REPORT

of the

AUDITOR-GENERAL

on

APPROPRIATION ACCOUNTS,

FINANCE AND REVENUE

STATEMENTS

AND

FUND ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Presented to Parliament of Zimbabwe 2023

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

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

Dear Sir,

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

Yours faithfully,

R. KUJINGA,
ACTING AUDITOR-GENERAL.

HARARE

August 28, 2023.

We assure accountability

OAG ZIMBABWE

Office of the Auditor-General

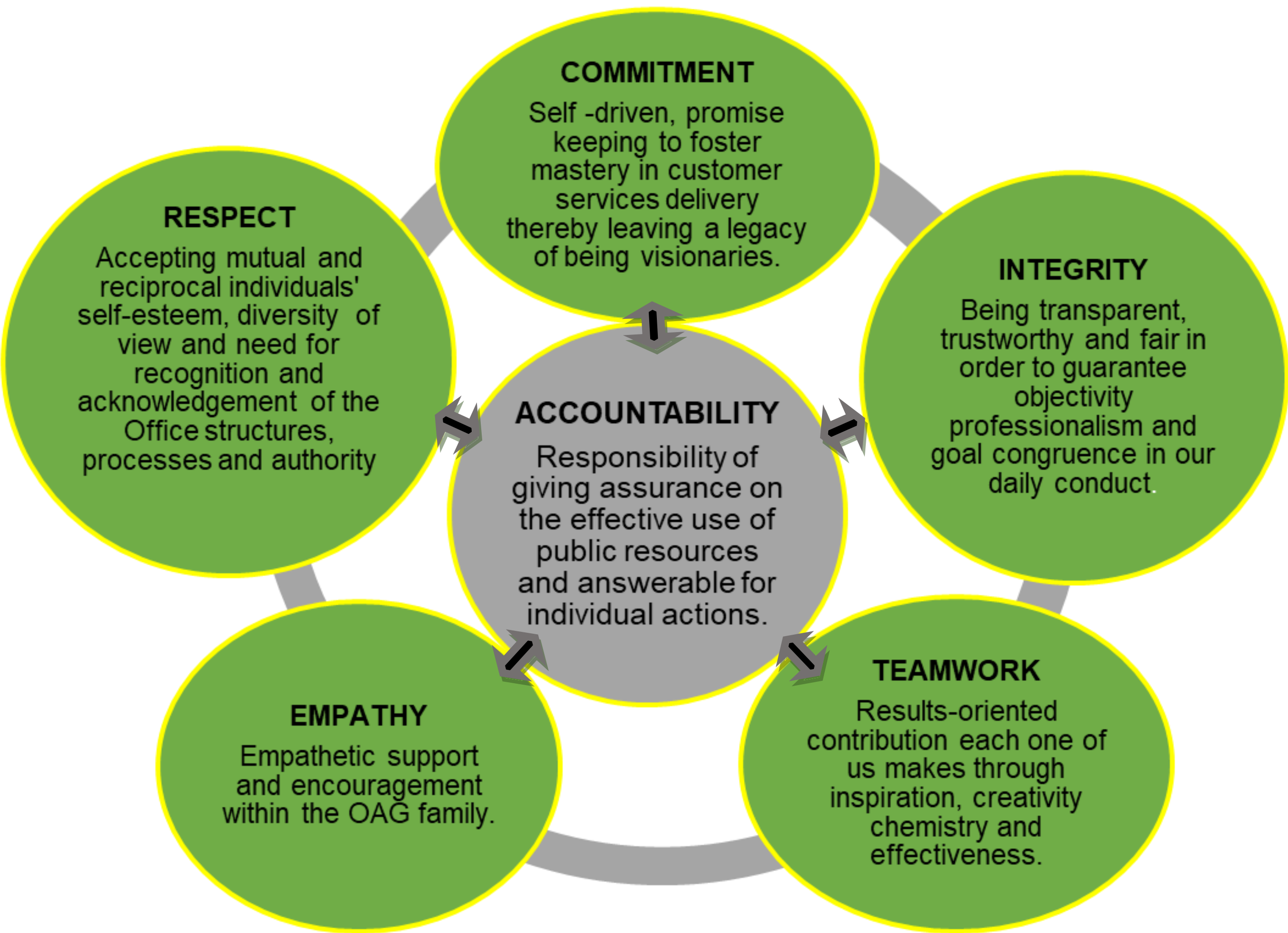
OAG VISION

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

OAG MISSION

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

OAG VALUES



LIST OF ACRONYMS

AFROSAI-E	African Organisation of English-speaking Supreme Audit Institutions
AFC	Agricultural Finance Cooperation
A-G	Attorney-General
AIMS	Agricultural Information Management Systems
BAZ	Broadcasting Authority of Zimbabwe
BCP	Business Continuity Plan
BEAM	Basic Education Assistance Module
BOI	Board of Inquiry
CBZ	Commercial Bank of Zimbabwe
CPDs	Continuous Professional Development
CRF	Consolidated Revenue Fund
CVR	Central Vehicle Registry
DDF	District Development Fund
DRP	Disaster Recovery Plan
DSI	District Schools Inspector
GAAP	Generally Accepted Accounting Practice
GAL	Government Analyst Laboratory
GAS	Government Accounting Services
GR/IR	Goods Receipt/ Invoice Receipt
HSCT	Harmonised Social Cash Transfer
IAS	International Accounting Standard
ICP-MS	Inductively Coupled Plasma-Mass Spectrometry
ICT	Information and Communication Technology
IDCZ	Industrial Development Cooperation of Zimbabwe
IPSAS	International Public Sector Accounting Standards
ISPMIS	Integrated Social Protection Management Information System
ISSAIs	International Standards of Supreme Audit Institutions
