruing very little interest whilst looking for foreign currency.

1.3 Accounting Officer's Instructions

Findings

As highlighted in my previous audit reports, the Accounting Officer's Instructions did not outline the accounting and administrative framework nor set standards or criteria outlining the logical flow of transactions related to strategic fuel acquisition and inventory management. No clear guidelines were set out regarding the pricing model to be implemented when stocks are withdrawn for resale on the market. There were no set criteria guiding re-order levels as well as clearly laid down conditions under which stocks were to be withdrawn from the reserves. There was no evidence that the Fund Management was prioritising the issue.

Furthermore, during the year under review I noted that fuel donations and advances valued at $500 663 and $1 220 092 respectively were issued out to various organisations and in the absence of a documented framework in the Accounting Officer's Instructions, I could not ascertain whether these transactions were done above board. Table below refers.

Fuel donations and advances made

Date	Beneficiary	Diesel (litres)	Petrol (litres)	Total Cost ($)
Donations				
17/06/16	Ministry of Defence	40 000	20 000	53 642
07/07/16	Ministry of Home Affairs	400 000	100 000	447020
	Total Donations	**440 000**	**120 000**	**$500 663**
Advances				
Date	**Beneficiary**	**Diesel**	**Jet A1 Fuel**	**Total Cost ($)**
27/06/17	Total Zimbabwe		534 512	326 052
22/11/17	Petrotrade	1 000 000		894 040
	Total Advances			**$1 220 092**

Risk/ Implication

In the absence of a documented policy from the Accounting Officer's Instructions detailing the circumstances under which the Strategic Reserve Fuel shall be issued, there is a great risk that the strategic levels may be compromised or fuel can be misused.

Recommendations

The Fund management should ensure that updated Accounting Officer's Instructions are in place and that they provide adequate, structured and clear guidelines on how and when the strategic fuel should be issued out. In addition, there should be a policy on how stocks are priced when they are withdrawn for resale on the market.

Further, the Accounting Officer's Instructions should have a documented accounting and administrative framework and set standards outlining the logical flow of transactions relating to strategic fuel acquisition and inventory management.

Management Response

The Ministry was waiting for the publication of comprehensive revised Treasury Instructions in order to start working on the Accounting Officer's Instructions for the Fund. However, the Ministry has come to the realisation that since the Fund's books are maintained using the accrual accounting basis it may be prudent to start working on the Accounting Officer's Instructions for the Fund based on the accounting conventions that the Fund's books are kept.

VOTE 23.-WOMEN'S AFFAIRS, GENDER AND COMMUNITY DEVELOPMENT

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account and the supporting returns for the Ministry of Women Affairs, Gender and Community Development for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$8 434 000	-	**$8 434 000**	$7 954 580	**$479 420**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph, the Appropriation Account presents fairly, in all material respects the financial position and performance of the Ministry of Women Affairs, Gender and Community Development as at December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUE

1.1 Variances on Expenditure and Treasury Releases Figures

Finding

Treasury Instruction 0705 requires a Ministry to keep a full and proper record of all its transactions.

Contrary to the above, I observed that the submitted Appropriation Account had total expenditure amounting to $7 954 579 whilst the Consumed Budget as per the Public Finance Management System (PFMS) revealed an amount of $7 917 236 resulting in a variance of $37 343. In addition, the total releases according to the PFMS amounted to $7 983 467 while the Sub-Paymaster General's account showed total releases of $7 958 887 resulting in an unexplained variance of $24 580. As a result, I could not place reliance on the overstated expenditure figures and the understated Treasury releases submitted for audit for the year ended December 31, 2017.

Risk/Implication

The financial statements could have been materially misstated.

Recommendation

The Ministry should prepare the Appropriation Account and Sub-PMG Account using PFMS figures as Treasury releases and payments are done through the PFMS and any differences arising should be reconciled.

Management Response

The difference between the PFMS and the expenditure return figures was due to some set offs that were not actioned by the Accountant-General at the close of 2017 financial year.

There is need to approach the Treasury for better explanation with regards to discrepancies on Treasury Releases.

Evaluation of Management Response

The Ministry should reconcile the expenditure on direct payments and Treasury releases figures on the PFMS with the Treasury Department of the Ministry of Finance and Economic Planning before preparing the Appropriation Account.

2 EMPLOYMENT COSTS

2.1 Employment Costs Variances

Findings

Treasury Instruction 0705 requires a Ministry to keep a full and proper record of all its transactions.

Contrary to the above, I observed that there were unreconciled variances on employment costs between the Public Finance Management System (PFMS) generated figure of $6 726 676 and the figure of $6 732 073 reflected in the Appropriation Account. In addition, the payment vouchers reflected a different figure of $6 749 073 while the printout from the Salary Service Bureau had total employment costs of $7 006 075. The failure to reconcile the four figures rendered the expenditure unreliable.

Risk/ Implication

The Employment costs disclosed could have been materially misstated.

Recommendation

The Ministry should reconcile the variances if the figures emanating from the SSB Schedule of Employment costs against those from the PFMS generated reports and also ensure that the figure on the Appropriation Account is the same as that in the payment vouchers (Z. 852 Forms) in compliance with Treasury Instruction 0705.

Management Response

The Ministry is under the rationalisation process and Treasury has been releasing funds towards meeting the Ministry salary bill less the rationalised staff whereas SSB would pay for those that were affected by rationalisation hence the variance.

Secondly the employment cost figure on the Public Finance Management System (PFMS) is reduced by monthly receipts of disallowances and surcharges done on the system.

Therefore, the correct figure for our Ministry's employment cost is the one that is released by Treasury and uploaded into the PFMS.

Evaluation of Management Response

The Ministry's figure on the return submitted for audit should have been the same with that on the payment vouchers when looked upon in aggregate for the employment costs, however the responses are not addressing the issue.

The Disallowances return did not show any figures raised during the year under review. In addition, there were no collections shown in the Receipts and Disbursements return submitted for audit.

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

1 GOVERNANCE ISSUES

1.1 Unallocated Reserves

Finding

There was a variance of $10 000 000 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and that disclosed in the Treasury schedule, that was received after the audit had been concluded. According to the schedule from Treasury the Ministry was supposed to have received $10 million, however as at May 10, 2018 the Ministry had not received anything and the difference had not been uploaded on the PFMS to enable the Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Risk/Implication

The Appropriation Account may be misstated.

Recommendation

Treasury should ensure that all transfers from unallocated reserves are communicated to the Ministry and uploaded in the system timeously.

Management Response

Management is still to respond.

1.2 Fees and allowances for Anti-Domestic Violence Council

Finding

I observed that the Anti-Domestic Violence Council (ADVC) members were due to receive their allowances from the date of appointment, which was February 20, 2017. As per the approved rates by Treasury, the allowances were supposed to be $12 715 but the Ministry budget for 2017 had a provision of only $5 000. The above issue, was contrary to Section 16 (6) of the Domestic Violence Act [*Chapter 5:16*], which states that the members of the Council shall be paid out of monies appropriated for the purpose by an Act of Parliament, such as remuneration and allowances as may be prescribed.

Risk/Implication

The non-payment of the allowances may negatively affect service delivery.

Recommendation

The Ministry should pay ADVC fees and allowances in compliance with Section 16 (6) of the Domestic Violence Act [*Chapter 5:16*].

Management Response

Observation has been noted. However, due to a shoe string budget the Ministry could not pay within the 2017 budget year but has managed to pay $6 500 in March 2018. If financial resources permit the Ministry promises to settle the outstanding allowances within the 2018 budget year.

Evaluation of Management Response

The Ministry should comply with the provisions of the Law by paying Council members their allowances.

2 MANAGEMENT OF ASSETS

2.1 Annual Asset Certificate

Finding

Treasury Instruction 2004 provides that the Accounting Officer should submit for audit an Annual Asset Certificate which states that the Departmental Assets of the Ministry were physically compared with the records and properly maintained. Contrary to this requirement, the Ministry submitted an asset certificate return and inventory lists which revealed that no physical checks and inspections of assets were done in Midlands, Matabeleland North, Matabeleland South, Bulawayo Metropolitan Provinces and in their respective Districts. This was caused by inappropriate coordination and non-supervision of staff members at Head Office and in provinces and districts.

Risk/Implication

There is a risk that the Ministry's assets may not be properly accounted for if physical checks are not done.

Recommendation

The Ministry should ensure that records are properly maintained, physical checks, inspections and maintenance of assets are done in compliance with the requirements of Treasury instruction 2004.

Management Response

The observation has been noted. This was due to lack of financial resources. However, Matabeleland North was attended to. Our Administration function is centralized. However, efforts are done to ensure that asset inventories are monitored by District Development Officers and Provincial Development Officers.

ZIMBABWE COMMUNITY DEVELOPMENT FUND 2016

OBJECTIVES 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.

I have audited the Zimbabwe Community Development Fund for the Ministry of Women Affairs, Gender and Community Development for the year then ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	42 269
Expenditure	61 757
Surplus/ (Deficit)	**($19 489)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current	10 812	**-**
Accumulated Fund		**29 283**
Current	18 850	379
Total	$29 662	**$29 662**

Opinion

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 Zimbabwe Community Development Fund as at December 31, 2016 and its financial performance for the year then ended.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Accounting Management System

Finding

I could not objectively authenticate the Fund’s ledgers and cash books availed for audit inspection due to unreliability of the data therein. The Fund’s ledgers and cash books were being maintained on Microsoft Excel spreadsheets which I could not rely on since they were neither password protected nor cell formula locked hence there was lack of security of the information. In addition, I noted that the National Training Centre for Rural Women

(NTCRW) did not maintain a cashbook at the Centre. This was in contravention of Treasury Instruction 0705 which states that 'Every Accounting Officer or officer administering a Fund shall ensure that full and proper accounts are kept of the transaction for which he is responsible.' This was caused by inadequate supervision by Head Office and improper record keeping.

Risks/Implications

The use of Microsoft Excel Package without adequate security might result in the manipulation of the financial records.

The absence of a cashbook may result in some transactions being omitted from the financial statements.

Recommendations

The Fund should either acquire a more secure Accounting Software Package or institute password protection and locking cells on the existing Microsoft Excel spreadsheets to ensure integrity of the financial statements in accordance with the requirements of Treasury Instruction 0705.

The National Training Centre for Rural Women should maintain a cashbook at the Centre.

Management Response

Fund Accounts are not yet on the Public Finance Management System (PFMS). The Ministry is looking forward to buying Pastel or any other accounting package if resources permit. At the moment Treasury has not been releasing any funds to Zimbabwe Community Development Fund (ZCDF) since 2009 and the Fund is not adequately funded in order for the Ministry to buy accounting software.

1.2 Rent Debtors

Finding

An examination of Rodger Howman financial records revealed that the rent receivable figure of $1 900 was not disclosed in the financial statements submitted for audit resulting in an understatement of income and Current Assets figures with the same amount. This was in contravention of section 37 of the Public Finance Management Act [*Cap 22:19*] read together with the Accounting Officer's Instructions section 8 which states that all the accounting transactions of the Fund shall be accounted for on accrual basis of accounting. This was caused by inadequate supervision and improper record keeping.

Risk/Implication

The financial statements may be misstated leading to wrong decision making by policy makers.

Recommendation

Rodger Howman Training Centre should maintain full and proper accounts in adherence to the requirements of Treasury Instruction 0103, Public Finance Management Act [*Cap 22:19*] section 37 and the Accounting Officer's Instruction section 8.

Management Response

The problem was lack of knowledge on which concept to apply and the cash concept was used rather than the accrual concept. The Centre had no written documents or guidance pertaining to which concept to apply hence excluded debtors and creditors.

I therefore, recommend that the Accounting Assistants go for necessary training.

Evaluation of Management Response

The financial statements (statement of financial position, statement of comprehensive income, notes thereto and cash flow statement) complied are only done by institutions that use accrual accounting.

1.3 Income

Finding

Sections 3 and 4 of the Public Finance Management Act [*Chapter 22:19*] states that the object of the Act is to secure transparency, accountability and sound management of revenues, expenditure, assets and liabilities of Statutory Funds. However, contrary to this provision, the National Training Centre for Rural Women was running a pre-school charging $15 per child but only $3 was being receipted. A total of $12 per child (per month) was kept off the books. As at December 31, 2016, the Pre-school had a total of 16 pupils and $1 728 (16 x 12 x 9 months) was not receipted during 2016. This was caused by lack of transparency by the Fund Management.

Risk/Implication

Funds that are not receipted maybe misappropriated.

Recommendation

The Fund Management should comply with the requirements of Section 3 and 4 of the Public Finance Management Act [*Cap 22:19*] by ensuring transparency in its activities.

Management Response

The Ministry was working on the submitted list from the two training centres to come up with standard prices of services offered that can be approved by the Accounting Officer since Treasury position has not been communicated. Currently, $3 was being

paid and any other funds for pre-school refreshments or field trips are being managed by the parent's committee.

Evaluation of Management Response

The Centre did not avail for audit examination the approved standard prices of pre-school fees, refreshments or field trips.

1.4 Labour Costs

Finding

I observed that the Fund employed casual workers at the National Training Centre for Rural Women (NTCRW) and Roger Howman during the year under review. The two institutions incurred labour costs amounting to $4 305 and $105 respectively. This was in contravention of section 199 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013 and the Public Service Act [*Chapter 16:04*] section 8 (1)(a) which states that it shall be the function of the Public Service Commission to appoint persons to the Public Service, whether as permanent members or on contract or otherwise, to assign and promote them to offices, posts and grades in the Public Service and to fix their conditions of service. This was caused by an oversight on the part of management

Risk/Implication

The resources of the Fund may be misappropriated if laws and regulations are not complied with.

Recommendation

The Ministry should seek authority from the Public Service Commission to employ casual workers in terms of section 199 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013 and section 8 (1)(a) of the Public Service Act [C*hapter 16:04*].

Management Response

The Ministry engages short term or function based casual workers who are paid from funds generated from that particular programme or workshop. Copies of workshops held and casual labourers paid are attached to the response.

Evaluation of Management Response

The Ministry however, did not avail for audit examination either a Treasury Circular or any Circular from the Public Service Commission which authorised the Ministry to employ casual workers.

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

1 GOVERNANCE ISSUE

1.1 Use of Fund Resources

Finding

Treasury Instructions 1504 and 1506 state that Accounting Officers are responsible for the recovery of all advances, making arrangements for their recovery and for ensuring that the terms and conditions of the advances are complied with. They shall ensure that efficient controls and accounting records are maintained in respect of all advances.

For the second consecutive year, I observed that the Fund did not recover or make arrangements for the recovery of advances amounting to $18 637 (2015: $18 037) as at December 31, 2016. This was caused by management failure to institute measures to recover all advances.

Risk/Implication

The outstanding amounts may become irrecoverable due to passage of time and the Fund may not be able to meet its operational objectives.

Recommendation

The Fund Management should ensure that all outstanding advances are fully recovered.

Management Response

The Ministry was making efforts to recover all advances but at the moment Treasury was facing challenges of supporting us to meet demands for our operations. We hope to resolve this issue as soon as funds are available.

VOTE 24. -TOURISM AND HOSPITALITY INDUSTRY

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Tourism and Hospitality Industry for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$2 674 000	$ 3 585 118	**$6 259 118**	$6 109 284	**$149 834**

Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account present fairly, in all material respects, the financial position and performance of the Ministry of Tourism and Hospitality Industry as at December 31, 2017.

Basis for Qualified Opinion

1 MANAGEMENT AND IMPLEMENTATION OF GOVERNMENT PROGRAMMES

1.1 Domestic and Outbound Tourism Survey (DOTS) programme -Advance payments

Findings

The Ministry received $290 000 from Treasury to pay travelling and subsistence allowances to officers who participated in the Domestic and Outbound Tourism Survey (DOTS) programme. The balance of $56 500 was transferred to Zimbabwe Tourism Authority bank account at year end. The money was meant for travelling and subsistence allowances to officers who participated in the DOTS programme. There were no records to show that advances were passed to intended beneficiaries as the officers did not submit travelling and subsistence claim forms. Out of the $290 000 received for the programme, only $3 200 was acquitted.

Risk/Implication

The funds for the DOTS programme may not have been applied towards intended objectives thereby materially misstating expenditure on the DOTS programme.

Recommendations

Advances that were paid to officials should be recorded in the travelling and subsistence register.

All officials who were paid travelling and subsistence allowances should submit acquittals.

Management Response

The beneficiaries of the DOTS programme have now been recorded in the advances register. The Zimbabwe National Statistics Agency (ZIMSTAT) indicated that the acquittals could only be submitted to the Ministry after all payments have been made.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Acquittal of Foreign Missions Expenditure

Finding

The Ministry had an outstanding advances float of $703 769 going as far back as year 2012, in respect of salaries and operational costs for tourism staff based in foreign missions. I could not establish the nature and probity of expenditure incurred or funded in the absence of supporting evidence. There was no evidence that the Ministry had taken steps to clear the advances despite my repeated observations.

Risk/Implication

It may be difficult to establish whether public funds were properly utilised in the absence of acquittals and also to ascertain on whether expenditure on foreign missions could be over or understated.

Recommendation

Acquittals should be submitted on a monthly basis by the tourism attachees to avoid accumulation of outstanding advances.

Management Response

The Ministry is liaising with Ministry of Foreign Affairs on the submission of acquittals in order to clear the advances. So far they have confirmed receipt of acquittals from three Missions which will be submitted before the end of May 2018.

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

1 PROCUREMENT OF GOODS AND SERVICES

1.1 Nugatory Expenditure

Findings

For the second year running the Ministry incurred penalties for change of air travel and late confirmation of bookings. The total penalties amounted to $97 614. This was in breach of provisions of section 85 (1) (b) of the Public Finance Management Act [*Chapter 22:19*] which prohibits fruitless and wasteful expenditure.

Risk/Implication

Incurring penalties due to late cancellation of bookings may result in loss of public funds.

Recommendation

The Ministry should make flight bookings when firm travel plans have been made to avoid late cancellations.

Management Response

Penalties which were incurred by the Ministry were due to late cancellation of bookings during the UNWTO Secretary General Campaign period which ended in September 2017. The Minister's office was advised to avoid such cancellations which were incurring costs. The Ministry is now ensuring proper planning for trips in order to avoid the occurrence of such expenditures.

2 MANAGEMENT AND IMPLEMENTATION OF GOVERNMENT PROGRAMMES

2.1 UNWTO Campaigns

Findings

Treasury availed a total amount of $1 506 000 towards the campaign race for the position of Secretary-General in the United Nations World Tourism Organisation (UNWTO) that ran from June 2016 to September 2017. The Ministry opened a Secretary-General Campaign Programme Fund Account on January 06, 2017 for the purposes of receiving donations and making payments related to the campaign. The money for the campaign Fund was not channeled through the Ministry's sub-PMG account and was not disclosed as current transfers in the Ministry's Appropriation Account.

Furthermore, the Ministry did not produce financial statements for the Secretary General's Campaign Fund and there was no donations register for recording donations to the Fund contrary to section 37 of the Public Finance Management Act [*Chapter 22:19*].

Risks/Implications

The Appropriation Account may be materially misstated as some of the expenditure incurred was not disclosed.

Failure to produce financial statements does not promote accountability and transparency in the use of public financial resources.

Recommendations

Current transfers to related parties should be processed through the Ministry's Sub-PMG account and disclosed in the Ministry's Appropriation Account.

Financial statements should be submitted for audit in order to account for the $1 506 000. All donations made to the Ministry should be recorded in the Donations Register.