IT	Information Technology
JSC	Judicial Service Commission
KPI	Key Performance Indicators
LIMS	Land Information Management Systems
MDA	Ministries, Departments and Agencies
MDO	Mineral Development Officer
MSD	Meteorological Services Department
NCDs	Non-Communicable Diseases
NDS1	National Development Strategy
NOIC	National Oil Infrastructure Company
NPA	National Prosecuting Authority
OAG	Office of the Auditor-General
OPC	Office of the President and Cabinet
PAAB	Public Accountants and Auditors Board
PBB	Programme Based Budgeting
PFM	Public Finance Management
PFMA	Public Finance Management Act [*Chapter 22:19*]
PFMS	Public Financial Management System
PMD	Provincial Medical Director
PMG	Paymaster-General's Account
PMU	Procurement Management Unit
PPDPA	Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*]
PRAZ	Procurement Regulatory Authority of Zimbabwe

PSC	Public Service Commission
RBZ	Reserve Bank of Zimbabwe
RG	Registrar-General
RTGS	Real Time Gross Settlement
SAIs	Supreme Audit Institutions
SDC	School Development Committee
SMEDCO	Small and Medium Enterprises Development Corporation
SRV	Stores Received Voucher
SSB	Salary Service Bureau
SSF	School Services Fund
SUB-PMG	Sub-Paymaster General’s Account
UNICEF	United Nations International Children's Emergency Fund
USD	United States Dollars
UZ	University of Zimbabwe
ZAR	South African Rand
ZBC	Zimbabwe Broadcasting Authority
ZESA	Zimbabwe Electricity Supply Authority
ZHRC	Zimbabwe Human Rights Commission
ZIFTESSA	Zimbabwe Film and Television School of Southern Africa
ZIMRA	Zimbabwe Revenue Authority
ZMC	Zimbabwe Media Commission
ZIPAM	Zimbabwe Institute of Public Administration
ZPCS	Zimbabwe Prisons and Correctional Service
ZRP	Zimbabwe Republic Police
ZWL	Zimbabwe Dollar

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FOREWORD AND EXECUTIVE SUMMARY