Management Response

The Ministry of Finance through the Reserve Bank of Zimbabwe issued a Treasury bill for $50 000 towards the UNWTO Campaign programme. The Ministry will amend the 2017 Appropriation Account to include the Treasury Bill. Please, note that only a donation of $10 000 was received from NetOne towards the payment of public relations by Zimpapers. The return for donations will be corrected to include this receipt from Netone. The register for the Fund account is in place, however, it was not requested by Audit for examination.

Evaluation of Management Response

The Ministry should have maintained the financial records for the Secretary General's Campaign Programme Fund Account and produced financial statements.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Public Financial Assets –Mosi-oa-Tunya Development Company

Findings

Ministry of Tourism and Hospitality Industry holds 89.3 % shareholding in Mosi-oa-Tunya Development Company while IDBZ holds 10.7%. The shareholding translates to $12 504 486 and $1 495 502 respectively. This investment was not disclosed in the Public Financial Assets return submitted for audit. The Ministry did not have a register for Public Financial Assets hence the non-disclosure.

Risk/Implication

Non-disclosure of public financial assets may understate investments held by the Ministry.

Recommendation

The Ministry should maintain an up-to-date register for Public Financial Assets and disclose the investments in its year end returns.

Management Response

The company is yet to get an operating structure that will ensure that all the administrative issues are put in place. However, the issue of disclosing the investment will be done by the end of May 2018 by amending the report as at 31 December 2017.

Evaluation of Management Response

The Ministry did not avail a share certificate to confirm its shareholding in Mosi-oa-Tunya.

3.2 Public Financial Assets -Rainbow Tourism Group (RTG)

Finding

The Ministry holds a 4.46% shareholding in the Rainbow Tourism Group (RTG). The share certificates availed for audit inspections were in the names of Ministries of Environment and Tourism (10 350 440 shares) and Mines, Environment and Tourism (73 052 106 shares).

Risk/Implication

Ownership may be difficult to prove if the certificates are not in the name of the Ministry.

Recommendation

The Ministry should obtain share certificates from the Share Transfer Secretaries. Due to changes in names of Ministries there may be need to consider having the shares in the name of Government.

Management Response

The Ministry wrote a letter to Rainbow Tourism Group dated March 16, 2018 seeking the change of names of the share certificates to that of the Ministry of Tourism and Hospitality Industry. The change of ownership will be finalised by the end of June 2018 through the Legal Department.

3.3 Foreign Missions

Finding

The Ministry incurred expenditure amounting to $324 510 in respect of salaries and $334 745 for operational costs for Tourism attaches based in foreign missions. However, I was not provided with activity reports on Tourism promotions conducted by the Tourism attaches neither were performance appraisals for the attachés availed for my evaluation.

Risk/Implications

There would be no basis for evaluating the benefit derived by the Government from tourism attaches in foreign missions in the absence of activity reports and performance appraisals.

Recommendations

The tourism attaches should provide activity reports on tourism promotion and the Ministry should come-up with agreed work plans at the beginning of the year and evaluate their performance on a quarterly basis.

Management Response

The activity reports for Tourism attachés are there but Audit never requested for them. On the issue of performance appraisals, the Ministry could not travel to Missions due to financial constraints.

Evaluation of Management Response

Tourism attachés activity reports were not availed for audit examination. If these were available Tourism attachés could have been appraised without any need of travelling to missions.

3.4 Outstanding payments

Finding

Outstanding payments for goods and services provided to the Ministry amounted to $675 148 as at December 31, 2017 with some outstanding balances dating as far back as the year 2013. The Ministry cited liquidity constraints for the accumulation of debts. Treasury Instruction 1204 provides that all claims against Government shall be dealt with promptly in terms of the contract.

Risk/Implication

The Ministry faces reputational and litigation risk.

Recommendations

The Ministry should liaise with Treasury to get more funding in order to clear the outstanding payments.

Close monitoring of procurement should be done to avoid getting/requesting for services when there are no funds.

Management Response

The Ministry is in the process of reducing the outstanding creditors and Treasury has promised to avail more resources to clear the backlog. Meanwhile, Treasury has released $230 000.00 for subscriptions which will reduce the total of contractual commitments.

4 MANAGEMENT OF ASSETS

4.1 Idle Assets

Findings

Over the years I have reported that the Ministry purchased Public Viewing Areas screens (PVAs) and accessories at a cost of $2 000 000. The Ministry distributed some of the PVAs to all the ten Provinces of the country and donated some to religious organisations and individuals without seeking prior Treasury authority contrary to provisions of section 6 (2) (b), of the PFM Act which places the responsibility of transfer or disposal of any State property on Treasury.

The Ministry sought and was granted Treasury authority to donate some equipment that was acquired in 2013 for use during the United Nations World Tourism Organisation (UNWTO) General Assembly. However, some of the equipment was still lying idle at the time of audit.

Risks/Implications

The PVAs may not be fully accounted for.

The Ministry's assets may become obsolete and dysfunctional due to non-usage.

Recommendation

The Accounting Officer should seek Treasury authority to dispose of PVAs and excess equipment bought for the UNWTO.

Management Response

The Ministry sought approval from Treasury to donate the PVAs but did not receive a response. A follow up will be made by end of May 2018. The thirteen screens were transferred to Mosi-Oa-Tunya, but they do not have space for storage.

The Public Viewing Areas screens have already been transferred to Mosi-O- Tunya Development Company which is now solely responsible for their use.

Evaluation of Management Response

The Ministry has not yet provided a schedule indicating who received the PVA screens and Treasury authority for the donations that were made was still to be availed.

4.2 Motor Vehicle Management

Findings

Three vehicles which were received from the Reserve Bank of Zimbabwe on January 13, 2010 had not been registered in the name of the Ministry. They were still in the name of the Reserve Bank of Zimbabwe. The vehicles are Rhino CAM LHBM3HDE28H101109, ISUZU KB 250 registration number ABC 4153 and a NISSAN Hardbody Registration number ABD 3758.

Furthermore, another vehicle, an Ashok Leyland Stile 9000294 (receipt date not disclosed) was also not registered in the name of the Ministry.

Risk/Implication

Ownership of vehicles maybe transferred fraudulently if they are not in the name of the Ministry.

Recommendation

Registration books should be obtained for all the motor vehicles.

Management Response

Authority was sought, and granted, from the Reserve Bank of Zimbabwe to regularise and facilitate change of ownership of the said vehicles into the Ministry's name but due to lack of funding the process was not completed. The ownership will be regularised by the end of June 2018.

The Ashok Leyland Stile (9000294) indicated in the report was not registered due to the missing Customs Clearing Certificate form, which was misplaced at Army Headquarters. The Ministry is liaising with Army Headquarters to address the situation.

5 GOVERNANCE ISSUES

5.1 Risk Assessment

Findings

The Ministry had not identified and profiled risks which could potentially affect it from achieving its goals and objectives. Section 44 (1) of the Public Finance Management Act *[chapter 22:19]* requires "an accounting authority for a public entity to ensure that the public entity establishes and maintains effective, efficient and transparent systems of financial and risk management and internal controls".

Risk/Implication

If risks are not identified and profiled, the Ministry may not put strategies in place to counter or prevent potential risks.

Recommendation

Management should identify risks, profile them and put in place measures that mitigate the risks.

Management Response

The Risk Assessment Document will be put in place once the Ministry has its Strategic Plan in place by mid-June 2018.

VOTE 25. -INFORMATION COMMUNICATION TECHNOLOGY, POSTAL AND COURIER SERVICES

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Information Communication Technology, Postal and Courier Services for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$6 355 000	-	**$6 355 000**	$5 310 536	**$1 044 464**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects the financial position and performance of the Ministry of Information Communication Technology, Postal and Courier Services as at December 31, 2017.

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

1 GOVERNANCE ISSUES

1.1 Audit Committee

Finding

The Ministry established an Audit Committee in compliance with the requirement of Section 84 (1) of the Public Finance Management Act [*Chapter 22:19*].

However, contrary to the requirements of Section 84 (3) (b) of the Public Finance Management Act [*Chapter 22:19*] there was no evidence that the Committee met at least twice a year to consider the scope of Internal Audit programmes, Internal Audit findings, and to recommend appropriate action to be taken by the responsible authorities.

Risk/Implication

Failure to convene meetings may compromise the effectiveness of the internal controls and of the Internal Audit function. Furthermore, audit issues from both the Internal and External Auditors may remain unresolved for long periods of time.

Recommendation

The Audit Committee should endeavor to meet at least twice annually as required by Section 84 (3) (b) of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The observation has been noted. The Audit Committee had not been operationalised. However, it is now being operationalised.

2 MANAGEMENT OF ASSETS

2.1 SAP Register of Assets

Findings

The register for assets maintained in the Public Finance Management System could not be displayed at the time of my audit because year-end procedures which enable registers to be viewed had not been done. I could therefore not satisfy myself whether all assets for the Ministry had been accounted for in the system. As a result, the scope of my audit was limited.

Risks/Implications

Assets might go missing without trace if registers in the Public Finance Management System are not available for audit.

Completeness and accuracy of registers may not be determined if registers cannot be displayed in the system.

Recommendations

There is need to perform year end procedures that enable the register to be displayed in the system.

Management Response

The observation is noted. We will engage PFMS Project Office to initiate year-end procedures to enable registers to be displayed in the system.

VOTE 26. -LANDS AND RURAL RESETTLEMENT

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account and supporting returns for the Ministry of Lands and Rural Resettlement for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$7 642 000	$8 872 612	**$16 514 612**	$15 100 914	**$1 413 698**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Lands and Rural Resettlement as at December 31, 2017.

However, below are material issues noted during the audit:

1 MANAGEMENT OF ASSETS

1.1 Purchase of Land and User Rights

Findings

I was not availed with supporting documents to authenticate the payment of $3 603 243 made to Interfresh Limited as compensation for immovable farm improvements. As a result, I was unable to determine whether the payments were a proper charge against the Vote.

Furthermore, the Appropriation Account and the Public Finance Management System under Purchase of Land and User Rights item had a figure of $7 967 930 yet the Compensatory or Ex-gratia Payment return submitted for audit indicated a figure of $7 958 953. The difference of $8 977 was not accounted for and reconciled.

Risk/Implication

Public funds may be misappropriated.

Recommendations

All supporting documents used to effect the payments should be availed for audit.

The variance should be investigated and reconciled.

Management Responses

Interfresh was paid by Treasury and the Ministry has since requested Treasury to provide the supporting documents.

The difference amounting to $8 977 was result of a payment made towards compensation of Robert Block through the Appropriation and later reversed and paid though the Lands Compensation Fund. A minute has been sent to Treasury requesting for opening of the closed period.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Billing of Beneficiaries of Acquired Farm Equipment and Materials

Finding

Contrary to Section 7 (4) of the Acquisition of Farm Equipment and Material Act [*Chapter 18:23*], the Ministry did not bill all 56 beneficiaries of farm equipment and materials acquired and distributed to farmers during Zimbabwe Dollar era despite the rates having been provided by the valuation department on June 12, 2014. According to the memo, beneficiaries were supposed to have been billed to the tune of $323 429. I was concerned that there was no evidence of measures taken to recover the amounts from beneficiaries. Also, the amounts were not included on the Outstanding Revenue return.

Risk/Implication

The State may continue to lose revenue if mechanisms are not put in place to bill and recover outstanding revenue from the beneficiaries of farm equipment.

Recommendation

The Ministry should bill all beneficiaries of farm equipment and take action to recover the outstanding amounts from the beneficiaries of farm equipment.

Management Response

The observation is noted. The list has been sent to Provinces and they are currently in the process of billing the farmers on the observed list.

2.2 99-Year Leases

Finding

In my report for the financial year ended December 31, 2015, I reported that 99-year lease agreements were still denominated in Zimbabwe Dollar. For the financial year under review a total of One hundred and twenty-three (123) farms still had 99-year leases denominated in Zimbabwe Dollar and no corrective action had been taken by the Ministry. This resulted in farmers failing to make payments as they could not ascertain the United States Dollar equivalence they were supposed to pay.

Risk/Implication

Revenue leakages may negatively affect the Government's liquidity position.

Recommendation

The Ministry in consultation with Treasury should ensure that all 99-year leases still denominated in Zimbabwe Dollar are converted to the US$ (United States of America Dollar).

Management Response

Treasury has not yet availed the exchange rates despite several correspondence and follow ups on the issue. The Ministry will continue to pursue the matter with Treasury.

Evaluation of Management Response

I was not availed with copies of correspondence being referred to.

3 GOVERNANCE ISSUE

3.1 Unallocated Reserves

Finding

There was a variance of $6 112 703 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and that disclosed in Treasury records. According to the schedule from Treasury, that was received after the audit had been concluded, the Ministry was supposed to have received $14 985 315, however as at May 10, 2018 the Ministry confirmed having receipt of $8 872 612 through the PFMS, and the difference, had not been uploaded on the PFMS to enable the Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Risk/Implication

The Appropriation Account may be misstated.

Recommendation

The Ministry should liaise with Treasury to ensure that all transfers from unallocated reserve are communicated to the Ministry and uploaded in the system timeously. The Variance should be traced and supporting documents availed.

Management Response

Treasury paid $6 112 703 to Montreaux and Partners for ICSID (International Centre for Settlement of Investment Disputes) case Number ARB/05/6 from the Unallocated Reserves being compensation for improvements for Dutch farmers. The Ministry has since requested for supporting documents from Treasury for onwards submission to audit.

4 EMPLOYMENT COSTS

4.1 Reconciliation of Salary Bills

Finding

Payment vouchers and Public Finance Management System consumed budget availed to audit revealed that the Ministry of Lands and Rural Resettlement incurred employment costs of $3 099 991 for the year ended December 31, 2017, which was in contrast with the Salary Service Bureau figure of $3 578 006. The variance of $478 015 remained unreconciled at the time of concluding the audit.

Risk/Implication

Employment costs for the Ministry may have been understated.

Recommendation

The Ministry of Lands and Rural Resettlement should investigate and reconcile the figures with the Salary Service Bureau.

Management Response

The observation is noted. There was a problem of document splitting in the PFMS which led to expenditure under casting. The Ministry has been approaching the Project Office and Treasury with a view to find a solution to this matter without success. The anomaly will be rectified in retrospect as it got the attention at highest level.

LANDS AND RESETTLEMENT FUND 2016

OBJECTIVE OF THE FUND

The objective of the Fund is to support the on-going land and resettlement programmes, estate management, and related services in leased state land and resettlement areas.

I have audited the Lands and Resettlement Fund Account for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	$3 178 545
Expenditure	$1 828 092
Surplus/ (Deficit)	$1 350 453

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current	1 151 606	-
Accumulated Fund		1 350 453
Current	228 919	30 072
Total	$1 380 525	**$1 380 525**

Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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

1 GOVERNANCE ISSUES

1.1 Accounting Records

Finding

Contrary to the requirements of Generally Accepted Accounting Practices, the Fund did not maintain accounting records like cash books and ledgers. As a result, I was unable to verify the amounts disclosed in financial statements for the year under review. This limited the scope of my audit.

Risks/Implications

Errors, omissions and fraud may go undetected.

Recommendation

The Ministry must ensure that accounting ledgers and cashbook are maintained.

Management Response

The observation has been noted. The Ministry purchased Pastel Accounting Package which has a functionality of maintaining accounting ledgers and a cash book. The Ministry started by uploading 2014 transactions followed by 2015 transactions and upon completion, 2016 transactions will be captured into the Pastel Accounting Package.

HOWEVER, below is a material issue noted during the audit:

1 PROCUREMENT

1.1 Tender splitting

Finding

The Fund made a payment to Petrotrade of $28 620 on April 22, 2016 which was split into three payments of $9 540. Another payment of $16 580 also to Petrotrade made on July 07, 2016 was split into two payments of $8 290 yet approval by the procurement committee was done on the same day of payment. The splitting was made with the aim of avoiding going to tender in contravention of procurement regulations Statutory Instrument number 171 of 2002.

Risk/Implication

There is a risk that value for money may not be realised.

Recommendation

The Ministry`s procurement committee should comply with the procurement regulations.

Management Response

The observation is noted, the procurement committee will comply with the procurement regulations.

VOTE 27. -JUDICIAL SERVICE COMMISSION

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Judicial Service Commission for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$14 099 000	$18 263	**$14 117 263**	$13 454 143	**$663 120**
Constitutional and Statutory Appropriations				
$5 590 000	-	**$5 590 000**	$5 064 705	**$525 295**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects the financial position and performance of the Judicial Service Commission as at December 31, 2017.

However, below are material issues noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Revenue Written-Off

Finding

An amount of $338 647 was written off by the Commission without Treasury authority in violation of sections 6(1) (c), 11(1) (a) and 78 of the Public Finance Management Act *[Chapter 22:19]*. This prejudiced the State of the much needed revenue.

Risk/Implication

If write-offs are done without following proper procedures, the money due to the State may be converted to personal use under the guise of having been written off.

Recommendations

There is a need to follow up on all revenue due to the State as required by Treasury Instruction 0501.

In the event that all the necessary procedures to collect revenue due to the State have been followed and proved to be unsuccessful then proper procedures should be followed. If the operations of the Commission are outside the general authority given by Treasury to write-off amounts due to the State then specific authority should be sought therefrom.

Management Response

Punishments imposed by the courts upon conviction of people accused of criminal offences are not to be viewed as a source of revenue for Government. They remain punishments. Court orders are not and cannot be subject to Treasury Instructions.

When an accused person is sentenced to pay a fine he/she is always given an alternative to paying that fine. For instance, an accused may be sentenced to pay $100 in default of payment 10 days imprisonment. That means the accused can elect to pay $100. In that case he serves time in prison. Where a person fails to pay a prescribed fine there is no other way of recovering the fine from him/her which is outside the terms of the court order. Whatever means are suggested by Treasury Instructions do not apply under those circumstances and cannot substitute the court order. When the person serves imprisonment he/she discharges the obligation to pay the fine. If that happens that is not revenue written-off by the Judicial Service Commission. It happens by the operation of the law and no authority is required from any other institution for the person not to pay the fine. In fact, he/she does not even need authority from the court itself for him/her not to pay the fine. He simply elects the alternative afforded to him by the court.

Evaluation of Management Response

Treasury Instructions 0530 and 0531 state that no claim shall be waived or set aside and no compromise accepted without the prior approval of the Treasury and that no debt owing to the Government may be written off without prior general or specific authority of the Treasury. However, as it may be Judicial Service Commission did not submit evidence from Treasury for authority to write-off. Section 11 (1) (b) of the Public Finance Management Act [Chapter 22:19] refers.

1.2 Outstanding Revenue

Finding

For the second year in succession, the Commission did not recover outstanding surcharges worth $56 370, some dating as far back as December 2011. In addition, the Surcharges and Disallowances registers were not maintained. This was in violation of Treasury Instructions 1604 and 1605. I could not therefore confirm whether the balances reflected on the returns worth $56 370 and $33 558 were all that was outstanding at the end of the year under review.

Risks/ Implications

The Commission may fail to recover the surcharges/disallowances, thereby prejudicing the Government of the much needed funds.

Accountability for all the debtors may not be ascertained if a departmental surcharge/ disallowances register is not maintained.

Recommendations

The Commission should recover the disallowances/surcharges as soon as possible.

The Commission should also maintain a Departmental Surcharges/Disallowances Register to ensure accountability.

Management Response

The recovery of surcharges dating back to 2011 is an ongoing exercise which the Commission is ceased with. As for the debts which are to be recovered from estates the entire debt list has been transferred to the Master of High Court who has given us assurance that as he winds up estates of each respective person he will ensure that the Government claim is paid. The Commission has maintained personal accounts for each debtor in respect of both surcharges and disallowances on the Public Finance Management System (PFMS). This is much easier as it allows real time updates of each account as and when payments are made.