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FOREWORD

1. SUBMISSION OF ANNUAL REPORT

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

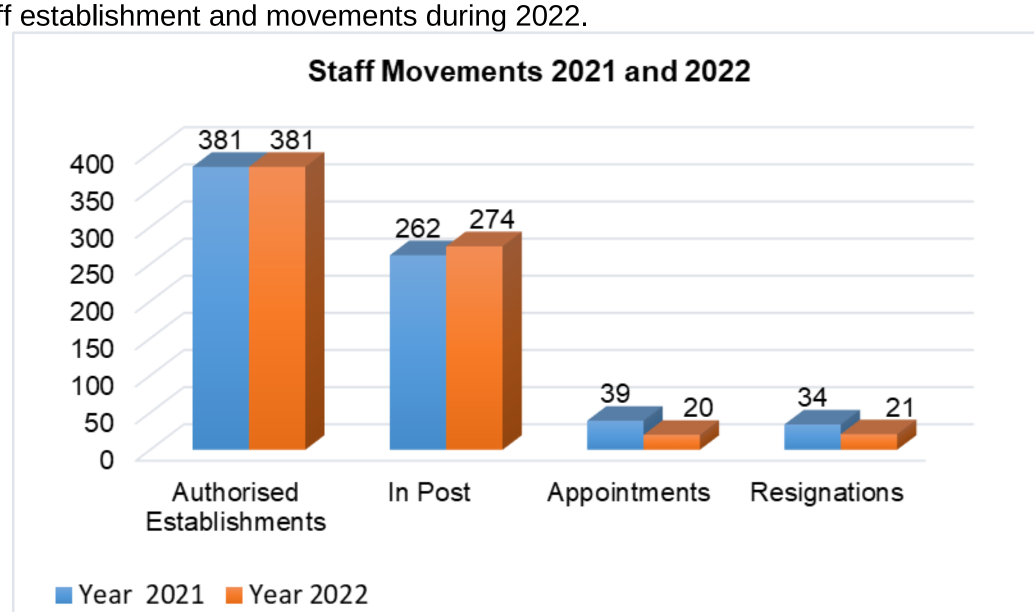
2. MANDATE OF THE AUDITOR-GENERAL

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

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

3. STAFF LEVELS, MOVEMENTS, TRAINING AND DEVELOPMENT

Despite efforts to fill vacant posts in 2022, resignations continued during the year. My office lost qualified and experienced staff due to uncompetitive conditions of service. Graph below shows the staff establishment and movements during 2022.



Staff training and development has remained as one of the key objectives of my Office. This was made possible with the assistance of the African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E) to which Zimbabwe is a member, Development Partners, study visits to other Supreme Audit Institutions (SAIs), Professional Accountants Bodies and other stakeholders. A number of training programmes and Continuous Professional Development (CPDs) were attended by my staff in order to keep them up to date with the developments taking place in the auditing profession.

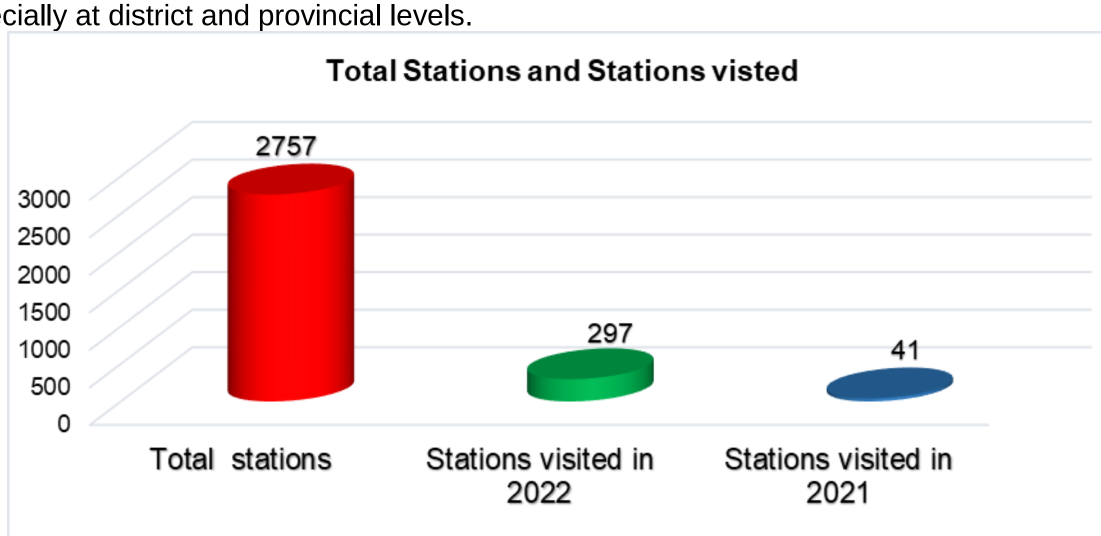
4. BASIS OF PREPARATION OF PUBLIC ACCOUNTS

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

5. CONDUCT OF THE AUDIT

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

I conducted audits at Head Offices of Ministries and Commissions. I visited outstations of some Ministries and government departments that are decentralized. Results of the audit of Provincial and District stations are included in my findings in this report. In 2022 the total number of stations were 2 757 and I visited 297 Provincial and District offices as compared to 41 in 2021. Refer to the graph below and **Annexure A** for details. Resources permitting, in 2023 I would like to increase my coverage of stations to areas where a number of activities are taking place, especially at district and provincial levels.



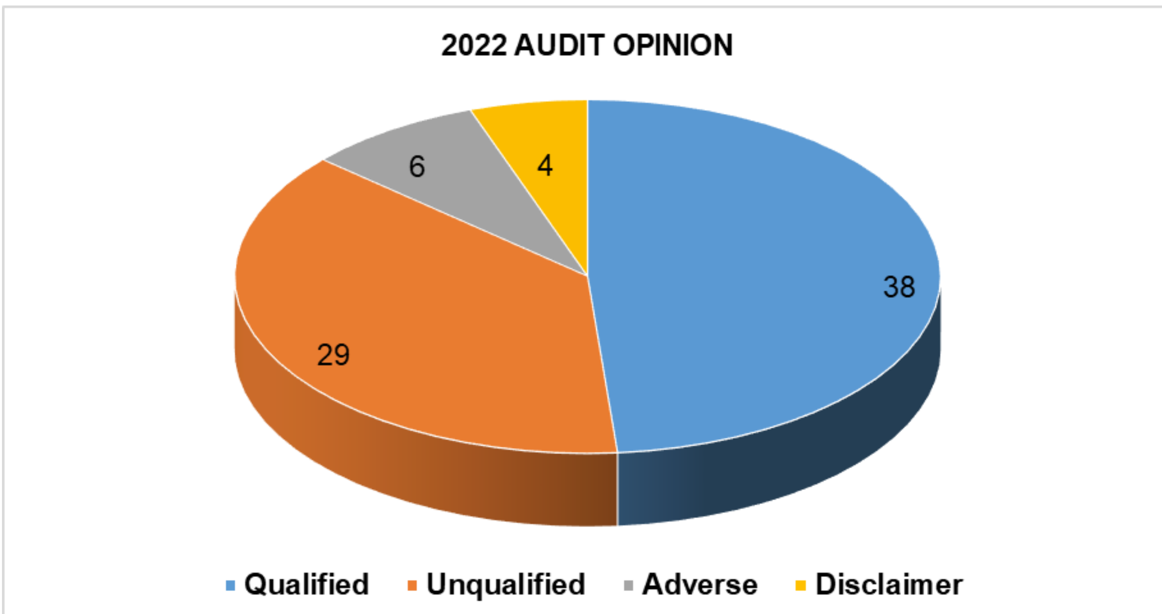
6. CERTIFICATION OF PUBLIC ACCOUNTS

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

AUDIT OPINION

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My opinion is on whether the financial statements present fairly the state of affairs in the Ministries, Commissions and Funds. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion of the respective financial statements.

Seventy-seven (77) financial statements comprising Appropriation Accounts, Finance and Revenue Statements and Funds were audited. The audit opinions for the accounts are shown in the pie chart below:



Types of Opinions

Unqualified- The financial statements contain no material misstatements.

Qualified- The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated.

Adverse- The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

Disclaimer- The auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis of an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.

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

ACKNOWLEDGEMENTS

I wish to acknowledge efforts rendered by all the Accounting Officers, Chief Executive Officers, Receivers of Revenue, cooperating partners and other stakeholders that made it possible for me to submit my Report.

My special tribute goes to the valued clients who made it possible for me to submit my report for the year under review. I extend my appreciation to development partners for their unwavering financial support, our printers and other stakeholders. Finally, I extend my sincere appreciation to my management and staff for their continued commitment and dedication to duty.

HARARE R. KUJINGA,
August 28, 2023. ACTING AUDITOR-GENERAL.