Evaluation of Management Responses

Treasury Instruction 1605 outlines that Accounting Officers are responsible for the recovery or adjustment of disallowances and departmental surcharges and shall ensure that this is done as soon as possible. In this case the last correspondence to the Department of the Civil Division of the Attorney General's Office on file was done on May 3, 2013. Treasury Instruction 1604 states that the Accounting Officers will raise a departmental surcharge which shall be entered in a register specifically opened for the purpose.

2 EMPLOYMENT COSTS

2.1 Payment of Excess Mobile Phone Allowances

Finding

According to Treasury Circular Number 4 of 2016, mobile phone allowance limits for different management levels were set at $150, $100, $75, and $20 for other deserving grades. Disregarding the authorised Treasury limits, the Commission was paying $300, $250, $200 respectively and $50 for other grades. This resulted in expenditure worth $21 300 on monthly basis.

Risks/Implications

Failure to comply with the authorised Treasury limits may lead to wasteful and fruitless expenditure which could have been avoided.

There could be disgruntlement within the service if State employees at the same levels are paid different remunerations.

Recommendations

There is a need for the Commission to comply with Treasury limits unless there is proper authority to vary the amounts.

There is also a need to equally treat State employees at the same level.

Management Response

The circular that governs the mobile phone allowances for Judges was used by the Commission to pay allowances to deserving members.

Evaluation of Management Response

Section 78 (1) (q) of the Public Finance Management Act [Chapter 22:19] outlines that Treasury may issue instructions on the avoidance of fruitless and wasteful expenditure. The Commission used the incorrect circular to process the payments and this need to be corrected.

COURTS ADMINISTRATION FUND ACCOUNT 2016

OBJECTIVE OF THE FUND

The Fund was established for the purpose of providing resources to the courts for the purpose of enhancing the effective and efficient administration of justice.

I have audited the financial statements of Courts Administration Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	13 758 492
Expenditure	11 790 227
Surplus/ (Deficit)	$1 968 265

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	12 355 260	**-** 13 043 475
Current	688 215	-
Total	**$**13 043 475	**$13 043 475**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Courts Administration Fund as at December 31, 2016 and its financial performance for the year then ended.

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

1 GOVERNANCE ISSUE

1.1 Unreliable Accounting System

Finding

I noted that although the accounting system was computerised, the depreciation figure of $2 738 304 was manually calculated. I am concerned that the problem has not been resolved since 2015 when the Fixed Assets Module in the system malfunctioned.

Risk/Implication

The reliability of the financial statements may be doubtful as errors can be made on calculations.

Recommendation

Management should engage the service provider to reset the system.

Management Response

The observation has been noted. The Commission has engaged the supplier of the accounting system and a resolution has been made to rectify the malfunction Fixed Asset Module. Currently training of administration officers has commenced and the plan is that by September 1, 2017 the Fixed Asset Module would have been updated and working normally.

VOTE 28. -PUBLIC SERVICE COMMISSION

PENSIONS OFFICE RETENTION FUND 2016

OBJECTIVE OF THE FUND

The purpose of the Fund is to provide resources for the enhancement of the department's service delivery focusing on decentralisation to the provinces, computerisation, training and research.

I have audited the financial statements of Pensions Office Retention Fund for the Public Service Commission for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	4 507 755
Expenditure	4 365 188
Surplus/ (Deficit)	**$142 567**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Deficit	631 036	- (4 003 746)
Current	9 251	4 644 033
Total	**$640 287**	**$640 287**

Opinion

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, 2016 and its financial performance for the year then ended.

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

1 GOVERNANCE ISSUE

1.1 Accumulated Fund Deficit

Finding

I observed that the Fund incurred an accumulated fund deficit of $4 003 746 (2015: $4 146 313). The future financial soundness and solvency of the Fund remained doubtful under these circumstances.

Risk/Implication

The Fund may not be able to settle its financial obligations when they fall due.

Recommendation

The Administrators of the Fund should put in place robust financial management systems to safeguard the Fund's operational existence.

Management Response

Observation noted. The deficit which accumulated in year 2015 was a result of failure by Fund managers to remit revenue collections fully to Treasury due to pressing and urgent Government commitments which the Public Service Commission (PSC) undertook in the year 2015 to 2016.

The adoption of Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) blue print directed the PSC to increase performance into every district and province throughout the country. Treasury was engaged on the issue and official communications were done about it. For the period under review the Exchequer Account did not release funding for the programmes that were approved by Cabinet.

PENSIONS OFFICE RETENTION FUND 2015

OBJECTIVE OF THE FUND

The purpose of the Fund is to provide resources for the enhancement of the department's service delivery focusing on decentralisation to the provinces, computerisation, training and research.

I have audited the Pensions Office Retention Fund Account for the Public Service Commission for the year ended December 31, 2015. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	1 143 060
Expenditure	2 163 813
Surplus/ (Deficit)	**($1 020 753)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Deficit	2 147 982	- (2 254 079)
Current	42 756	4 444 817
Total	**$2 190 738**	**$2 190 738**

Opinion

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 Service Commission Pensions Office Retention Fund as at December 31, 2015 and its financial performance for the year then ended.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Retention and non-disclosure of Income

Finding

The Fund Administrators collected and retained $3 848 702 in violation of Treasury Circular minute B/50/63 dated May 14, 2010 which directed that with effect from June 01, 2010, all amounts collected by Ministries and Departments with Retention Funds whose Constitutions entitle them to a share of the qualifying revenue receipts should initially remit full amounts to Treasury. Of the above amount $1 143 055 was disclosed as income in the Statement of Comprehensive Income. The balance of $2 705 647 was not receipted but was deposited in the bank account and utilised therefrom.

Risk/ Implication

There might be loss of funds due to the Exchequer.

Recommendation

The Fund managers should comply with the approved retention rate of 10%.

Management Response

The Public Service Commission approached the Treasury for permission to retain 50% and US$30 000 monthly. Treasury agreed to our request and authority was granted. However, the Treasury mistakenly omitted Pensions Agency to some parts of the authority. We have since engaged Treasury so that we obtain a corrected letter.

Evaluation of Management Response

The authority to retain $30 000 over and above the current retention of 50% availed for audit was meant for the SSB General Purpose Fund as clearly stated in the approval. The General Purpose Fund was already retaining 50% at the date of that approval.

1.2 Depreciation

Finding

The Fund Managers failed for the second year in succession to provide for depreciation on non-current assets in the financial statements in violation of section 35(4) of the Public Finance Management Act [*Chapter 22:19*] which provides that Funds should operate on accrual basis. Non-current assets worth $1 568 155 were acquired in the current year, while those worth $579 827 were brought forward from 2014 at cost, bringing the total to $2 147 982.

Risk/ Implication

The financial statements might be misstated.

Recommendation

The Fund managers should comply with Section 35(4) of the Public Finance Management Act [*Chapter 22:19*] by adopting the accrual basis of accounting thereby providing for depreciation on non-current assets.

Management Response

The non-current assets were not depreciated in the year 2015 because the Accounting Officer's Instruction Manual had not been approved and staff did not have the depreciation rates to apply. The Accounting Officer's Manual gives the staff the rate of

depreciation to use, hence from 2016 all assets will be depreciated accordingly as the Accounting Officer's Instructions Manual was approved for staff to use.

1.3 Current Liabilities -Exchequer

Finding

The Fund did not remit the 90% of Interest and Commission received that was due to the Exchequer. This was evidenced by the continued increase in the Liability figure for funds due to the Exchequer from $1 739 170 at the beginning of the year to $4 444 817 at December 31, 2015.

Risk/ Implication

The unauthorised retention had the effect of illegally increasing the budget allocation of the Commission since monies retained by Funds form part of the budget estimates.

Recommendation

The Fund managers should comply with the Constitution of the Fund to remit 90% of the Interest and Commission to the Exchequer.

Management Response

The Fund Managers always seek authority from Treasury. We have approached Treasury regarding the error in their letter of authority. It has remained a priority to the Fund managers that the going concern of the Fund is beyond doubt.

Evaluation of Management Response

The amount due to Exchequer for the whole year and for previous years, remained unpaid as at December 31, 2015. As such the Fund's going concern remained compromised.

SALARY SERVICE BUREAU GENERAL PURPOSE FUND 2016

OBJECTIVES OF THE FUND

The objective of the Fund is to collect and administer fees to finance the development and maintenance of services, programmes and related activities at Salary Services Bureau.

I have audited the financial statements of Salary Services Bureau General Purpose Fund for the Public Service Commission for the year ended December 31, 2016. Below is a summary of the Statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	6 526 967
Expenditure	5 406 093
Surplus/ (Deficit)	**$1 120 874**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	1 910 723	- 2 029 656
Current	129 433	10 500
Total	**$2 040 156**	**$2 040 156**

Opinion

In my opinion, the financial statements present fairly, in all material respects the financial position of the Salary Services Bureau General Purpose Fund as at December 31, 2016 and its financial performance for the year then ended.

However, below are material issues noted during the audit:

1 PROCUREMENT

1.1 Informal Tender Procedures

Finding

Contrary to Section 30 and 31 of the Procurement Act [*Chapter 22:14*] as read in conjunction with Section 6 of Statutory Instrument 171 of 2002, the Fund procured on separate occasions during the financial year under review 220 HP Laptops, Office furniture and 270 Huawei Ascend 3YC mobile phones at costs of $77 000, $26 820 and $19 980 respectively without following Informal Tender procedures. Therefore, I could not satisfy myself whether these goods were obtained at best advantage to the Government.

Risk/Implication

Value for money may not be realised if transparent bidding processes are not adhered to as reputable suppliers may be denied a chance to make competitive bids.

Recommendation

The Fund should adhere to procurement procedures as required in terms of section 30 and 31 of the Procurement Act [*Chapter 22:14*] as well as the requirements of Statutory Instrument 171 of 2002.

Management Response

The purchases were done through two different procurement committees one at Salary Services Bureau and the other at Public Service Commission Head office. However, such issues would not arise in future since a centralised procurement committee was constituted in September 2016 for all procurement in the Public Service Commission.

Evaluation of Management Response

Although there were two separate procurement committees, the actual approval of purchases was centralised. The Fund Administrators should have synchronised purchasing decisions in order to promote economy, efficiency and effectiveness.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Debt Recovery

Finding

In contravention of Treasury Instruction 0501, the Fund did not manage to recover an amount of $7 000 for services rendered by Salary Services Bureau in January 2014 to Ridlow Company. This debt has remained outstanding since then casting doubt on the prospects of its recovery.

Risk/ Implication

Long outstanding debts may negatively affect the Fund's future sustainability.

Recommendations

The Fund is called upon to negotiate with its customers to pay the full amount first before rendering services.

The Fund should consider engaging the Attorney-General's office for assistance to initiate legal action against Ridlow Company.

Management Response

The Agency is going to exert more efforts in trying to recover the outstanding amount before approaching Treasury for authority to write-off the debt.

SKILLS RETENTION FUND 2016

OBJECTIVE OF THE FUND

The main objective of the Fund is 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.

I have audited the Skills Retention Fund Account for the Public Service Commission for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	280 945
Expenditure	280 776
Surplus/ (Deficit)	$169

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	1 553	- 57 643
Current	70 240	14 150
Total	**$71 793**	**$71 793**

Opinion

In my opinion, the financial statements present fairly, in all material respects the financial position of the Skills Retention Fund as at December 31, 2016 and its financial performance for the year then ended.

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Money held in Zimbabwe Allied Banking Group (ZABG)

Finding

In my 2015 report, I raised the issue of money belonging to the Fund amounting to $39 875 which was locked-up in the liquidated Zimbabwe Allied Banking Group (ZABG). I observed that this amount was disclosed as cash on hand in the financial statements for the year ended December 31, 2016. However, no firm commitment from the Deposit Protection Corporation could be availed for audit inspection to substantiate prospects of recovering the full amount.

Risk/Implication

Public resources might be irrecoverable through lapse of time.

Recommendation

The Fund Administrators should consider engaging the Attorney-General for assistance to recover the locked-up public funds.

Management Response

A claim was registered under Depositor's Protection Fund. A creditors' claim was registered through Master of High Court. The Liquidator Trudor House Consultants Private Limited will communicate in writing on the outcome.

1.2 Board of the Fund

Finding

For the third consecutive year, the Chairman had not appointed a Board of the Fund in contravention of section 4 (b) of the Fund's Constitution. As a result, the payment of skills retention allowances amounting to $243 560 was done without the requisite Board approval.

Risk/Implication

There may be lack of transparency in the selection of beneficiaries for the skills retention allowances

Recommendation

The Chairman should appoint a Board in compliance with the Fund's Constitution to ensure efficient and effective administration of the Fund.

Management Response

Observation noted. We are considering implementing the audit recommendation in order to avoid recurrence of the same observation.

VOTE 29. -MINISTRY OF SPORT AND RECREATION

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Sport and Recreation for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$4 319 000	$491 962	**$4 810 962**	$4 806 637	**$4 325**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Sport and Recreation as at December 31, 2017.

However, below are material issues noted during the audit:

1 PROCUREMENT

1.1 Procurement of motor vehicles

Finding

The Ministry bought fourteen (14) motor vehicles at a cost of $617 863 from Cannon Motors Private Limited on 15 December 2017. As at April 30, 2018, two (2) vehicles had been delivered leaving a balance of twelve (12) vehicles outstanding. This was contrary to the written agreement between the Ministry and Cannon Motors, paragraph 7.0 read in conjunction with paragraph 13, that upon payment of advance the vehicles would be handed over to the purchaser after six (6) weeks, failure to deliver these vehicles within the stipulated time, the Ministry would without prejudice to its other remedies under the contract, deduct from the contract price as liquidated damages. The supplier's failure to deliver the motor vehicles as per the agreement was attributed to shortage of foreign currency.

Risks / Implications

The Ministry`s service delivery is compromised due to non-delivery of the motor vehicles.

The supplier may fail to deliver the vehicles or reimburse Ministry thereby prejudicing the state.

Recommendation

The Accounting Officer should liaise with Treasury so as to facilitate availability of foreign currency which the supplier requires to import the motor vehicles.

Management response

The Ministry had a series of follow up meetings with the supplier who was citing challenges they were facing in securing foreign currency. The supplier has since been notified of breach of contract and requested to remedy it as provided for in the contract agreement within five (5) working days from the date of receipt of our letter dated May 10, 2018.

VOTE 30. -MACRO-ECONOMIC PLANNING AND INVESTMENT PROMOTION

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account and supporting returns for the Ministry of Macro-Economic Planning and Investment Promotion for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$5 927 000	$1 623 364	**$7 550 364**	$7 006 383	**$543 981**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Macro-Economic Planning and Investment Promotion as at December 31, 2017.

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

1 PROCUREMENT

1.1 Acquisition of Furniture

Findings

Contrary to the requirements outlined in Appendix II of the Treasury Instructions, the Ministry procured furniture amounting to $13 012 from Hunting Furniture Private Limited which remained undelivered as at December 31, 2017. It was observed that the payment was deposited into Stanbic bank account number 000240061619502 for Hunting Furniture instead of Commercial Bank of Zimbabwe (CBZ) account number 02124636590019 for Adam Bede. Of concern was that the money had not been reimbursed by the supplier at the time of concluding the audit.

Furthermore, the Ministry reversed the transactions in the System Application Product (SAP) on document numbers 5100000453 and 5100000454 dated August 22, 2017. However, I was not availed with the authority from Public Finance Management System (PFMS) Project Manager to effect these reversals.

Risk/Implication

The Ministry might have been prejudiced of scarce public resources.

Recommendations

The Ministry should create Hunting Furniture Private Limited as a debtor in System Application Product (SAP) and maintain a register for all undelivered assets as required by Treasury Instruction 1208.

The Ministry should obtain and avail authority from the Public Finance Management System (PFMS) Project Manager to reverse the transaction.

Management Responses

The approved supplier is Adam Bede T/A Hunting Furniture, The Company applied for a vendor number using the Trading name and a vendor number was subsequently allocated under Hunting Furniture Trading Company.

We do not usually seek Accounting Officer's authority to reverse transactions in the system but we request for authority to be given a temporary reversal profile from the Public Finance Management System (PFMS) Project Manager.

It should be noted that the Ministry had previously dealt with the same company. The two quotations, one from the previous transactions and the one under scrutiny were on the similar letter heads. The officer who initiated the payment in the SAP system picked Hunting Furniture vendor number which we had used previously. Also note that officers do not capture the suppliers' details manually as these details are maintained centrally at Public Finance Management System (PFMS) Project Office.

Evaluation of Management Responses

It is of concern that proper invoice verification procedures were not conducted to guard against payment to a wrong supplier account. Of concern also is that fruitless expenditure may have been incurred since the procured furniture remained undelivered at the time of concluding the audit.

2 EXPENDITURE CONTROL

2.1 Authority to Spend

Finding

Contrary to Treasury Instructions 0806 and 1218, the Ministry incurred excess expenditure on the subhead of Goods and Services which amounted to $12 084. I was not provided with the authority to incur excess expenditure on this item.

Risk/Implication

Misapplication of voted funds may have occurred.

Recommendation

The Ministry should furnish audit with competent authority to incur excess expenditure.

Management Response

The excess was caused by a set-off for Ministry of Local Government, Public Works and National Housing which was erroneously charged on our budget by Treasury. The item of Foreign travel expense's original budget was $50 000 and we made a virement increase of $28 594 giving us a subtotal of $78 594 against the expenditure of $76 349. The negative figure was caused by a virement of $2 520.

Evaluation of Management Response

The set-off to Ministry of Local Government, Public Works and National Housing amounted to $8 036 and the balance of $4 048 remained uncleared.

VOTE 31. -WELFARE SERVICES FOR WAR VETERANS, WAR COLLABORATORS, FORMER POLITICAL DETAINEES AND RESTRICTEES

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$22 080 000	-	**$22 080 000**	$19 048 536	**$3 031 464**
Constitutional and Statutory Appropriations				
$250 000	-	**$250 000**	$200 000	**$50 000**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees as at December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Expenditure Management and Control

Finding

Treasury Instruction 1301 requires that a reconciliation of the Paymaster General's Account for each Ministry be submitted to Treasury on or before the seventh working day of each month. The Ministry did not carry out monthly reconciliations, as a result, the Appropriation Account reflected total expenditure of $19 048 536 whilst the Sub-Paymaster General's Account had total expenditure of $18 711 887 giving a variance of $336 649 which could not be substantiated. Therefore, I could not ascertain with accuracy, the actual expenditure figure for the year under review.

Risk/Implication

Errors and omissions may go undetected if reconciliations are not being done.

Recommendation

The Ministry should carry out monthly Sub-Paymaster General's Account reconciliations against the Public Finance Management System (PFMS) to facilitate the detection and correction of errors and omissions and validating that all payments made are genuine transactions of the Ministry.

Management Response

The observation is acknowledged. The Ministry faced challenges in downloading the Electronic Bank Statement from end of December 2016 and the whole of the year 2017. However, we have managed to rectify the problem and the end of 2017 return was done. We are yet to respond to differences emanating from the total expenditure and Paymaster General's Account.

1.2 Unsupported Expenditure

Finding

Treasury Instructions 1215 and 1216 detail that vouchers need to be covered by competent authority and relevant requisitions. Contrary to this provision, The Ministry did not avail supporting documents for expenditure amounting to $62 062. I could not establish if the expenditure was a proper charge to the account. The amount was made up of the following items:

Unsupported Expenditure

DETAILS	**AMOUNT ($)**
Travelling and Subsistence	38 491
Maintenance of Vehicles and Mobile Equipment	15 000
Communication and Information Supplies	381
Computer Consumables	8 190
Total	**$62 062**

Risk/Implication

If payments are processed without adequate supporting documentation, irregular and fraudulent expenditure may be incurred.

Recommendation

Management should ensure that all payments are processed when sufficient documents are attached to prevent the processing of improper payments.

Management Response

The observation is noted. Documents worth $8 190 were availed for audit whilst the remainder is still work in progress.

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

2 EMPLOYMENT COSTS

2.1 Salary Advances

Finding

I noted that the Ministry advanced salaries to staff amounting to $27 156 in the 2015 and 2016 financial years. As at the time of concluding my audit on May 10, 2018, these advances had not been recovered. This was contrary to the provisions of Treasury Instructions 1504 which require an Accounting Officers to recover all advances made and ensure that the terms and conditions of the advances are complied with. The advances were as shown below:

Advance Salaries

Year	**Advances($)**
2015	6 400
2016	20 756
Total	**$27 156**

Risk/Implication

The Ministry may fail to recover outstanding advances if they take too long to be recovered.

Recommendation

The Ministry should recover all outstanding salary advances by deducting from the pay sheets.

Management Response

The observation is acknowledged. We drafted a letter to SSB for the creation of the deduction code as a measure to address the problem of recovering the salary advances.

WAR VETERANS FUND 2016

OBJECTIVE OF THE FUND

The Fund was established for the purpose of rendering financial assistance to war veterans and their dependants in terms of the War Veterans Act [*Chapter 11:15]*. The assistance may be in the form of loans or grants to finance income generating projects, funeral expenses, manpower development and physical, mental or social rehabilitation of war veterans.

I have audited the financial statements of the War Veterans Fund for the year ended December 31, 2016. Below is a summary of the statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	10 999 640
Expenditure	21 517 911
Surplus/ (Deficit)	**($10 518 271)**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Deficit	1 128 121	**-** (9 638 603)
Current	1 171 706	11 938 430
Total	**$2 299 827**	**$2 299 827**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the War Veterans Fund as at December 31, 2016 and its performance for the year then ended.

However, below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Unauthorised Investments

Section 8(2) of the War Veterans Act [*Chapter 11:15*] authorizes the Minister, in consultation with the Board and the approval of the Minister responsible for Finance to invest moneys of the Fund not immediately required. Contrary to this provision, the Fund invested an amount of $256 168 in the Power Zimbabwe (Pvt) Ltd without obtaining prior Treasury authority.

Furthermore, the Fund did not have an investment policy which gives guidance on how investments and dividends should be monitored and controlled. No supporting documents to confirm the authenticity of the investments were provided for audit. Resultantly, I could not verify whether the funds were used for the intended purpose.

Risks/Implications

The absence of documentation to support financial commitments may negatively impact the operations of the Fund as the agreements may not be binding and makes it difficult to verify the accuracy of interest on investments whenever it becomes due.

Uneconomic investment decisions might be made in the absence of an investment plan and the Fund may fail to meet its objectives.

Recommendations

Management should ensure that all financial commitments are in line with the Fund's objectives and covered by competent authority and relevant documentation which clearly outline terms of the investment to enable the Fund to monitor the movement of funds.

An investment policy must be put in place which gives guidance on investments.

Management Response

The amount transferred to the entity was made under the discretionary powers of the Minister to fund income generating projects for war veterans.

Evaluation of Management Response

The investments should have been done with the approval of Treasury as indicated in Section 8(2) of the War Veterans Act [Chapter 11:15].

1.2 Lack of supporting documents

Finding

I noted that a payment of $5 407 194 for Education Assistance was not sufficiently supported as no application letters, invoices, corporate reports and subsequent school receipts were attached. This was contrary to the provisions of Section 81 (2) (b) (iii) of the Public Finance Management Act *[Chapter 22:19]* which stipulates that all expenditure should be supported by sufficient vouchers. I was not able to validate the expenditure incurred and to determine whether it was a proper charge to the Fund.

Risk/Implication

Failure to maintain adequate supporting documentation for expenditure would result in improper and fraudulent payments being processed without detection.

Recommendation

The requirements of Section 81 (2) (b) (iii) of the Public Finance Management Act *[Chapter 22:19]* should be adhered to for proper accountability of public funds. The Fund should attach all relevant documentation to support the education assistance expenditure paid.

Management Response

The observation is acknowledged. The issue of supporting documents is being sorted out. Vouchers amounting to $182 418 have been located to date. Efforts to locate the remaining payment vouchers are in progress.

1.3 Government Grant

Finding

The Fund's financial statements disclosed receipts of $10 999 640 worth of grants from Treasury. The expenditure report from the Public Finance Management System and the Ministry appropriation accounts for the same period indicated that total grants of $11 619 262 had been received by the Fund from Treasury. As a result, there was a variance of $619 622 between the Fund's financial statements and the Ministry's Appropriation Accounts that could not be reconciled.

Risk/Implication

Failure to properly account for moneys received may result in irregularities and misstatements of the financial statements.

Recommendation

The Fund should ensure that accurate records and supporting documentation are maintained for proper accountability.

Management Response

Audit observation acknowledged. The variance was caused by underfunding. Treasury released $11 619 262 into the Public Finance Management System and of this amount, only $10 999 640 was funded.

Evaluation of Management Response

The Ministry's Appropriation Accounts showed a total of $11 619 262 under current transfers as a grant received by the Fund from Treasury. The same amount was shown under the consumed budget in the Public Finance Management System which represents the expended amount, hence the response given above does not explain the difference.

1.4 Absence of a War Veteran's Board

Finding

For the third year running, the Fund has not constituted a War Veterans Board in terms of Section 11 of the War Veterans Act *[Chapter 11:15]*. The Board's functions include ensuring that the actual war veterans or their dependents are assisted, addressing any challenges pertaining to assistance rendered to war veterans and supervise the general operations of the Fund.

Risk/Implication

Absence of an independent board to direct, manage and control operations may hinder the effective administration of the Fund as key decisions which require the independent opinion of the Board may not be done.

Recommendation

The Accounting Officer should initiate the appointment of the War Veterans Board in compliance with Section 11 of the War Veterans Act *[Chapter 11:15]* to ensure sound corporate governance and provide adequate direction to the Fund.

Management Response

Audit observation is acknowledged and noted. The last elected Board sat in March 1998 and since then there has never been a new Board. This Ministry, which is 2 years old now, inherited this problem under an environment of the new Constitution. Resultantly there is need to align various legal documents/regulations to the new Constitution. Further, the Ministry is in the process of amalgamating the War Veterans Act and the Ex-political Prisoners, Detainees and Restrictees Act, both which require Boards to be appointed, into a single Act that will be inclusive of Nationalists, War Collaborators and None-combat cadres. The proposed Act, whose Bill is before Cabinet, will be called the Veterans of the Liberation Struggle Act.

Given the foregoing, it is a deliberate position by the Ministry not to appoint Boards for the Act. After amalgamation of the said Acts, an Advisory Board is perceived instead. The Executive Power which were vested in the Board are now vested between the Permanent Secretary and the Honourable Minister.

2 PROCUREMENT

2.1 Procurement procedures

Finding

The Fund procured goods and services worth $1 432 828 without following proper procedures outlined in the procurement regulations (Amendment) No. 18 of 2015 as read with Statutory Instrument 171 of 2002. The Statutory Instrument requires that any purchase above $10 000 should be done through informal tender. Only competitive quotes and single quotations were used. The table below refers:

Date	**Supplier**	**Details**	**Amount ($)**
06-04-16	Krammerville Investments	Competitive quotes	123 000
06-04-16	Rooneys Hire Services	One quotation	298 585
06-04-16	LED Travel and Tours	One quotation	713 420
15-04-16	Royal Flair Events	Competitive quotes	125 509
20-04-16	Redan	One quotation	45 059
24-05-16	Redan	One quotation	32 940
12-11-16	Promotions Pvt Ltd	Competitive quotes	17 000
12-11-16	Royal Flair Events	Competitive quotes	77 315
	Total		**$1 432 828**

Risk/Implication

Failure to abide by the procurement thresholds may result in uneconomic buying or tenders being awarded to suppliers without the capacity to deliver the required quality and quantity.

Recommendation

The Fund should be guided by the procurement regulations as they provide for an efficient and transparent procurement system which gives an equal opportunity to suppliers.

Management Response

Audit observation is acknowledged. These were payments made under emergencies. Observance of procurement regulations as pronounced in Statutory Instrument 171 of 2002 as read with the Procurement Regulations (Amendment) No 18 of 2015 are being pursued.

Evaluation of Management Response

Statutory Instrument 171 of 2002 as read with the Procurement Regulations (Amendment) No 18 of 2015 provide for urgent matters that can be procured under special formal tender.

VOTE 32. -RURAL DEVELOPMENT, PROMOTION AND PRESERVATION OF CULTURE AND HERITAGE

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Ministry of Rural Development, Promotion and Preservation of National Culture and Heritage for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$15 751 000	$1 217 000	**$16 968 000**	$12 295 676	**$4 672 324**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Ministry of Rural Development, Promotion and Preservation of National Culture and Heritage as at December 31, 2017.

Basis for Qualified Opinion

1 EMPLOYMENT COSTS

1.1 Employment Costs Variances

Finding

Treasury Instruction 0705 requires a Ministry to keep a full and proper record of all its transactions. Contrary to the above, I observed that the submitted Appropriation Account had total employment costs amounting to $5 894 881 while the Salary Services Bureau (SSB) Schedule of employment costs showed an amount of $7 641 939 resulting in a variance of $1 747 058. The Public Finance Management System (PFMS) figure for employment costs was $5 889 071, which also was at variance with the Appropriation Account figure of $5 894 881 giving an unexplained variance of $5 810. Hence, I could not place reliance on the figures submitted in the Appropriation Account for the period ended December 31, 2017. This was caused by lack of reconciliations being done to explain the variances.

Risks/ Implications

The Employment costs disclosed could have been materially misstated.

Non bona-fide employees may have been paid through Salary Services Bureau.

Recommendation

The Ministry should reconcile the variances if the figures emanating from the SSB Schedule of Employment costs are different from the Ministry's total bill.

Management Response

According to the Salary Bills which are submitted to the Ministry every month, the total amount of Salaries paid as Employment costs was $5 894 881. The salary schedules are available for further Audit Inspection.

2 INVESTMENTS

2.1 Non-Disclosure of Public Financial Assets

Finding

For the second consecutive year, the Ministry did not disclose Public Financial Assets despite having received a letter of hand over from the Ministry of Local Government, Public Works and National Housing on December 31, 2016 pertaining to Public Financial Assets advanced to Rural Local Authorities amounting to $14 791 045 and accrued interest of $623 609. This was contrary to the requirements of section 35 (6) (a) and (b) of the Public Finance Management Act [*Chapter 22:19*].

Risks/Implications

Non-Disclosure of Public Financial Assets may result in poor management and accountability for loans advanced to Rural District Councils.

Developmental projects may not be properly accounted for.

Recommendation

The Ministry should record, account and disclose Public Financial Assets in compliance with section 35 (6) (a) and (b) of the Public Finance Management Act [*Chapter 22:19*]. The performance of the loans should be monitored.

Management Response

The Public Financial Asset was never handed over to the Ministry of Rural Development, Promotion and Preservation of National Culture and Heritage, but there was an attempt by both Ministries to initiate the handover which was never completed.

Evaluation of Management Response

The issue was raised in the previous year's report and the Ministry was supposed to take appropriate steps regarding the finalisation of this issue.

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

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Outstanding Revenue

Finding

Treasury Instruction 0501 states that Officers responsible for collecting debts shall take adequate steps to collect any sums due to the Government on due date and shall on no account allow a debt to become extinguished through lapse of time. Contrary to the above, the Ministry did not collect outstanding revenue amounting to $59 342 and accrued interest on Public Financial Assets amounting to $623 609 for the year ended December 31, 2017. This was caused by the Ministry not putting maximum effort to recover the outstanding amounts.

Risk/Implication

There is a risk that the Ministry's uncollected revenue may become irrecoverable resulting in loss of State resources.

Recommendation

The Ministry should ensure that all outstanding revenue is collected timeously.

Management Response

The department will make efforts on monthly basis by way of issuing payment reminders to its clients.

Evaluation of Management Response

Other than reminders, other alternative ways should be explored as the department was not making significant impact on recoveries. The outstanding figure had increased from that of the previous year.

2 MANAGEMENT OF ASSETS

2.1 Asset Management

Finding

Treasury Instruction 2002 provides that the Accounting Officer should ensure that all assets held by the Ministry are recorded, have proper custody and that stock taking of such assets was done. Contrary to the above, the Ministry did not inspect records and physically verify all assets in Provinces and Districts for the year under review. This was caused by an oversight by staff who are not making an effort to regularly monitor assets.

Risk/Implication

There is a risk that the Ministry's assets could be misappropriated.

Recommendation

The Ministry should ensure that all assets are recorded in the Master Asset Register and physically checked for existence to enhance accountability and to safeguard the assets.

Management Response

Resources to enable teams to do asset verifications were not made available. There were also challenges of staff turnover during the period under review.

2.2 Fire Extinguishers

Finding

I noted that the National Archives of Zimbabwe' Records Centre Building had no serviced fire extinguishers at the time of audit. The fire extinguishers in place were last serviced thirteen years ago in February 2005. The records center contains very important current and semi-current files and documents which are susceptible to fire.

Risk/Implication

There is risk of loss due to damage of files, records and information of national interest in the event of a fire outbreak.

Recommendation

The Ministry should ensure that all fire extinguishers are serviced on a regular basis (bi-annually) and dates of next service should be adhered to in order to enhance accountability and to safeguard the records and information.

Management Response

The observation is noted. The Ministry is going to engage the service providers to make sure fire extinguishers are serviced more often if resources permit.

NATIONAL ARCHIVES RETENTION FUND 2016

OBJECTIVE OF THE FUND

The main objective of this Fund is to provide resources to vital archival exercises, staff training, staff welfare, sponsoring of service awards, and provision of information and procurement of furniture and office equipment.

I have audited the National Archives Retention Fund Account for the Ministry of Rural Development, Promotion and Preservation of National Culture and Heritage for the year then ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	30 678
Expenditure	19 897
Surplus/ (Deficit)	**$10 781**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	**-** **15 811**
Current	15 811	-
Total	**$15 811**	**$15 811**

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Archives Retention Fund as at December 31, 2016 and its financial performance for the year then ended.

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

1 GOVERNANCE ISSUES

1.1 Cash Withdrawals

Finding

Section 3 (b) of the Constitution of the Fund stipulates that all moneys received by the Fund shall be placed in a double signatory Commercial Bank Account and no moneys shall be withdrawn there-from except by means of cheques. However, I observed that the Fund made cash withdrawals amounting to $4 592 representing 50.7% of total expenditure of $9 054 excluding Current Transfer to Exchequer and bank charges. This was caused by the Fund

Administrators' failure to embrace the use of Real Time Gross Settlement banking facility (RTGS) when making payments.

Risk/Implication

The Fund's financial resources may not be safe given the various risks associated with handling of cash.

Recommendation

The Fund should consider transacting electronically through the use of Real Time Gross Settlement (RTGS) banking facility.

Management Response

Noted, the Department is to embrace the use of Real Time Gross Settlement (RTGS) when making payments.

1.2 Accounting Package

Finding

Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] provides that every Accounting Officer of a Ministry shall keep or cause to be kept proper records of account. However, the Fund's ledgers were being maintained on Microsoft Excel spreadsheet, which did not have adequate security controls. This was caused by the Fund's Administrators who did not make an effort to have a more robust accounting package with adequate internal controls.

Risk/Implication

The use of Microsoft Excel may expose the financial records to manipulation and compromise the integrity of the financial information.

Recommendation

Management should consider acquiring an Accounting Software Package that is robust to manage its accounting records in order to safeguard the resources of the Fund.

Management Response

The Department will prioritise the acquisition of a more robust Accounting Software Package to manage the accounting records. Since the Fund collects $3 000 annually, an application will be made to the Accounting Officer for a grant to fund the purchase of the Accounting Package.

1.3 Accounting Officers' Instructions

Finding

Section 3 (a) of the Fund's Constitution states that the Fund shall be administered by the Director who shall issue detailed instructions on accounting and administrative procedures in accordance with Treasury Instruction and Audit Office Act [*Chapter 22:18*]. However, the Fund operated without an Accounting Procedure's Manual/Accounting Officers Instructions.

Risk/Implication

The absence of the Accounting Officer's Instructions may result in unclear guidelines to key accounting processes. Officers may also commit errors if they process transactions without reference.

Recommendation

The Ministry should develop Accounting Officer's Instructions to provide guidance in the operations of the Fund.

Management Response

The Accounting Officers' Instructions Manual Draft was initially sent to our former Ministry, Home Affairs in August 2015. A resubmission will be made to the current Ministry.

1.4 Idle Funds

Finding

Section 3 (d) of the Constitution of the Fund provides that moneys in the Fund not immediately required for the purposes of the Fund may be invested subject to Treasury approval. Contrary to the above mentioned provision, I observed that the Fund had cash amounting to $15 811 (RBZ Account-$5 903 and FBC-$9 908) in its bank accounts. This was caused by the Administrators of the Fund not making an effort to have these funds invested if they were not needed for immediate use.

Risk/Implication

The Fund may lose out on income which should have accrued to the Fund if the idle cash was invested.

Recommendation

The Administrators of the Fund should ensure that funds which are not needed for immediate use are invested in order to generate more revenue for the Fund.

Management Response

The funds were earmarked for digitization package, but there was a delay on the approval of the request. However, the request has since been approved and initial stages for digitization have begun. The funds are expected to have been exhausted by end of July.

NATIONAL ARCHIVES PUBLICATIONS AND PRODUCTIONS TRUST FUND 2016

OBJECTIVES OF THE FUND

The Fund was established to meet expenses connected with the compilation, production and publication of works, produced by the National Archives of Zimbabwe.

I have audited the National Archives Publications and Productions Trust Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	**$**
Income	738
Expenditure	385
Surplus/ (Deficit)	**$353**

Statement of Financial Position

Item	**ASSETS ($)**	**LIABILITIES ($)**
Non-Current Accumulated Fund	-	- 8 947
Current	8 858	(89)
Total	**$8 858**	**$8 858**

Opinion

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 National Archives Publications and Productions Trust Fund as at December 31, 2016 and its financial performance for the year then ended.

Basis for Qualified Opinion

1 GOVERNANCE ISSUES

1.1 Disclosure of Stock

Finding

Stock amounting to $92 257 was not disclosed in the financial statements submitted for audit for the year under review. This was in violation of section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*].

Risk/Implication

Failure to disclose Stock in the financial statements result in poor accountability for the Fund's resources.

Recommendation

The Fund Administrators should disclose stock on hand in the financial statements, in compliance with section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The Department will make sure that stock will be disclosed when preparing the financial statements.

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

1. GOVERNANCE ISSUES

1.1 Maintenance of Stock

Finding

I observed that the Fund did not open and maintain stock cards for twenty-one (21) categories of prints which would show amount received, issued and balance on hand. The stock prints were kept in filing cabinets in the Accounts Office exposing them to pilferage as they were not under lock and key.

Risk/Implication

The Fund may lose potential revenue if appropriate records are not maintained as stock may be lost without trace.

Recommendation

The Fund should ensure that stock cards are opened and maintained to enhance accountability and to safeguard the Fund's resources.