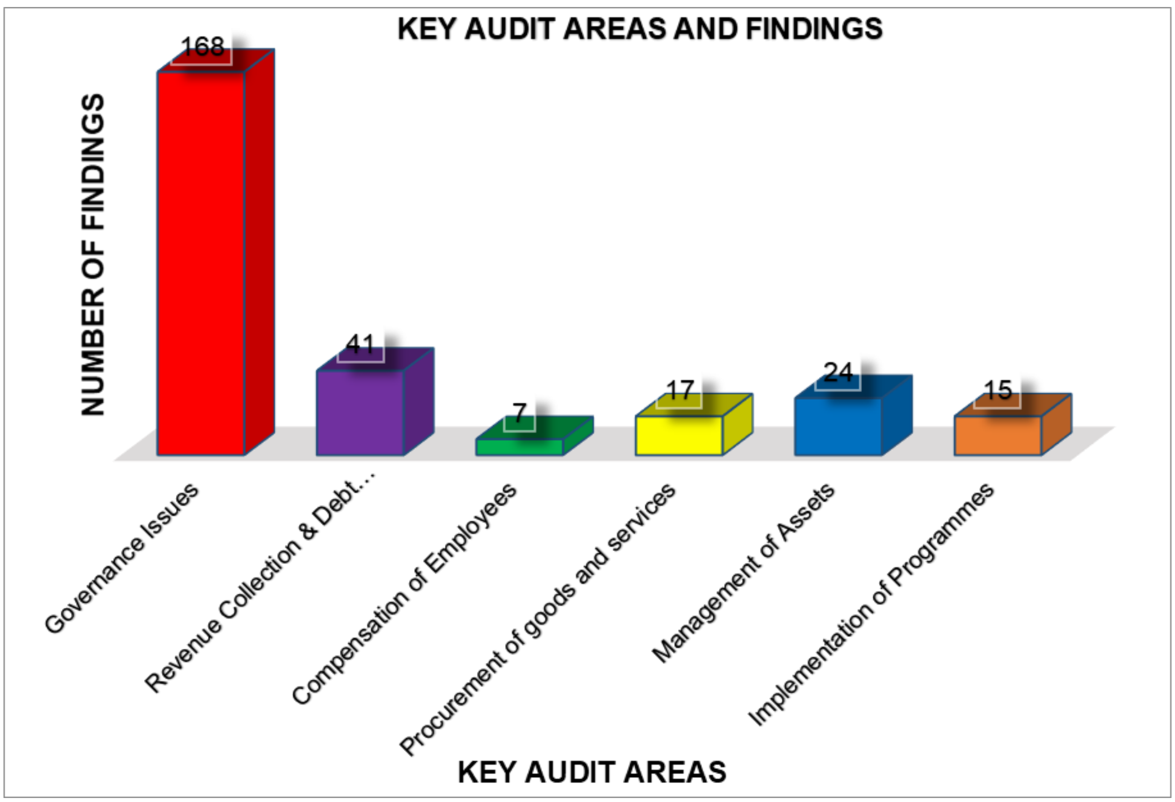
EXECUTIVE SUMMARY

This report covers financial statements which comprise Appropriation Accounts, Finance Revenue Statements and Statement of Financial Position and Cash Flows, highlighting the key audit findings and recommendations. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I also recommended ways by which issues raised can be addressed with the aim of improving public sector transparency, accountability, good corporate governance and service delivery.

A financial and compliance audit was conducted. This covered governance issues, revenue collection and debt management, compensation of employees, procurement of goods and services, management of assets, gender responsiveness, policies and supporting structures.

My audit also included an evaluation of the implementation of planned programmes by the various entities to ensure the achievement of the national strategies as enunciated in the National Development Strategy (NDS 1). An assessment of the progress made in addressing prior year audit findings was carried out and reported upon. Those charged with governance in the various institutions are urged to pay attention to matters raised, so as to improve public sector transparency, accountability, good corporate governance and service delivery.

Below is a graphical overview of the key areas covered during the audit:



1. Budget Utilisation and Control

The budget allocated for Voted funds in terms of the Appropriation (2022) Act, 2021 and Appropriation Supplementary for the twenty-nine (29) Ministries and Commissions included in this report was ZWL$1 455 657 861 432. The budget for the six (6) Constitutional and Statutory Appropriations in this report was ZWL$145 486 659 150. Budget utilisation was ZWL$1 263 167 309 927 and ZWL$139 720 373 703 respectively. The underutilisation of the budget was mainly as a result of the non-release of funds by Treasury due to low revenue inflows. Consequently, this affected the achievement of some programme targets and service delivery by the affected Ministries and Commissions. Refer to **Annexure C** for details.

2. Compensation of Employees

Nine (9) Ministries had variances between amounts as per Salary Service Bureau (SSB) bill and the actual Compensation of Employee expenditure reported in the Appropriation Account. The Ministries accounted for ZWL$346 373 115 722 in their Appropriation Accounts while SSB had ZWL$380 894 228 666 resulting in a variance of ZWL$34 521 002 944. Therefore, the reported expenditure was understated by the same amount.