Management Response

The observation has been noted, proper records for prints will be maintained.

1.2 Marketing of Pictorials and Prints

Finding

Despite the Fund having large stocks of pictorial prints which were of significant interest not only to Zimbabwean citizens/students but also to foreign visitors, the Fund had not taken/adopted a robust approach to market these items. Instead the items were centralised at the Department's Head Office in Harare despite having other similar institutions throughout the country through which the various pictorial prints could be easily accessed and sold to members of the public. The lack of a marketing strategy has resulted in the Fund having in stock massive pictorials and prints in its strong rooms.

Risk/Implication

Failure by the Fund to effectively market the items may render the stocks obsolete.

Recommendation

There is need to take robust measures to market existing pictorial prints of historical significance through similar institutions and monumental sites around the country in order to increase the revenue base for the Fund.

Management Response

The observation has been noted. The Department will in future enter into alliances with willing partners to market its stocks of prints and pictorials. Furthermore, the selling of prints will be decentralized to our provincial centres.

VOTE 33. -COUNCIL OF CHIEFS

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Council of Chiefs for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$3 130 000	_	**$3 130 000**	$1 368 371	**$1 761 629**
Constitutional and Statutory Appropriation				
$8 649 000	_	**$8 649 000**	$7 990 583	**$658 417**

Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the Council of Chiefs as at December 31, 2017.

Basis for Qualified Opinion

1 GOVERNANCE ISSUE

1.1 Unallocated Reserves

There was a variance of $7 345 000 between the Unallocated Reserve transfer figure disclosed in the Ministry Appropriation Account and that disclosed in Treasury records that were received after the audit had been concluded. According to the schedule from Treasury the Ministry was supposed to have received $7 345 000, however as at May 10, 2018 the Ministry had not received anything and the difference had not been uploaded on the PFMS to enable the Ministry to account for it. As a result, I was unable to validate the accuracy of the total amount transferred to the Ministry by Treasury and the total expenditure relating to the variance.

Risk/Implication

The Appropriation Account may be misstated.

Recommendation

Treasury should ensure that all transfers from unallocated reserve are communicated to the Ministry and uploaded in the system timeously.

2 EMPLOYMENT COSTS

2.1 Traditional Leaders Acquittals

Findings

For the second consecutive year, the Council of Chiefs failed to produce for audit the acquittals and pay sheets pertaining to the payment of Traditional Leaders allowances. I could therefore not confirm whether the employment cost figure disclosed in the Appropriation Account was paid to bona-fide Traditional Leaders.

This was contrary to Treasury Instruction number 0705 which requires every Accounting Officer or Officer administering a fund to ensure that full and proper accounts are kept of the transactions for which he or she is responsible.

This was caused by lack of proper maintenance of accounting records by both the District and Provincial Officials.

Risk/Implication

Money meant for Traditional Leaders may be used for other purposes by the District Officials.

Recommendation

The Council should ensure that funds disbursed to Provinces and Districts are properly accounted for in compliance with Treasury Instruction 0705.

Management Response

The Council of Chiefs is decentralized down to the District Level. The payments to the Traditional Leaders are done at the District. The Districts prepare the pay sheets which are kept at the Provinces including the acquittals. The pay sheets and acquittals can be inspected at the Provincial level where they are kept. However, Provinces have since been requested to submit pay sheet acquittal reports which are still to be submitted.

Evaluation of Management Response

A visit to three provinces revealed that there was no requirement for Districts to acquit the payments and the Provinces did not have the acquittals.

In addition, some of the allowances were being used to pay for bank charges making it difficult to acquit the amounts paid.

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

1 GOVERNANCE ISSUES

1.1 Use of donation money without Treasury Concurrence

Finding

I observed that cash donations amounting to $3 135 were received and used without having obtained Treasury Authority to accept such donations. According to the underlying record the money was used to purchase fuel and pay subsistence allowances for members who conducted pay runs for Traditional Leaders. This was contrary to Treasury Instruction number 0457 which states that all monetary gifts to Government from any source shall be notified by the receiver of revenue to the Treasury immediately on receipt of the gift or the offer of the gift.

This was caused by inadequate supervision of staff responsible for the accounting function.

Risk/Implication

Donations may not be properly accounted for if no proper records are kept and disclosed.

Recommendation

The Ministry should clearly inform all staff on the proper procedure of dealing with donations in compliance with Treasury Instruction 0457.

Management Response

Cash Donations for Independence were used for the purpose of Independence celebrations and not for Traditional Leaders fuel and travelling and subsistence. The expenditure was captured on short receipts.

Evaluation of Management Response

There was no evidence to show when the money was withdrawn and how it was utilised, since the station was not compiling payment vouchers. In addition, Treasury authority to accept the donation was not produced for audit examination.

1.2 Cash book maintenance at Hwange District Administrator Offices

Findings

Contrary to Treasury Instruction 0705, I observed that the cashbook was maintained from April 2015 to February 2016, after which it was discontinued. Upon the appointment of a new Accounting Assistant in September 2017 the cashbook updating resumed from the same month. A cashbook opening balance of $3 077 was extracted from a rough hard cover book which was allegedly compiled by the Administration Assistant who was handling the payment of traditional leaders' allowances until the new Assistant Accountant arrived. During this period the receipt numbers were not being captured in the cash book making it difficult to match receipts to the cash book.

An analysis of the cashbook revealed that from September 2017 to January 2018 the closing balances were as follows **(Table below Refers)**.

Monthly Closing Cashbook Balances

Month	Year	Closing Balance $
September	2017	3 954.53
October	2017	6 278.87
November	2017	3 190.07
December	2017	4 405.65
January	2018	3 060.39

The above stated cash book balances were way above the average monthly traditional leaders allowance payments made by the District of $2 295. This was caused by inadequate induction mechanisms and lack of supervision of Ministry Officials.

Risks/Implications

If financial records are not properly maintained, fraud may be perpetrated.

New employees not properly inducted may further misstate financial records.

Recommendation

The Ministry should induct all District Officials responsible for the accounting function to keep full and proper accounts in compliance with Treasury Instruction 0705.

Management Responses

Cash Book information from rough hard cover was meant to be transferred to the actual receipt.

Monthly Closing Balances: High bank balances for the stated months were caused by several factors which were beyond my control.

2.2 Preparation of Payment Vouchers

Findings

I noted that the Hwange District Office was not preparing payment vouchers (Z852T) when making payments. The compilation of the cash book was based on either the schedule of traditional leaders being paid and/or the bank statement. Cash was being withdrawn without appropriate request forms/payment vouchers. Instead, withdrawal forms were considered as adequate authority to process cash withdrawals. Since there were no payment vouchers, it also meant that the identification of expenditure was also difficult, and this limited the scope of my audit.

I therefore could not validate the expenditure that was incurred by the district for the years 2016 and 2017. This was contrary to Treasury Instruction 1201 which requires Government Departments to prepare vouchers when making payments. Inadequate induction and lack of supervision may have contributed to the anomalies.

Risk/Implication

It may be difficult to account for expenditure incurred if no proper payment vouchers are drawn, coupled with non-maintenance of the cash book.

Recommendation

The District should comply with the laid down procedures of using payment vouchers in accounting for expenditure.

Management Response

Lack of payment vouchers was caused by lack of proper induction.

3 EMPLOYMENT COSTS

3.1 Delays in Payment of Traditional Leaders Allowances

Findings

I observed that since the Ministry started using Eco-Cash Mobile platform to pay Traditional Leaders in March 2017, there were delays in paying allowances to Traditional Leaders. A total of $9 556 had not been paid to traditional Leaders during the year under review although there was a saving of $658 417 under constitutional and statutory appropriations.

This was caused by the payment of appropriation expenditure from Traditional Leaders' allowances and a number of traditional leaders not having mobile phones and non-submission of their respective mobile phone numbers for payments through the new system.

Risk/Implication

Traditional Leaders may have their allowances misallocated.

Recommendation

The Ministry should make efforts to inform and educate all Traditional Leaders on the benefits of the mobile method of payment.

Management Response

Delays in payment of Traditional Leaders were caused by:

- **Lack of cash in the economy**
- **Slow response by Village Heads in submitting Eco cash numbers**
- **Poor workmanship by Eco cash agents to speed up the payment process**

Evaluation of Management Response

Management may need to continue promoting the mobile system to the Traditional Leaders.

VOTE 36. -NATIONAL PROSECUTING AUTHORITY

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the National Prosecuting Authority for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	**Unallocated Reserve Transfers**	**Total Allocated**	**Expenditure**	**Net Under spending**
$3 636 000	_	**$3 636 000**	$3 174 053	**$461 947**
Constitutional and Statutory Appropriation				
$220 000	_	**$220 000**	$202 440	**$17 560**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects, the financial position and performance of the National Prosecuting Authority for the year ended December 31, 2017.

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

1 EMPLOYMENT COSTS

1.1 Expenditure

Finding

For the second year in succession, the Authority continued to pay transport allowances to officers who were issued with official use motor vehicles. This was in violation of Public Service Commission Circular Number 5 of 2011 which prohibits such officers to receive transport allowances. For the period under review, a total amount of $24 000 was paid to twenty employees of the Authority.

Risk/Implication

Continued payment of transport allowances to employees who were issued with official motor vehicles results in dual benefitting by the officials.

Recommendation

The Authority should cease payment of transport allowances and recover the money that was paid in violation of standing instructions.

Management Response

The observation is noted. The Authority has advised the Salary Services Bureau to cease payment of transport allowances to the respective officers. NPA has unique grading system in relation to its type of work. The challenge was whether to allocate vehicles and fuel as Office allocations or to individuals and the board was also not able to meet due to circumstances beyond the Authority. The issue was finally concluded during the last Board meeting where it was resolved that their transport allowances be ceased.

1.2 Results Based Management

Finding

Audit Circular Number One of each year requires the Authority to submit the Departmental Integrated Performance Agreement, Work and Performance Monitoring Plan and Quarterly Performance Report. These documents support the Authority's programmes, plans and achievements for the year under review. Contrary to this requirement, the Authority did not submit these documents for audit examination. As a result, I was not able to verify the extent to which the Authority achieved its planned activities and objectives. I raised the same issue in my 2016 management letter.

Risk /Implication

If the Authority does not produce Results Based Management documents, it would be difficult to measure performance.

Recommendation

The Authority should produce the Results Based Management documents as primary documents for planning purposes.

Management Response

Observation is noted. NPA had no permanent staff. Most of its staff were attached or seconded from various Government departments and were not on permanent basis. The officers could be withdrawn anytime as the authority had no control over the officers. The establishment was authorised and recruiting authority granted by Treasury and the Authority is in the process of recruiting permanent staff. Once recruitment and appointments are concluded Performance management reports can be availed because the guiding strategic document was launched.

NATIONAL PROSECUTING AUTHORITY COURTS RETENTION FUND 2016

OBJECTIVE OF THE FUND

The objective of the Fund shall be to provide resources to the Office of the Prosecutor-General for the purpose of enhancing the effectiveness and efficiency of the administration of criminal justice systems and processes in Zimbabwe.

I have audited the financial statements for the National Prosecuting Authority Courts Retention Fund for the year ended December 31, 2016. Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	$
Income	435 945
Expenditure	373 868
Surplus/ (Deficit)	**$62 077**

Statement of Financial Position

Item	ASSETS ($)	LIABILITIES ($)
Non-Current Accumulated Fund	33 579	- 123 874
Current	90 295	-
Total	$123 874	**$123 874**

Opinion

In my opinion, the financial statements present fairly in all material respects, the financial position and the results of operations of the National Prosecuting Authority Courts Retention Fund as at December 31, 2016.

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

1 GOVERNANCE ISSUES

1.1 Accounting Records

Finding

The Accounting Officer’s Instructions Manual for the Fund requires the maintenance of proper books of accounts which includes the cash book and ledgers. For the second year in succession, the administrators of the Fund availed for audit computer printouts of the cashbook and ledgers kept on unsecured excel software instead of a reliable accounting system.

Risk/Implication

The continued use of a Microsoft excel spreadsheet without adequate security controls to maintain accounting records may result in financial records being manipulated thereby compromising the authenticity, accuracy and credibility of the financial statements.

Recommendation

A cash book showing details of receipt numbers, ledger references, payee, details of payments and voucher numbers should be maintained on hard copy in accordance with the Accounting Officer's Instructions Manual or alternatively the Fund can use an approved accounting package.

Management Response

The observation is noted. We have since procured the detailed analysis cash books from Printflow (Pvt) Ltd and we are currently re-entering all entries on the hard copy Analysis Book. We are however, currently pursuing the installation of an Accounting Software and July 28 (Pvt) Ltd has done its presentation. We are waiting for the evaluation of the presentation.

2 ASSET MANAGEMENT

2.1 Motor Vehicles under Repair

Finding

The Fund received a donation of thirty-nine motor vehicles which required repairs before being used. The motor vehicles were taken to a service provider for panel beating in January 2017. However, on checking with the service provider, it was noted with concern that the state of the remaining four motor vehicles which were dumped at the backyard showed no sign of repair-work being done on them.

Risk /Implication

The motor vehicles could be cannibalised if they are sent to garages that are not reputable.

Recommendation

The Administrators of the Fund should ensure that repairs are done at reputable garages to avoid instances where vehicles take long before being repaired.

Management Response

The observation is noted. The donated vehicles are those vehicles that would have spent more than 5 years on an open space and obviously being affected by weather conditions. The vehicles at the service provider were in a deplorable state when we took possession of them from the donor.

The motor vehicle, a Mercedes Benz S500 registration number ACI-6345 had gone on a road test when the team of auditors visited the garage and we have since availed it for inspection.

VOTE 40. -ZIMBABWE LAND COMMISSION

APPROPRIATION ACCOUNT 2017

I have audited the Appropriation Account for the Zimbabwe Land Commission for the year ended December 31, 2017. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under spending
$1 546 000	$225 758	**$1 771 758**	$1 630 093	**$141 665**

Opinion

In my opinion, the Appropriation Account presents fairly, in all material respects the financial position and performance of Zimbabwe Land Commission as at December 31, 2017.

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

1 PROCUREMENT

1.1 Tender Procedures

Finding

For the second consecutive year, in contravention of Treasury Instruction 1005 and Statutory Instrument 171 of 2002 Section 6 which require purchases above $10 000 and below $300 000 to go through informal tender procedures, the Commission incurred expenditure amounting to $64 792 without going through the informal tender procedures. The acquisition of fuel and hotel services was split into separate payments of less than $10 000.

Risk/Implication

Value for money may be compromised.

Recommendation

The requirements of Treasury Instruction 1005 and Statutory Instrument 171 of 2002 should be complied with to realise value for money.

Management Response

Fuel Procurement

The Procurement Regulatory Authority of Zimbabwe (PRAZ) formerly State Procurement Board (SPB) advised that the procurement of fuel is done on an sas and when required basis.

Procurement of Hotel Services

The Commission procured hotel and catering services from Golden Peacock that is owned by Anjin Investment and paid an amount above the competitive Tender level without going the informal tender route for the reason that the services offered by the hotels are incomparable. It is important to mention that the government has 50% shares in Anjin. In addition, the Golden Peacock (Anjin Investments) was chosen through a comparative schedule as the lowest in the City of Mutare.

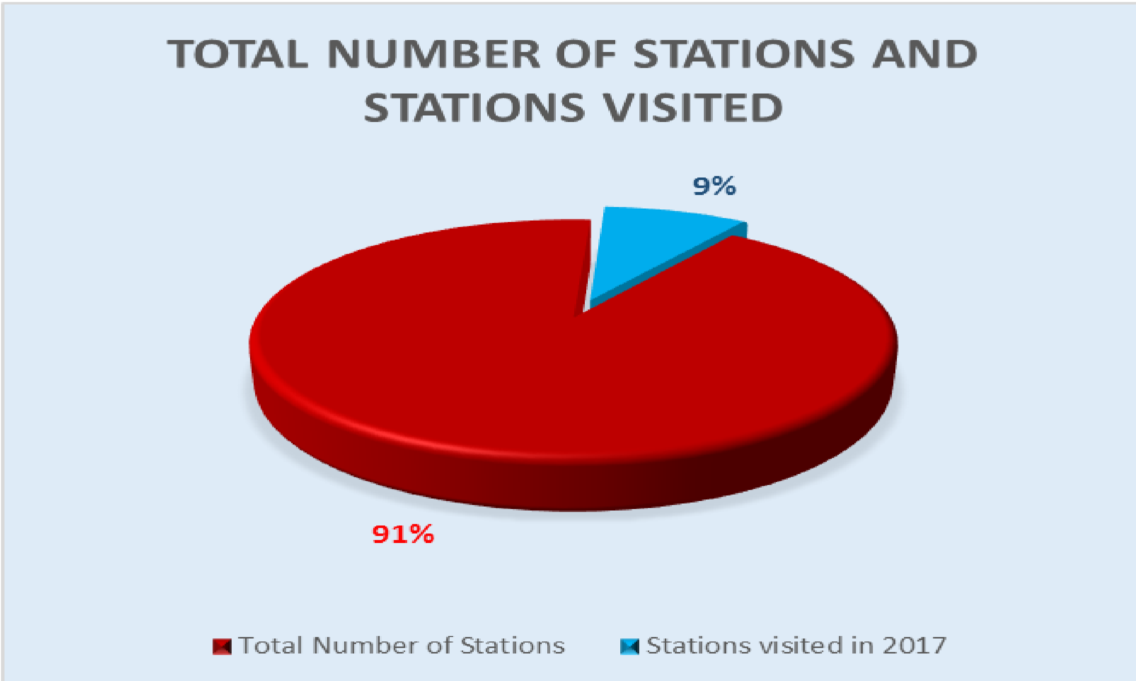
Evaluation of Management Response

The Commission did not avail correspondence from the PRAZ/SPB to support their response and from Treasury or SPB instructing Government Departments not to go through tender procedures whenever procurement is done in companies where Government is a shareholder.