Treasury Circular B/1/88 dated June 5, 2018 requested Directors of Finance of line Ministries to perform monthly reconciliations of billed amounts by Salary Service Bureau (SSB) against employment cost expenditure shown in the Public Financial Management System (PFMS) ledgers. Most Ministries could not produce evidence to show that monthly reconciliations were being done in compliance with the Treasury Circular. Pay sheet reconciliations are meant to authenticate whether people paid are bona fide employees of the Ministry or Commission.

3. Sub-Paymaster General’s Account Reconciliations

There was a variance of ZWL$1 205 890 897 between expenditure amounts reflected in the PFMS of ZWL$616 206 644 245 and the Sub-Paymaster General Accounts of ZWL$617 960 373 460. Refer to **Annexure D**. The Ministries did not produce reconciliation statements showing the sources of differences. As a result, the completeness or accuracy of those figures could not be validated.

4. Non- Delivery of Motor Vehicles

The Ministries and Commissions procured a number of motor vehicles from various service providers during the year, of which 74 motor vehicles had not been delivered at the date of finalising my audits. Refer to **Annexure E**. The number includes sixteen (16) motor vehicles that were purchased in 2021. There is a need for Ministries and Commissions to have tighter clauses in contracts and monitor contract performance as some suppliers lack the capacity to deliver the motor vehicles as per the contract awarded. Public service delivery is compromised if assets procured are not delivered on time.

5. Construction and Maintenance Projects

Mashonaland East; Matabeleland South and Mashonaland Central provinces took over from local Authorities projects consisting of construction and maintenance of infrastructure. Some of the projects failed to take off due to financial and human resource constraints. Mashonaland East had sixteen (16) projects that were taken over and ten (10) projects failed to take off. Matabeleland South had seven (7) projects that were taken over from Beitbridge and Gwanda Municipalities and all projects had not been completed at the time of concluding the audit. Mashonaland Central undertook to oversee a total of seven (7) road construction projects and three (3) road maintenance projects. All seven road construction projects had not commenced and the reasons cited on the progress report were that all contractors were awaiting advance payments.

6. Management of Assets

Fourteen (14) Ministries and Funds did not maintain up to date Master Assets Registers while a number of other Ministries did not upload assets on the PFMS. The system is still to be configured to allow the uploading of assets purchased outside the system. As a result, asset registers are incomplete and accountability for assets is therefore compromised.

7. Audit Committees

The Public Finance Management Act (PFMA) [*Chapter 22:19*] requires the setting up of Audit Committees in Government Ministries to provide oversight on the financial reporting, the audit processes, as well as to oversee on the institution's system of internal controls and compliance with laws and regulations. There was no evidence that the Audit Committees for five (5) Ministries were functional, as there were no minutes or reports of meetings showing that the committees ever met to deliberate on the Ministry's or Commission's affairs.

8. Risk Management and Assessment

Sixteen (16) Ministries, Departments and Agencies (MDAs) did not have documented and approved risk management policies and tools to identify and mitigate possible risks in their operations. This goes against the tenets of good corporate governance which requires a documented and approved risk management policy.

9. Unsupported Expenditure

Six (6) Ministries and Funds incurred expenditure amounting to ZWL$580 185 853 that was not supported by source 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. Refer to **Annexure F**.