ANNEXES

ANNEXURE A

TOTAL NUMBER OF ADMINISTRATIVE STATIONS AND STATIONS VISITED

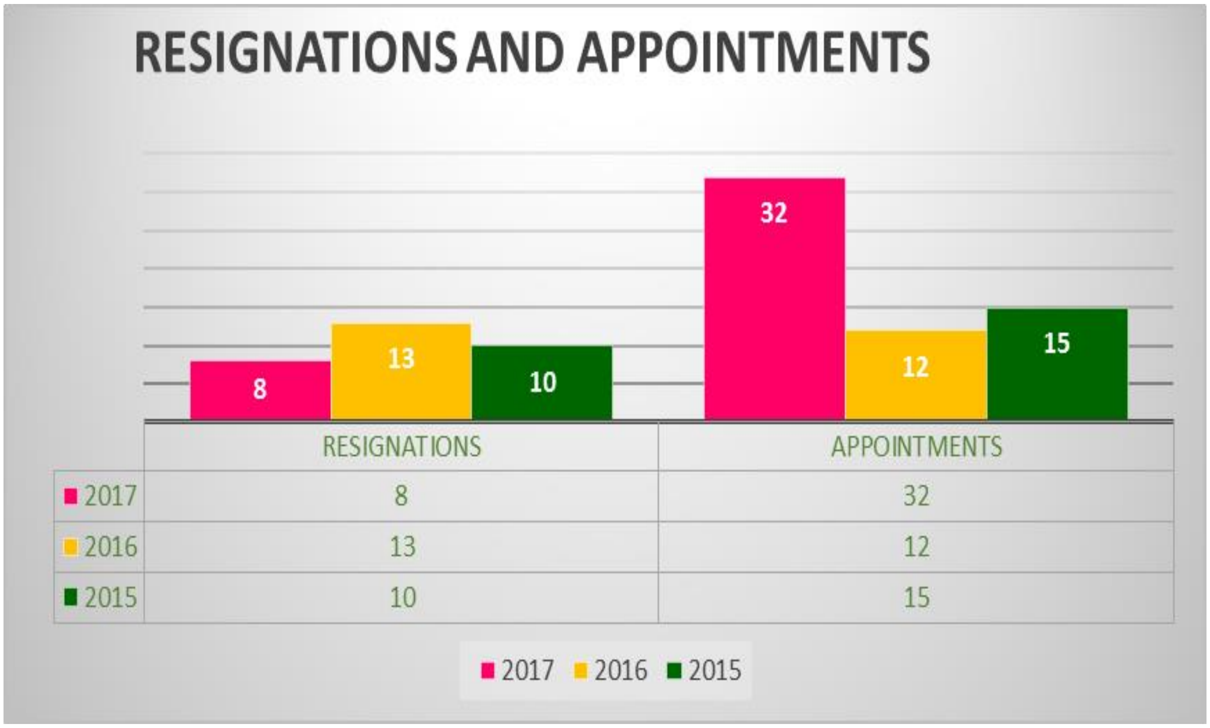


STATIONS VISITED DURING THE 2017 FINANCIAL YEAR

Name of Ministry	Total number of stations	Number of Stations visited	
		2017	2016
Office of the President and Cabinet	92	17	10
Public Service, Labour and Social Welfare	301	4	Nil
Defence	64	Nil	Nil
Industry and Commerce	12	5	1
Agriculture, Mechanisation and Irrigation Development	558	43	12
Mines and Mining Development	8	8	Nil
Transport and Infrastructural Development	41	16	Nil
Local Government, Public Works and National Housing	171	31	1
Health and Child Care	45	45	35

Primary and Secondary Education	757	40	59
Higher and Tertiary Education, Science and Technology Development	27	14	6
Home Affairs	609	49	169
Small and Medium Enterprises Development	80	5	Nil
Youth, Indigenisation and Economic Empowerment	124	6	Nil
Energy and Power Development	3	Nil	Nil
Women's Affairs, Gender and Community Development	73	2	2
Lands and Rural Resettlement	77	2	Nil
Judicial Service Commission	78	16	Nil
Public Service Commission	76	Nil	Nil
Sports and Recreation	79	Nil	Nil
Foreign Affairs	33	13	20
Justice, Legal and Parliamentary Affairs	1	1	Nil
Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees	11	Nil	1
TOTAL	**3 320**	**317**	**316**

ANNEXURE B

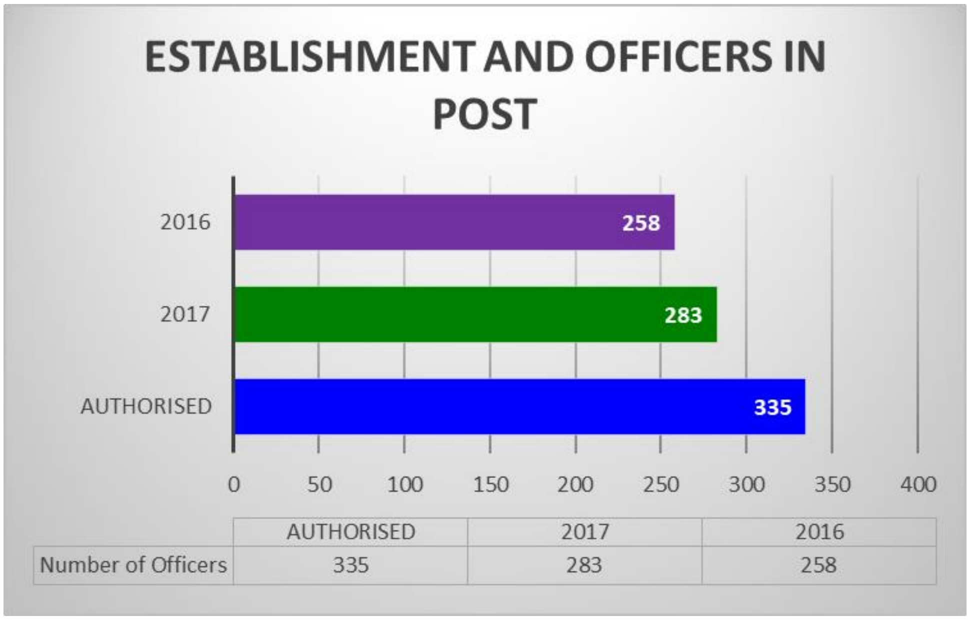


RESIGNATIONS AND NEW APPOINTMENTS IN THE YEAR 2017 COMPARED WITH 2016

	AUDIT STAFF	**SUPPORT STAFF**	**TOTAL**
In post as at January 2016 Less movement out	211 12	48 1	259 13
 Add Appointments	199 12	47 0	246 12
Total	**211**	**48**	**259**
In post as at January 2017 Less movement out	211 8	48 0	259 8
 Add Appointments	203 32	48 0	251 32
In post as at December 31, 2017	**235**	**48**	**283**

ANNEXURE B *(continued)*

ESTABLISHMENT



Establishment and Officers in post

IN POST	AS AT 31.12.16		AS AT 31. 12.17	
	Authorised	**In post**	**Authorized**	**In post**
Auditor General	1	1	1	1
Manager Parastatals	1	0	1	0
Deputy Auditor General	3	3	3	3
Director Finance, Human Resources and Administration	1	1	1	1
Director of Audit	11	11	11	10
Chief Accountant	1	1	1	1
Deputy Director of Audit	22	18	22	17
Deputy Director Human Resources	1	1	1	1
Systems manager	1	1	1	1
Deputy Director Legal	-	-	1	0
Deputy Director Public Relations	-	-	1	0
Audit Assistant/Auditor/Senior Auditor/Principal	229	179	229	205
Local Authority -Auditor	-	-	38	0
Accountant/Senior Accountant	4	4	4	4
Accounting Assistant	4	2	4	1

Senior Executive Assistant	15	4	15	4
Executive Assistant	5	1	5	1
Principal Executive Assistant	2	2	2	2
Records and Information Supervisor	1	1	1	1
Records and Information Assistant	5	5	5	5
Driver	2	2	2	2
Senior Office Assistants	2	1	2	1
Office Assistants	11	10	11	10
Administration Officer/Senior/ Principal	2	2	2	3
Librarian	1	1	1	1
Human Resources Officer /Senior /Principal	2	2	2	2
Administration Assistant	2	2	2	1
Computer Technician	3	3	3	3
Human Resources Assistant	2	1	2	1
TOTAL	**334**	**259**	**334**	**283**

ANNEXURE C

TRAINING PROGRAMMES AND ACTIVITIES FOR THE YEAR 2017

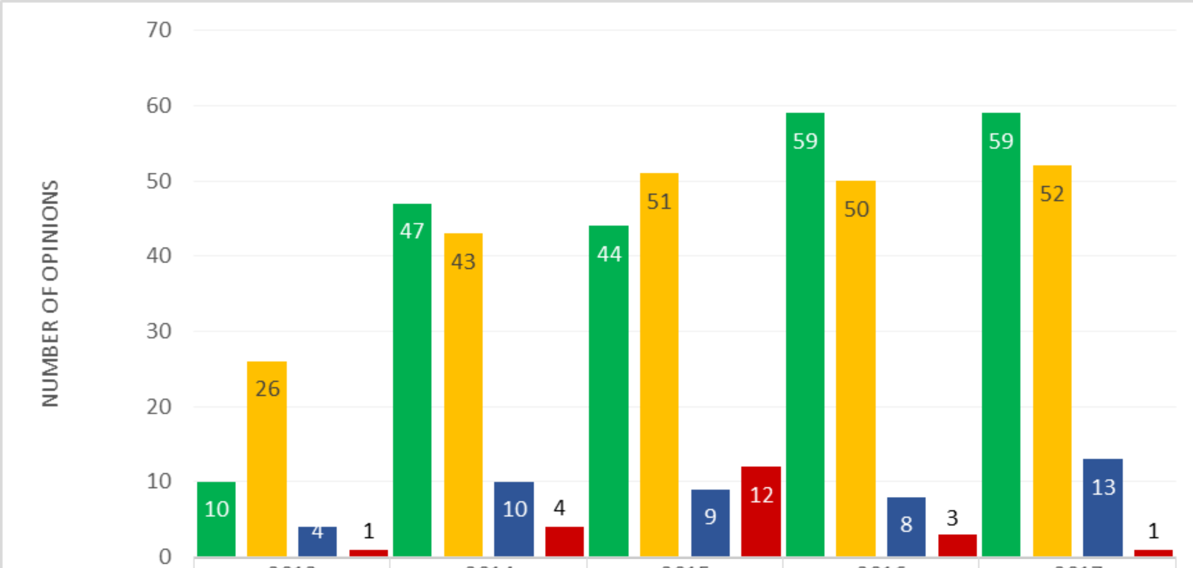
COURSE / ACTIVITY	NUMBER OF PARTICIPANTS
Standards and Methodology Workshops	
Annual Office Technical Update	40
International Financial Reporting Standards (IFRS) technical update	71
IFRS guideline and programmes	90
International Public Sector Accounting Standards (IPSAS) guidelines and programs workshop	79
IFRS/IPSAS Champions workshop	10
iCAT Assessment	40
PEFA Assessment	2
Key audit matters workshop	56
Audit Workshops and Conferences	
Final Audit of the Appropriation Accounts and Statutory Returns	32
Workshop On Appropriation Account and Supporting Returns	1
Public Private Partnership workshop	1
Inventory Count	56
Association Certified Chartered Accountants Winter School	10
Institute Certified Public Accountants Conference	4
Zimbabwe Accountants Conference	17
Ms Excel as a Computer Assisted Audit Technique	36
Performance Audit Refresher	17
MEFMI –online foundation in debt management	4
MEFMI –online development financing options	5
MEFMI in country Training on domestic and financial market operations and management for Zimbabwe	1
Soft Skills	
Facilitation skills	36
Leadership workshop: Myself and others	38
Pre-retirement	50
Information Systems Support and IT Audit Workshops	
IT Audit	50
IT Audit on the job training	10
Upgraded Intranet	82
Digital Forensics	23
SAP Audit on the job training	7
Database audit (Oracle and my SQL)	5
Workshop On Public Debt Management System	4
Induction workshop	
Induction for new audit staff	42
Induction for Articled Clerks	9
Corporate Services workshops	
Government Accounting 2	3
New Charts of Accounts	5

Institute of Chartered Secretaries and Administrators of Zimbabwe	2
Human Resources Symposium	2
Personnel Procedures 2	4
Management Development Programme 1	6
Management Development Programme 11	2
Office management and communication skills development course for executive assistants	3
Executive Assistants Development workshop	5
Procurement procedures 1	2
Office administration for drivers and office assistants	5
Customer Care	7
Records Procedures	2
Regional and International workshops	
AFROSAI Women leadership Academy	1
AFROSAI Planning and Reporting workshop for the Cooperative Audit of illicit financial flows with a focus on corruption	3
AFROSAI Judicial and Supreme Audit Institution Relationships	3
AFROSAI-E 11th Technical Update	10
AFROSAI-E follow up Compliance Audit and Audit of Performance Information workshop	4
AFROSAI –E for Management Development Programme	1
AFROSAI-E ICT Management	2
AFROSAI-E IT Audit Champions	2
AFROSAI-E Public Finance Management (PFM) Framework	1
AFROSAI-E Quality Assurance Certification	4
AFROSAI-E Performance Audit Modules 1-2	3
AFROSAI-E Performance Audit Module 3	2
AFROSAI-E Supervision and Review for Performance Audit Managers	2
AFROSAI-E Performance Audit Data Analytics	1
AFROSAI-E Fiscal Governance & Extractive Industries	2
AFROSAI-E Financial Audit Manual	2
AFROSAI-E IT for Financial Auditors	2
AFROSAI-E Financial Audit Refresher	2
AFROSAI-E Performance Audit Refresher	2
AFROSAI-E IT Audit Refresher	2
AFROSAI-E Human Resources Annual Workshop	2
AFROSAI-E Communication workshop	2
AFROSAI-E Integrated Annual Reporting	2
AFROSAI-E Integrated Financial Management System (IFIMS) collaboration and benchmarking	2
AFROSAI-E Quality Assurance Certification	2
AFROSAI-E SAI Performance Measurement Framework	2
Trans regional programme on audit of lending and borrowing frameworks-Norway	2
Swedish National Office – Performance Audit Supervision & Review for Team Leaders	10
INTOSAI Development Initiative (IDI) e learning Course for learning	1

Management System Administrators	
IDI Capacity development programme in SAIs engaging with stakeholders	2
IDI Quality Assurance	2
International fellowship programme for International Organisation of supreme audit institutions	1
MEFMI Public debt workshop-Rwanda	2
Government Audit On Public Construction: Japan	1
Government of India Sponsored Audit of E Governance	1
Government of India Sponsored Performance Audit	1
Government of India Sponsored Audit of Receipts	2
Sponsored Professional Programmes	
Institute of Certified Public Accountant	14
Certified Information Systems Auditor/ Manager	16
Association of Certified Fraud Examiners	13
Association of Chartered Certified Accountants	65
Institute of Chartered Accountants of Zimbabwe	15
Institute of Chartered Secretaries and Administrators Zimbabwe	5
Institute of Personnel Management Zimbabwe	1
Chartered Institute of Procurement and Supply	3
Masters Degree in Auditing- Nanjin University- China	
Masters Degree in Auditing- Nanjin University- China	2
Attachment/ Experimental Training	2

ANNEXURE D

AUDIT OPINION PER ACCOUNT PUBLISHED



	2013	2014	2015	2016	2017
Unqualified	10	47	44	59	59
Qualified	26	43	51	50	52
Disclaimer	4	10	9	8	13
Adverse	1	4	12	3	1

Vote No.	ACCOUNT	Current Year Opinion	Prior Year Opinion
Appropriation and Fund Accounts			
1	**Office of the President and Cabinet 2017** District Development Fund 2016	**Unqualified** Unqualified	**Unqualified** Qualified
2	**Parliament of Zimbabwe 2017**	**Unqualified**	**Qualified**
3	**Public Service, Labour and Social Welfare 2017** Child Welfare Fund 2016 Children on the Street Fund 2016 Disabled Persons Fund 2016 National Drought Fund 2016 National Rehabilitation Centre Welfare Fund 2016 Older Persons Fund 2016 Public Service Training Centres Amenities Fund 2016 Public Service Training Loan Fund 2016 Yvonne Eustasie Parfitt Homes for the Aged 2016	**Unqualified** Unqualified Unqualified Unqualified Qualified Unqualified Unqualified Qualified Unqualified Unqualified	**Unqualified** Unqualified Unqualified Unqualified Unqualified Unqualified Unqualified Qualified Qualified Unqualified

4	**Defence 2017** Defence Procurement Fund 2016	**Unqualified** Unqualified	**Unqualified** Unqualified
5	**Finance and Economic Development 2017** Public Finance Management System Statement of Public Debt 2015 Statement of Public Debt 2016 Summary of Transactions of the Consolidated Revenue Fund 2014 Summary of Transaction on the Exchequer Account 2015 Statement of Receipts and Disbursements 2015 Schedule of Revenue Received 2015 Schedule of Outstanding Revenue 2015 National Development Fund 2016 State Enterprises Restructuring Agency Fund 2016	**Qualified** Qualified Qualified Disclaimer Disclaimer Adverse Qualified Qualified Qualified Unqualified	**Qualified** Qualified N/A N/A Disclaimer Adverse Qualified Qualified Qualified Unqualified
6	**Office of the Auditor-General 2017**	**Unqualified**	**Unqualified**
7	**Industry and Commerce 2017** Standards Development Fund 2016 Trade Measures Fund 2016	**Qualified** Unqualified Unqualified	**Qualified** Unqualified Unqualified
8	**Agricultural, Mechanisation and Irrigation Development 2017** Agricultural Revolving Fund 2015 and 2016	**Qualified** Disclaimer	**Qualified** Disclaimer
9	**Mines and Mining Development 2017** Mines and Mining Development Fund 2016 Mines Industrial Loan Fund 2016 Special Gold Unit Fund 2016	**Qualified** Qualified Qualified Unqualified	**Qualified** Qualified Qualified Qualified
10	**Environment, Water and Climate 2017** Meteorological Services Fund 2016 National Coordinating Unit Fund 2016 Rhodes Matopos Estate Fund 2016 Secretary's Fund 2016 Water Fund 2016	**Qualified** Qualified Unqualified Unqualified Unqualified Unqualified	**Qualified** Qualified Qualified Unqualified Qualified Qualified
11	**Transport and Infrastructural Development 2017** Department of Roads Fund 2016 New Limpopo Bridge Fund 2016 New Vehicle Security Registration Number Plate Revolving Fund 2016 Traffic and Legislation Fund 2016	**Qualified** Qualified Qualified Qualified Qualified	**Unqualified** Qualified Qualified Adverse Qualified
12	**Foreign Affairs 2017**	**Qualified**	**Qualified**
13	**Local Government, Public Works and National**	**Qualified**	**Qualified**

	Housing 2017		
	Government Pool Properties Retention Fund 2016	Qualified	Unqualified
	National Civil Protection Fund 2016	Qualified	Unqualified
	Stadia Revolving Fund 2016	Qualified	Unqualified
	Civil Service Housing Loan Fund 2014	Qualified	Qualified
	National Housing Fund 2014	Disclaimer	N/A
14	**Health and Child Care 2017**	**Qualified**	**Qualified**
	Health Services Fund 2016	Qualified	Qualified
	Medical Research Council of Zimbabwe 2014	Qualified	Qualified
	Medical Research Council of Zimbabwe 2015	Disclaimer	Qualified
15	**Primary and Secondary Education 2017**	**Unqualified**	**Unqualified**
	Education Materials Disbursement Fund 2016	Unqualified	Qualified
	Independent Colleges Guarantee Fund 2016	Unqualified	Qualified
	School Service Fund 2016	Disclaimer	Qualified
16	**Higher and Tertiary Education, Science and Technology Development 2017**	**Unqualified**	**Unqualified**
	Amenities Fund 2013	Disclaimer	Disclaimer
	Amenities Fund 2014	Disclaimer	N/A
	Amenities Fund 2015- 2016	Disclaimer	N/A
	Innovation and Commercialisation 2016	Qualified	Qualified
	National Education and Training Fund 2015	Disclaimer	Disclaimer
	National Education and Training Fund 2016	Qualified	Disclaimer
	Industrial Training and Trade Testing Fund 2013	Qualified	N/A
	Industrial Training and Trade Testing Fund 2014	Qualified	Qualified
	Industrial Training and Trade Testing 2015- 2016	Unqualified	Qualified
	Vocational and Technical Examinations Fund 2014, 2015, 2016	Qualified	Unqualified
	Tertiary Education and Training Development Fund 2011- 2014	Disclaimer	Disclaimer
	Tertiary Education and Training Development Fund 2015-2016	Disclaimer	Disclaimer
	Zimbabwe Manpower Development Fund	Unqualified	N/A
17	**Youth, Indigenisation and Economic Empowerment 2017**	**Qualified**	**Qualified**
	Youth Development and Employment Creation Fund 2016	**Qualified**	Qualified
18	**Home Affairs 2017**	**Qualified**	**Unqualified**
	Immigration Services Fund 2016	Qualified	Unqualified
	Registrar General Retention Fund 2016	Qualified	Qualified
	Zimbabwe Republic Police Retention Fund 2016	Unqualified	Unqualified
19	**Justice, Legal and Parliamentary Affairs 2017**	**Qualified**	**Unqualified**
	Attorney-General`s Office Administration Fund 2016	Qualified	Qualified
	Deeds and Companies Office Fund 2016	Unqualified	Qualified
	Legal Aid Fund 2016	Unqualified	Unqualified
	Zimbabwe Prisons and Correctional Service Retention Fund 2016	Qualified	Qualified

20	**Information, Media and Broadcasting Services 2017**	**Unqualified**	**Unqualified**
21	**Small and Medium Enterprises and Cooperative Development 2017** Central Co-operative Fund 2017 Central Co-operative Fund 2016 Indo-Zimbabwe Fund 2016	**Qualified** Unqualified Unqualified Unqualified	**Unqualified** N/A Unqualified N/A
22	**Energy and Power Development 2017** Strategic Fuel Reserve Fund 2016	**Qualified** Unqualified	**Unqualified** Unqualified
23	**Women's Affairs, Gender and Community Development 2017** Zimbabwe Community Development Fund 2016	**Qualified** Qualified	**Unqualified** Qualified
24	**Tourism and Hospitality Industry 2017**	**Qualified**	**Qualified**
25	**Information Communication Technology, Postal and Courier Services 2017**	**Unqualified**	**Unqualified**
26	**Lands and Rural Resettlement 2017** Lands and Resettlement Fund 2016 Lands Compensation Fund 2016	**Unqualified** Disclaimer Unqualified	**Qualified** Disclaimer N/A
27	**Judicial Service Commission 2017** Courts Administration Fund 2016 Guardian's Fund 2016	**Unqualified** Unqualified Unqualified	**Unqualified** Unqualified Unqualified
28	**Public Service Commission 2017** Funeral Assistance Fund 2016 Pensions Office Retention Fund 2015 Pensions Office Retention Fund 2016 Public Service Transport Management Fund 2015, 2016 Skills Retention Fund 2016 SSB General Purpose Fund 2016	**Unqualified** Unqualified Qualified Unqualified Unqualified Unqualified Unqualified	**Unqualified** Unqualified Qualified Qualified Unqualified Unqualified Qualified
29	**Sports and Recreation 2017**	**Unqualified**	**Unqualified**
30	**Macro-Economic Planning and Investment Promotion 2017**	**Unqualified**	**Unqualified**
31	**Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees 2017** War Veterans Fund 2016	**Qualified** Unqualified	**Qualified** Unqualified
32	**Rural Development, Promotion and Preservation of National Culture and Heritage 2017** National Archives Publications and Productions Fund 2016	**Qualified** Qualified	**Qualified** Unqualified

	National Archives Retention Fund 2016	Unqualified	Unqualified
33	**Council of Chiefs 2017**	**Qualified**	**Qualified**
34	**Zimbabwe Human Rights Commission 2017**	**Not audited**	**Not audited**
35	**National Peace and Reconciliation Commission 2017**	**Unqualified**	**Unqualified**
36	**National Prosecuting Authority 2017** National Prosecuting Authority Courts Retention Fund 2016	**Unqualified** Unqualified	**Unqualified** Qualified
37	**Zimbabwe Anti-Corruption Commission 2017**	**Not audited**	**Not audited**
38	**Zimbabwe Electoral Commission 2017**	**Not audited**	**Not audited**
39	**Zimbabwe Gender Commission 2017**	**Unqualified**	**Unqualified**
40	**Zimbabwe Land Commission 2017**	**Unqualified**	**Unqualified**
41	**Zimbabwe Media Commission 2016**	**Unqualified**	**Unqualified**

ANNEXURE D *(continued)*

SUMMARY OF AUDIT OPINIONS

Total Appropriation Accounts ………..…………………………………….……..…41

Total Appropriation Accounts not Audited…...……………………….......................3
Total Appropriation Accounts Audited………………..…………………….……….38

Qualified…………………..………………………………………………….………19
Unqualified, with other material issues.……………………………………….……..14
Unqualified, without other material issues……………………………….............5
Total……………………………………………………………………...…………..38

Total Fund Accounts Audited …………………………………….......…..…..........80
Disclaimer ……………………………………...………………….......……....11
Qualified………………………………………………………...….…….........29
Unqualified, with other material issues.…...…...27
Unqualified, without other material issues.………………………………………..….13

Total Consolidated Finance Accounts Audited………………………………...........2
Qualified.…………………………………………………………………….……....2

Total Consolidated Revenue Statements……………..…………………….....…....5
Adverse……………………………………………………...……….……..………1
Disclaimer………………………………………………………………………...…2
Qualified……………………………………………………………………………..2

ANNEXURE D *(continued)*

Opinion	Number of reports		Percentage total (%) = (A/B)*100	
	Current year	**Prior year**	**Current year**	**Prior year**
Appropriation Accounts Audited (A)				
Qualified	19	15	50	39
Adverse	Nil	Nil	Nil	Nil
Disclaimer	Nil	Nil	Nil	Nil
Unqualified, with other material issues	14	17	37	45
Unqualified, without other material issues	5	6	13	16
Total (B)	**38**	**38**	**100**	**100**
Fund Accounts Audited (A)				
Adverse	Nil	1	Nil	1
Disclaimer	11	6	14	8
Qualified	29	32	36	43
Unqualified, with other material issues	27	17	34	23
Unqualified, without other material issues	13	18	16	24
Total (B)	**80**	**74**	**100**	**100**
Consolidated Finance Accounts Audited (A)				
Qualified	2	1	100	33
Adverse	Nil	1	Nil	33
Disclaimer	Nil	1	Nil	33
Total (B)	**2**	**3**	**100**	**100**
Consolidated Revenue Statements (A)				
Qualified	2	2	40	40
Adverse	1	1	20	20
Disclaimer	2	1	40	20
Unqualified without issues	Nil	1	Nil	20
Total (B)	**5**	**5**	**100**	**100**

ANNEXURE E

ACCOUNTS NOT SUBMITTED FOR AUDIT AS AT MAY 24, 2018

MINISTRY	YEAR
Public Service, Labour and Social Welfare	
National Drought Fund	2017
Finance and Economic Development	
National Development Fund	2017
Consolidated Revenue Fund	2016-2017
Statement of Public Debt	2017
Statement of Revenue Received	2017
Statement of Receipts and Disbursements	2017
Statement of Outstanding Revenue	2017
Statement of Revenue Written Off	2017
Summary of Transactions on the Exchequer Account	2017
Statement of Public Financial Assets	2017
Statement of Contingent Liabilities	2016-2017
Summary of Appropriation Account	2016-2017
State Enterprises Restructuring Agency Fund	2017
State Asset Disposal Fund	2014-2017
Senior Officers' Housing Fund	2016-2017
Transport and Infrastructural Development	
Department of Roads	2017
Traffic and Legislation Fund	2017
New Limpopo Bridge Fund	2017
New Vehicle Registration Fund	2017
Local Government, Public Works and National Housing	
Civil Service Housing Loan Fund	2015-2017
National Civil Protection Fund	2017
Housing Guarantee Fund	2017
Health and Child Care	
Medical Research Council of Zimbabwe	2016-2017
Higher and Tertiary Education, Science and Technology	
Amenities Fund	2017
Tertiary Education and Training Development Fund	2017
Industrial Training and Trade Testing Fund	2017
National Education and Training Fund	2017
Vocational and Technical Examinations Fund	2017
Youth Development, Indigenisation and Economic Empowerment	
Youth Development and Empowerment Fund	2017
Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees	
National Heroes Dependants Fund	2016-2017
Rural Development, Promotion and Preservation of Culture and Heritage	
National Archives of Zimbabwe Retention Fund	2017
National Archives of Zimbabwe Publication and Production Trust Fund	2017
Zimbabwe Anti-Corruption Commission	2017
Zimbabwe Electoral Commission	2016-2017

ANNEXURE F

AUDITS IN PROGRESS OR BEING FINALISED AS AT MAY 24, 2018

Office of the President and Cabinet	
District Development Fund	2017
Public Service, Labour and Social Welfare	
Child Welfare Fund	2017
Yvonne Parfitt Homes for the Aged Fund	2017
Children on the Street Fund	2017
Older Persons Fund	2017
Disabled Persons Fund	2017
National Rehabilitation Welfare Fund	2017
Public Service Training Loan Fund	2017
Public Service Training Centres Amenities Fund	2017
Defence	
Defence Procurement Fund	2017
Finance and Economic Development	
Statement of Public Financial Assets	2016
Statement of Revenue Written Off	2016
Statement of Revenue Received	2016
Statement of Receipts and Disbursements	2016
Statement of Outstanding Revenue	2016
Summary of Transactions on the Exchequer Account	2016
Summary of Appropriation Account	2015
Consolidated Revenue Fund	2015
Industry and Commerce	
Standards Development Fund	2017
Trade Measures Fund	2017
Agriculture, Mechanisation and Irrigation Development	
Agricultural Revolving Fund	2017
Mines and Mining Development	
Mines and Mining Development Fund	2017
Mining Industry Loan Fund	2017
Special Gold Unit	2017
Environment, Water and Climate	
National Co-ordinating Unit Fund	2017
Water Fund	2017
Secretary's Fund	2017
Meteorological Services Fund	2017
Local Government, Public Works and National Housing	
National Housing Fund	2015-2017
Government Pool Properties Retention Fund	2017
Stadia Revolving Fund	2017
Housing Guarantee Fund	2016
Health and Child Care	
Health Services Fund	2017
Primary and Secondary Education	

School Services Fund Independent Colleges Guarantee Fund Education Materials Disbursement Fund	2017 2017 2017
Higher and Tertiary Education, Science and Technology Innovation and Commercialisation Fund Zimbabwe Manpower Development Fund	 2017 2017
Home Affairs Registrar General Retention Fund Immigration Services Fund Zimbabwe Republic Police Retention Fund	 2017 2017 2017
Justice, Legal and Parliamentary Affairs Legal Aid Fund Deeds and Companies Office Fund Zimbabwe Prison and Correctional Services Retention Fund Attorney- General's Office Administration Fund	 2017 2017 2017 2017
Small and Medium Enterprises Small and Medium Enterprises Revolving Fund Indo-Zimbabwe Fund	 2017 2017
Energy and Power Development Strategic Fuel Reserve NOCZIM Debt Redemption Fund Pipeline and Rail Fund	 2017 2017 2017
Women Affairs, Gender and Community Development Zimbabwe Community Development Fund Women's Development Fund	 2017 2016-2017
Lands and Rural Settlement Lands and Resettlement Fund Land Compensation Fund	 2017 2017
Judicial Service Commission Courts Administration Fund Guardians Fund	 2017 2017
Public Service Commission Salary Services Bureau General Purpose Fund Skills Retention Fund Pensions Office Retention Fund Funeral Assistance Fund Public Service Transport Management Fund	 2017 2017 2017 2017 2017
Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees War Veterans Fund	 2017
Zimbabwe Human Rights Commission	2016-2017
National Prosecuting Authority National Prosecuting Authority Retention Fund	 2017
Zimbabwe Anti-Corruption Commission	2016

ANNEXURE G

MINISTRIES WITH SUB-PMG ACCOUNT BALANCES NOT RECONCILING WITH THE PFMS BALANCE

Ministry	Current Year Variance ($)	Prior Year Variance ($)
Parliament of Zimbabwe	351 059	-
Defence	-	2 492 586
Industry and Commerce	21 247	-
Transport and Infrastructural Development	5 002 123	-
Foreign Affairs	12 650 886	
Local Government, Public Works and National Housing	727 965	-
Women Affairs, Gender and Community Development	24 580	-
Small and Medium Enterprises and Co-operative Development	-	208 404
Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees	336 649	315 117
Total	**$19 114 509**	**$3 016 107**

ANNEXURE H

ADVANCE OF MONEYS FROM FUND ACCOUNTS TO PARENT MINISTRIES

Ministry	**Fund**	**Current Year Amount ($)**	**Prior Year Amount ($)**
Public Service, Labour and Social Welfare	Public Service Training Loan Fund	136 092	140 590
	BEAM	107 183	58 605
	Public Service Training Centers Amenities Fund	641 555	257 213
	Disabled Persons Fund	190 950	250 622
	Older Persons Fund	53 666	63 408
	National Rehabilitation Centre Welfare Fund	35 272	-
	Child Welfare Fund	7 851	-
	National Drought Fund	136 843	-
	Public Assistance Fund	184 029	-
Ministry of Finance and Economic Development	Senior Officers Housing Fund	-	123 813
Primary and Secondary Education	Independent Colleges Guarantee Fund	275 080	-
Small and Medium Enterprises	Indo-Zimbabwe Fund	900	-
Total		**$1 769 421**	**$894 251**

ANNEXURE I

SUSPENSE ACCOUNT BALANCES IN FUND ACCOUNTS AS AT DECEMBER 31 OF THE RESPECTIVE YEARS OF THE FINANCIAL STATEMENTS

Ministry/Fund	Current year ($)	Prior year ($)
Ministry of Public Service Labour and Social Welfare		
Disabled Persons Fund 2016	50	-
Ministry of Industry and Commerce		
Trade Measures Fund 2016	977	-
Ministry of Agriculture, Mechanisation and Irrigation Development		
Agricultural Revolving Fund 2016	(108 752)	52 614
Ministry of Environment, Water and Climate		
Metrological Services Fund	1 641	2 149
Ministry of Transport and Infrastructural Development		
New Vehicle Security Registration Number Plate Revolving Fund	3 347 599	3 568 817
Traffic and Legislation Fund 2016	2 645 958	2 611 147
Health and Child Care		
Health Services Fund	-	93 444
Ministry of Higher and Tertiary Education, Science and Technology		
Amenities Fund 2016	3 717 142	437 998
Public Service Training Centres Amenities Fund 2016	-	14 687
Industrial Training and Trade Testing Fund 2016	12 854	-
Vocational and Technical Examinations Fund 2016	345 156	-
Tertiary Education and Training Development Fund 2016	1 603 531	-
National Education and Training Fund 2016	2 277	-
Ministry of Rural Development, Promotion and Preservation of National Culture and Heritage		
National Archives Publications and Productions Trust Fund	(89)	-
Total	**$11 568 344**	**$6 780 856**

ANNEXURE J

OUTSTANDING PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES

Ministry/ Fund	Current Year Amount ($)	Prior Year Amount ($)
District Development Fund	-	1 527 546
Public Service, Labour and Social Welfare	7 299 398	7 128 128
Finance and Economic Development	1 723 776	-
Industry and Commerce	155 012	-
Standards Development Fund	29 981	-
Agriculture Revolving Fund	442 831	-
Environment, Water and Climate	1 714 692	1 940 718
Transport and Infrastructural Development	-	2 595 156
Local Government, Public Works and National Housing	4 432 241	-
Health and Child Care	48 304 527	70 112 498
Primary and Secondary Education	-	93 212
Small and Medium Enterprises and Co-operative Development	1 167 850	-
Tourism and Hospitality Industry	675 148	688 246
Total	**$65 945 456**	**$84 085 505**

ANNEXURE K

UNSUPPORTED EXPENDITURE

Ministry	Current Year Variance ($)	Prior Year Variance ($)
Industry and Commerce	250 827	-
Mines and Mining Development		
Mines and Mining Development Fund	-	87 586
Mining Industry Loan Fund	-	31650
Environment, Water and Climate	411 871	
National Co-ordinating Unit Fund	-	101 547
Water Fund	-	4 062
Transport and Infrastructural Development	5 000 000	
Foreign Affairs	7 916 191	44 483
Local Government, Public Works and National Housing		424 565
Stadia Revolving Fund 2016	28 104	-
National Civil Protection Fund 2016	15 500	-
Health and Child Care	97 504	-
Health Services Fund	384 651	299 287
Medical Research Council of Zimbabwe 2015	80 295	-
Medical Research Council of Zimbabwe 2014	33 417	-
Higher and Tertiary Education, Science and Technology	-	121 000
Home Affairs (Registrar General)	1 129 360	
Justice, Legal and Parliamentary Affairs	2 590 508	
Attorney-General's Office Administration Fund		14 684
National Prosecuting Authority Courts Retention Fund		2 700
Small and Medium Enterprises and Co-operative Development	90 440	
Lands and Rural Settlement	3 603 243	7 175 000
Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees	62 062	8 500
War Veterans Fund 2016	5 407 194	
Total	**$27 101 167**	**$8 315 064**

ANNEXURE L

ACCOUNTS THAT HAD EXCESS EXPENDITURE OVER INCOME

Fund Accounts	Current year Amount ($)	Prior year Amount ($)
Office of the President and Cabinet		
District Development Fund	(1 236 861)	(116 601)
Public Service Labour and Social Welfare		(691)
National Heroes' Dependants Assistance Fund		
Child Welfare Fund 2016	(971)	(7 765)
Older Persons Fund 2016	(13 407)	-
Children on the Street Fund 2016	(86)	-
Defence		
Defence Procurement Fund	-	(8 391)
Finance and Economic Development		
State Enterprises Restructuring Agency Fund		(65 932)
Industry and Commerce		
Trade Measures Fund 2016	(93 318)	(102 115)
Mines and Mining Development		
Mines and Mining Development Fund 2016	-	(546 673)
Mining Industry Loan Fund 2016	-	(45 983)
Special Gold Unit Fund 2016	-	(132 514)
Environment, Water and Climate		
National Coordinating Unit 2016	(49 146)	(67 042)
Secretary's Fund 2016	-	(4 122)
Water Fund 2016	-	(75 208)
Transport and Infrastructural Development		
Department of Roads Fund 2016	(1 417 901)	-
Traffic and Legislation Fund 2016	(452 783)	-
Local Government, Public Works and National Housing		
National Civil Protection Fund 2016	(68 078)	-
Health and Child Care		
Medical Research Council of Zimbabwe 2015	(16 600)	-
Higher and Tertiary Education, Science and Technology Development		
Amenities Fund 2011	-	(257 189)
Innovation and Commercialisation Fund 2015		(1 304)
Innovation and Commercialisation Fund 2016	-	(48 159)
National Education and Training Fund 2015	(37 025 399)	-
National Education and Training Fund 2016	-	-
Vocational and Technical Examinations Fund 2015	-	-
Vocational and Technical Examinations Fund 2016	(594 532)	-
Tertiary Education and Training Development Fund 2013	(1 051 842)	-
Tertiary Education and Training Development Fund 2014	(4 154 110)	-
	(2 145 413)	-

Home Affairs		
Immigration Services Fund 2016	(123 767)	(166 204)
Registrar General Retention Fund 2016	-	-
Zimbabwe Republic Police Retention Fund 2016	-	(2 559 128)
Justice, Legal and Parliamentary Affairs		
Deeds and Companies Office Fund 2016	(69 166)	(17 268)
Zimbabwe Prisons and Correctional Services Fund	-	(877)
Energy and Power Development		
NOCZIM Debt Redemption Fund	-	(55 632 327)
Women's Affairs, Gender and Community Development		
Women Development Fund 2016	-	(221 660)
Zimbabwe Community Development Fund 2016	(19 489)	-
Lands and Rural Settlement		
Lands Compensation Fund 2016	(9 797 047)	-
Judicial Service Commission		
Guardian Fund 2016	-	(371 024)
Public Service Commission		
Funeral Assistance Fund 2016	(877)	(42 340)
Skills Retention Fund 2016	-	(99 567)
SSB General Purpose Fund 2016	-	(139 047)
Pension Office Retention Fund 2015	(1 020 753)	(973 738)
Pension Office Retention Fund 2016	-	-
Public Service Transport Management Fund 2015	(15 334)	-
Public Service Transport Management Fund 2016	(276 473)	-
Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees		
War Veterans Fund 2016	(10 518 271)	-
Rural Development, Promotion and Preservation of National Culture and Heritage		
National Archives of Zimbabwe Retention Fund 2016	-	(822)
Total	**$69 161 624**	**$61 695 986**