10. Revenue Collection and Debt Management

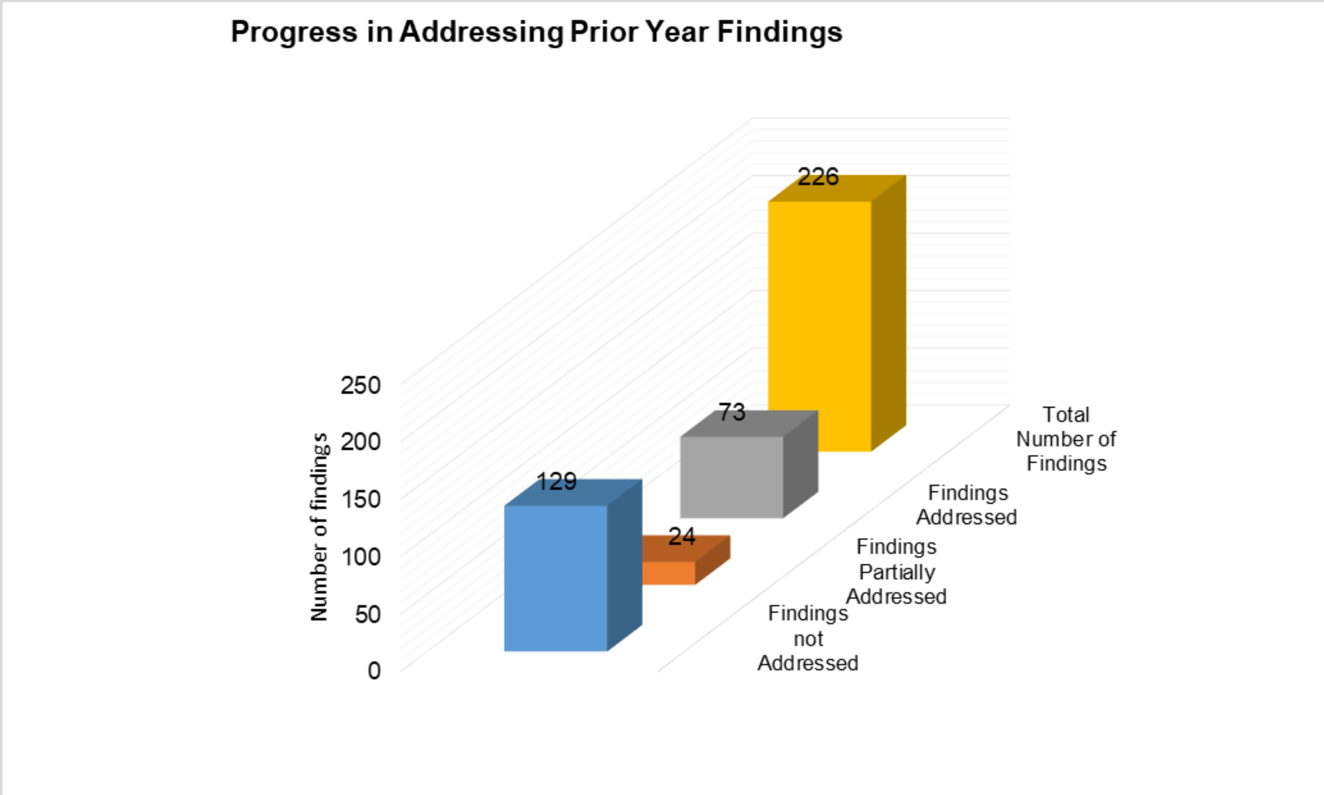
There was an increase in uncollected monies due to Government. The outstanding revenue amounted to ZWL$4 190 655 933. See **Annexure G**. Management did not apply effective strategies to collect amounts due. Service delivery remained constrained as resources were tied in debtors. If the trend continues the outstanding amounts will be rendered valueless due to lapse of time.

11. Maintenance of Accounting Records by Funds

Maintenance of accounting records remained a challenge especially for Fund accounts. 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 were not maintained in some cases. As a result, some financial statements were compiled from bank statements and payment vouchers instead of using general ledgers.

12. IMPLEMENTATION OF PRIOR YEAR AUDIT FINDINGS

I would like to acknowledge the Ministries which have taken steps to implement my findings. Out of the 226 audit findings raised during the 2021 financial year, 73 (32%) were implemented, 24 (11%) were in progress and 127 (57%) were yet to be implemented. The progress made is graphically shown below:


Progress in Addressing Prior Year Findings
Number of findings
250
200
150
100
50
0
226
73
129
24
Total Number of Findings
Findings Addressed
Findings Partially Addressed
Findings not Addressed

APPROPRIATION ACCOUNTS,

FINANCE AND REVENUE STATEMENTS

AND

FUND ACCOUNTS

SUMMARY OF CONTENTS

VOTE 1. - OFFICE OF THE PRESIDENT AND CABINET

APPROPRIATION ACCOUNT 2022

Mandate

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

Opinion

I have audited the financial statements for the Office of the President and Cabinet for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve/ Warrants ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$79 546 799 000	$67 553 826 488	$147 100 625 488	$134 918 857 383	$12 181 768 105
Constitutional and Statutory Appropriation				
$20 080 000	$42 312 000	$62 392 000	$58 953 911	$3 438 089

In my opinion, the financial statements present fairly the state of affairs of the Office of the President and Cabinet as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

The following are other issues noted during the audit.

1 GOVERNANCE ISSUES

1.1 Disbursements of Funds for Operations to Provincial Offices

102Finding

The Office disbursed funds from the Sub-PMG account to the Provincial Affairs and Devolution Offices bank accounts for monthly operations. During my visit to Midlands and Bulawayo, I noted that the Provincial Affairs Office and Devolution Offices received total disbursements amounting to ZWL$108 900 000 and ZWL$93 825 439 respectively. However, the disbursements were not accompanied by release letters indicating how the funds were to be utilised.