ANNEXURE M

UNCOLLECTED DEBTORS AS AT DECEMBER 31 OF THE RESPECTIVE YEARS OF THE FINANCIAL STATEMENTS

Ministry/Fund	Amount $	
	Current year	Prior year
Office of the President and Cabinet	-	-
District Development Fund 2016	678 842	816 237
Public Service, Labour and Social Welfare	16 703	-
Disabled Persons Fund 2016	59 319	28 293
Public Service Training Centres Amenities Fund	459 113	441 940
Public Service Training Loan Fund	45 468	49 890
Defence	-	467 656
Finance and Economic Development	-	1 000
National Development Fund	18 068 044	18 068 044
Senior Officer Housing Fund	-	1 734 201
Industry and Commerce	79 106	55 877
Standards Development Fund	5 782 403	-
Agriculture, Mechanisation and Irrigation Development		
Agriculture Revolving Fund	39 045	273 606
Agriculture Revolving Fund (Meat grading fees)	-	290 929
Mines and Mining Development	10 956 134	-
Mines and Mining Development Fund (Three Provinces only)	-	6 244 026
Mining Industry Loan Fund	697 541	710 160
Environment, Water and Climate		
Meteorological Services Fund	1 840 232	1 684 443
Rhodes Nyanga Estate Fund	-	246 467
Rhodes Matopos Estate Fund	858 909	-
Local, Government, Public Works and National Housing	6 750 458	6 005 010
Civil Service Housing Loan Fund	-	706 457
		-
Health and Child Care	455 982	-
Health Services Fund	26 981 166	23 634 749
Higher and Tertiary Education, Science and Technology Development	295 937	-
Amenities Fund 2016	895 738	1 934 316
Tertiary Education and Training Fund 2016	9 443 310	-
Innovation and Commercialisation Fund 2016	218 396	201 344
National Education Training Fund 2016	2 031 992	1 221 500
Small and Medium Enterprises and Co-operative Development	-	3 075 000
Indo Zimbabwe Fund	9 509	-
Small and Medium Enterprises Revolving Fund	-	93 596
Energy and Power Development	21 268 566	3 699

Women Affairs, Gender and Community Development Zimbabwe Community Development Fund 2016	18 637	1 307 948
Tourism and Hospitality Industry	-	832 970
Information Communication Technology, Postal and Courier Services	-	3 555 128
Lands and Rural Resettlement Lands and Resettlement Fund	-	342 128
Judicial Service Commission	56 370	-
Public Service Commission Public Service Commission (Surcharges)	- -	10 094 245 3 817 344
Rural Development, Promotion and Preservation of National Culture and Heritage	682 951	659 438
Primary and Secondary School Service Fund Independent Colleges Guarantee Fund	2 413 204 20 589 788 1 273 483	1 574 134 - -
Youth Indigenisation and Economic Empowerment	276 227	-
Justice, Legal and Parliamentary Affairs Deeds and Companies Office Fund	655 402	- -
Transport and Infrastructural Development New Vehicle Security Registration Number Plate	-	1 238 089
Total	**$133 897 975**	**$91 409 864**

ANNEXURE N

COMPARISON OF TREASURY BALANCES AND MINISTRY BALANCES OF TRANSFERS FROM THE UNALLOCATED RESERVE

Vote	Treasury Records ($)	Ministry Records ($)	Variance ($)
Office of the President and Cabinet	68 203 169	68 368 775	(165 606)
Parliament of Zimbabwe	11 489 146	11 489 146	-
Public Service, Labour and Social Welfare	197 673 304	15 206 070	182 467 234
Defence	117 026 574	56 575 406	60 451 168
Finance and Economic Development	45 825 103	6 381 290	39 443 813
Industry and Commerce	31 920 169	8 931 743	22 988 426
Agriculture, Mechanisation and Irrigation Development	1 633 617 652	73 903 785	1 559 713 867
Mines and Mining Development	122 577 885	28 249 897	94 327 988
Environment, Water and Climate	73 058 658	41 068 536	31 990 122
Transport and Infrastructural Development	25 277 762	25 277 762	-
Foreign Affairs	13 381 000	13 381 000	-
Local Government, Public Works and National Housing	32 968 000	32 968 000	-
Health and Child Care	116 993 337	68 258 754	48 734 583
Primary and Secondary Education	42 200 754	42 200 754	-
Higher and Tertiary Education, Science and Technology Development	25 955 775	25 955 775	-
Youth, Indigenisation and Economic Empowerment	21 665 141	9 140 683	12 524 458
Home Affairs	75 021 008	45 873 186	29 147 822
Justice, Legal and Parliamentary Affairs	34 079 255	22 733 603	11 345 652
Information, Media and Broadcasting Services	5 166 912	5 166 912	-
Small and Medium Enterprises and Cooperative Development	500 000	500 000	-
Energy and Power Development	214 903 708	-	214 903 708
Women Affairs, Gender and Community Development	10 000 000	-	10 000 000
Tourism and Hospitality Industry	3 553 330	3 585 118	(31 788)
Lands and Rural Resettlement	14 985 315	8 872 712	6 112 703
Judicial Service Commission	18 263	18 263	-
Public Service Commission	23 141 347	19 345 497	3 795 850
Sport and Recreation	491 962	491 962	-
Macro-Economic Planning and Investment Promotion	1 623 364	1 623 364	-
Rural Development, Promotion and Preservation of National Culture and	1 217 000	1 217 000	-

Heritage			
Council of Chiefs	7 345 000	-	7 345 000
Zimbabwe Electoral Commission	47 139 332	-	47 139 332
Zimbabwe Land Commission	118 306	225 758	(107 452)
TOTAL	**$3 019 137 531**	**$637 010 651**	**$2 382 126 880**

ANNEXURE O

MINISTRY EMPLOYMENT COSTS BALANCES NOT RECONCILING WITH SALARY SERVICES BUREAU BALANCES

Ministry	**Ministry balance**	**SSB Balance**	**Variance**
Home Affairs	370 677 400	370 474 539	202 861
Small and Medium Enterprises and Co-operative Development	2 525 224	2 415 127	110 097
Rural Development, Promotion and Preservation of National Culture and Heritage	5 894 881	7 641 939	(1 747 058)
Lands and Rural Resettlement	3 099 991	3 578 006	(478 015)
Youth, Indigenisation and Economic Empowerment	20 782 292	38 302 307	(17 520 015)
Total	**$402 979 788**	**$422 411 918**	**($19 432 130)**

ANNEXURE P

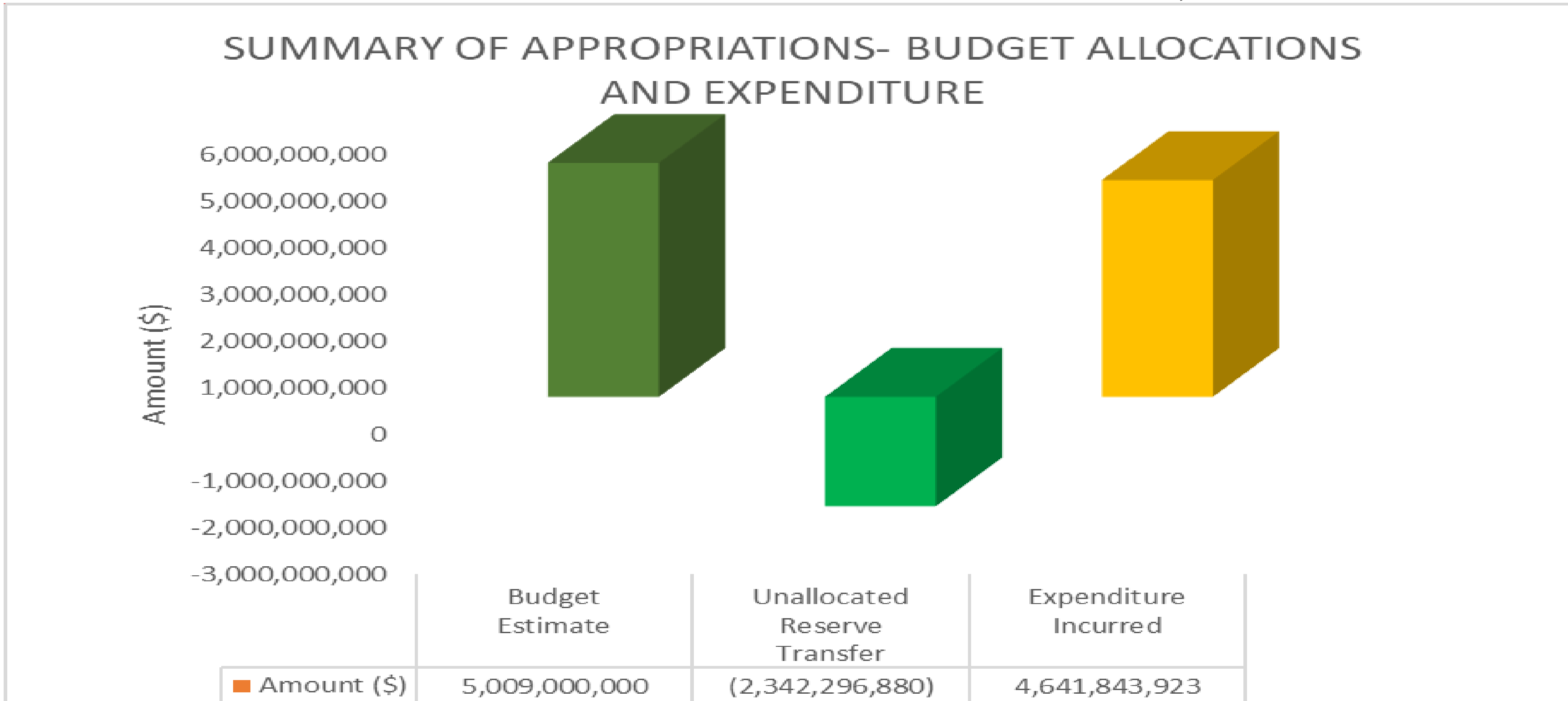
COMPARISON OF EMPLOYMENT COSTS AGAINST TOTAL EXPENDITURE AS PER SUBMITTED APPROPRIATION ACCOUNTS

Vote	Employment costs	Total Expenditure
Office of the President and Cabinet	9 636 524	229 441 892
Parliament of Zimbabwe	10 151 871	46 827 170
Public Service, Labour and Social Welfare	144 842 989	171 808 936
Defence	311 904 498	384 012 815
Finance and Economic Development	2 192 079	150 277 082
Office of the Auditor-General	2 100 579	2 482 998
Industry and Commerce	2 717 307	15 267 643
Agriculture, Mechanisation and Irrigation Development	71 958 398	169 046 684
Mines and Mining Development	4 078 234	15 816 193
Environment, Water and Climate	2 133 934	80 884 795
Transport and Infrastructural Development	8 321 783	55 724 562
Foreign Affairs	15 616 933	27 423 530
Local Government, Public Works and National Housing	14 879 714	73 544 857
Health and Child Care	205 725 664	340 530 864
Primary and Secondary Education	835 094 911	843 328 722
Higher and Tertiary Education, Science and Technology Development	51 744 967	289 878 361
Youth, Indigenisation and Economic Empowerment	20 782 292	25 067 759
Home Affairs	370 677 400	403 390 273
Justice, Legal and Parliamentary Affairs	78 713 296	104 899 700
Information, Media and Broadcasting Services	1 120 670	8 264 718
Small and Medium Enterprises and Cooperative Development	2 525 224	5 234 586
Energy and Power Development	832 997	1 113 401
Women Affairs, Gender and Community Development	6 732 073	7 954 580
Tourism and Hospitality Industry	953 548	6 109 284
Information, Communication, Postal & Courier Services	976 989	5 310 536
Lands and Rural Resettlement	3 099 991	15 100 914
Judicial Service Commission	11 098 132	13 454 143
Public Service Commission	32 362 984	35 898 632
Sport and Recreation	1 289 135	4 806 637
Macro-Economic Planning and Investment Promotion	569 341	7 006 383
Welfare Services for War Veterans , War Collaborators, Former Political Detainees and Restrictees	804 645	19 048 536
Rural Development, Promotion and Preservation of National Culture and Heritage	5 894 881	12 295 676

Council of Chiefs	29 613	1 368 371
Zimbabwe Human Rights Commission	-	-
National Peace and Reconciliation Commission	550 726	550 726
National Prosecuting Authority	2 419 816	3 174 053
Zimbabwe Anti-Corruption Commission	-	-
Zimbabwe Electoral Commission	-	-
Zimbabwe Gender Commission	468 631	798 811
Zimbabwe Land Commission	1 003 989	1 630 093
Zimbabwe Media Commission	187 153	366 400
TOTAL	**$2 236 193 911**	**$3 372 141 316**

ANNEXURE Q

SUMMARY OF APPROPRIATION ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017



No.	Vote	Voted/Original Estimate	Unallocated Reserve Transfer	Amended Estimate/Total	Expenditure	Surplus/Deficit
		$	$	$	$	$
1.	Office of the President and Cabinet	175 643 000	68 368 775	244 011 775	229 441 892	14 569 883
2.	Parliament of Zimbabwe	39 713 000	11 489 146	51 202 146	46 827 170	4 374 976

3.	Public Service, Labour and Social Welfare	193 789 000	15 206 070	208 995 070	171 808 936	37 186 134
4.	Defence	340 522 000	56 575 406	397 097 406	384 012 815	13 084 591
5.	Finance and Economic Development	206 374 000	(3 012 756 241)	(2 806 382 241)	150 277 082	(2956 659 323)
6.	Office of the Auditor General	3 262 000	-	3 262 000	2 482 998	779 002
7.	Industry and Commerce	18 547 000	8 931 743	27 478 743	15 267 643	12 211 100
8.	Agriculture, Mechanisation and Irrigation Development	292 696 000	73 903 785	366 599 785	169 046 684	197 553 101
9.	Mines and Mining Development	5 395 000	28 249 897	33 644 897	15 816 193	197 553 101
10.	Environment, Water and Climate	40 100 000	41 068 536	81 168 536	80 884 795	283 741
11.	Transport and Infrastructural Development	55 838 000	25 277 762	81 115 762	55 724 562	25 391 200
12.	Foreign Affairs	32 473 000	13 381 000	45 854 000	27 423 530	18 430 470
13.	Local Government, Public Works and National Housing	49 707 000	32 968 000	82 675 000	73 544 857	9 130 143
14.	Health and Child Care	281 976 000	68 258 754	350 234 754	340 530 864	9 703 890
15.	Primary and Secondary Education	803 771 000	42 200 754	845 971 754	843 328 722	2 643 032
16.	Higher and Tertiary Education, Science and Technology Development	266 703 000	25 955 775	292 658 775	289 878 361	2 780 414
17.	Youth, Indigenisation and Economic Empowerment	17 192 000	9 140 683	26 332 683	25 067 759	1 2780 414
18.	Home Affairs	364 308 000	45 873 186	410 181 186	403 390 273	6 790 913
19.	Justice, Legal and Parliamentary Affairs	91 379 000	22 733 603	114 112 603	104 899 700	9 212 903
20.	Information, Media and Broadcasting Services	3 329 000	5 166 912	8 495 912	8 264 718	231 194
21.	Small and Medium Enterprises and Cooperative Development	6 131 000	500 000	6 631 000	5 234 586	1 396 414
22.	Energy and Power Development	6 288 000	-	6 288 000	1 113 401	5 174 599
23.	Women Affairs, Gender and Community Development	8 434 000	-	8 434 000	7 954 580	479 420
24.	Tourism and Hospitality Industry	2 674 000	3 585 118	6 259 118	6 109 284	149 834

25.	Information Communication Technology, Postal and Courier Services	6 355 000	-	6 355 000	5 310 536	1 044 464
26.	Lands and Rural Resettlement	7 642 000	8 872 612	16 514 612	15 100 914	1 413 698
27.	Judicial Service Commission	14 099 000	18 263	14 117 263	13 454 143	663 120
28.	Public Service Commission	18 744 000	19 345 497	38 089 497	35 898 632	2 190 865
29.	Sport and Recreation	4 319 000	491 962	4 810 962	4 806 637	4 325
30.	Macro-Economic Planning and Investment Promotion	5 927 000	1 623 364	7 550 364	7 006 383	543 981
31.	Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees	22 080 000	-	22 080 000	19 048 536	3 031 464
32.	Rural Development, Promotion and Preservation of National Culture and Heritage	15 751 000	1 217 000	16 968 000	12 295 676	4 672 324
33.	Council of Chiefs	3 130 000	-	3 130 000	1 368 371	1 761 629
34.	Zimbabwe Human Rights Commission	1 951 000	-	1 951 000	-	1 951 000
35.	National Peace and Reconciliation	1 149 000	-	1 149 000	550 726	598 274
36.	National Prosecuting Authority	3 636 000	-	3 636 000	3 174 053	461 947
37.	Zimbabwe Anti-Corruption Commission	2 180 000	-	2 180 000	-	2 180 000
38.	Zimbabwe Electoral Commission	9 761 000	-	9 761 000	-	9 761 000
No.	**Vote**	**Voted/Original Estimate**	**Unallocated Reserve Transfers**	**Amended Estimate/Total**	**Expenditure**	**Surplus/Deficit**
		$	**$**	**$**	**$**	**$**
39.	Zimbabwe Gender Commission	1 105 000	-	1 105 000	798 811	306 189
40.	Zimbabwe Land Commission	1 546 000	225 758	1 771 758	1 630 093	141 665
41.	Zimbabwe Media Commission	670 000	-	670 000	366 400	303 600

	Sub-total	**3 426 289 000**	**(2 382 126 880)**	**1 044 162 120**	**3 372 141 316**	**(2 534 979 196)**
	Constitutional and Statutory Appropriations					
i.	President and Cabinet	672 000	-	672 000	595 206	76 794
ii.	Parliament of Zimbabwe	240 000	-	240 000	220 968	19 032
iii.	Public Service, Labour and Social Welfare	150 000	-	150 000	150 000	-
iv.	Finance and Economic Development	1 089 000 000	-	1 089 000 000	1 061 415 762	27 584 238
v.	Office of the Auditor General	80 000	-	80 000	74 588	5 412
vi.	Justice, Legal and Parliamentary Affairs	260 000	-	260 000	246 083	13 917
vii.	Judicial Service Commission	5 590 000	-	5 590 000	5 064 705	525 295
viii.	Public Service Commission	477 600 000	39 830 000	517 430 000	517 280 110	149 890
ix.	Council of Chiefs	8 649 000	-	8 649 000	7 990 583	658 417
x.	Welfare Services for War Veterans, War Collaborators, Former Political Detainees and Restrictees	250 000	-	250 000	200 000	50 000
xi.	National Prosecuting Authority	220 000	-	220 000	202 440	17560
	Sub-total	**1 582 711 000**	**39 830 000**	**1 622 541 000**	**1 062 702 607**	**559 838 393**
	GRAND TOTAL	**$5 009 000 000**	**($2 342 296 880)**	**$2 666 703 120**	**$4 641 843 923**	**($1 975 140 803)**

Note: The expenditures for Zimbabwe Human Rights Commission, Zimbabwe Anti-Corruption Commission and Zimbabwe Electoral Commission were not included in the summary because they were not audited.