Risk/Implication

Funds may not be used for the intended purposes thereby affecting the Office's service delivery.

Recommendation

OPC Head Office disbursements to Provincial Offices should be accompanied by release letters giving guidance on how the funds should be utilized.

Management Response

The Finding and recommendations have been noted. Head Office released resources to Provincial Offices for monthly operations, the respective Provincial Permanent Secretaries who are the Sub Accounting Officers do provide guidance to their officers on utilization of the released resources.

In line with Programme Based Budgeting, Provincial Offices are expected to submit requests of their monthly operational releases guided by the Chart of Account on Goods and Services they intend to spend on. Head Office will then respond to the Provincial Office's request by providing the requested resources through releasing the funds in the respective Expenditure Codes. Release letters are then generated and send to Provincial Offices.

1.2 Expenditure Control and Reporting

Finding

Provincial Affairs and Devolution Offices for Midlands and Bulawayo's expenditure of ZWL$93 825 439 and ZWL$120 038 449 respectively was processed outside the PFMS contrary to Section 36(5) of the Public Finance Management (Treasury Instructions), 2019 which states that Accounting Officers should ensure that all proposed expenditure for their Ministries is in line with the budget and that all transactions are captured in the PFMS. The Office should have made use of kiosks that were established in Provinces to capture expenditure in the PFMS.

Risk/Implication

By not capturing transactions in the PFMS it may result in the Office not able to fully account for expenditure incurred by Provincial Offices.

Recommendation

OPC Head Office should ensure that all Provincial Affairs and Devolution Offices process their transactions in the PFMS to enable consistency and accurate financial information as well as to adhere to controls set by Government.

Management Responses

Audit findings and recommendations have been noted. Provincial Offices were manned by Administration Officers who were not trained in PFMS and at the same time they could not upload expenditure in the system as this required different processing profiles to be assigned to different officers involved in processing the transactions.

However, the recruitment of Directors for Finance and Administration and Procurement officers in Provinces is progressing well and we hope all Provinces will be operating within the PFMS environment beginning January 1, 2024.

DISTRICT DEVELOPMENT FUND 2021

Objective of the Fund

The Fund was established for the purpose of developing communal land and such other development areas as may be declared by the Minister.

Qualified Opinion

I have audited the financial statements of the District Development Fund. These financial statements comprise of the statement of financial position as at December 31, 2021, and the statement of comprehensive income and statement of cash flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	5 026 959 799
Expenditure	4 363 999 982
Surplus	**$662 959 817**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current Assets Accumulated Fund	797 177 562 -	- 649 659 057
Current	383 391 276	530 909 781
Total	**$1 180 568 838**	**$1 180 568 838**

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the District Development Fund as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Valuation of Property, Plant and Equipment

Finding

The Fund had property, plant and equipment which included heavy equipment that was disclosed in the financial statements for the year ended December 31, 2021 at a carrying amount of ZWL$738 336 998. However, the Fund did not revalue its assets during the year under review. This was contrary to International Accounting Standard (IAS) 16 – “Property, plant and equipment” which requires revaluations to be made with sufficient regularity to ensure that the carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting period.

In addition, following the adoption of accrual accounting in 2018, the Fund only revalued Land and Buildings. The remaining assets were carried at cost while other items of property, plant and equipment that were acquired prior to the adoption of the multi-currency regime in 2009 were maintained in the books at a value of ZWL$1. The property, plant, and equipment of the Fund experienced significant changes in fair values over the years due to the prevailing economic conditions which made the revaluation of assets necessary. Had the property, plant and equipment been revalued, the amounts disclosed in the financial statements would be materially different from the figures disclosed.

Risk/Implication

Failure to revalue property, plant and equipment misrepresents disclosed values in the financial statements thereby misleading users.

Recommendation

Revaluations should be done at least annually so that the true value of the assets is disclosed and accounted for.

Management Response

We take note of the observation. However, audit is advised that the revaluation exercise is ongoing and progress has been made as five provinces have been completed as at May 15, 2023.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUE

1.1 Fuel Management and Recording

Findings

For the third year running, I noted that the Fund did not perform reconciliations of fuel purchased against fuel consumed by the provinces. Furthermore, I noted that no fuel returns for the months of January to August 2021 were submitted to Head Office by districts and provincial offices showing how fuel allocated was used. As a result, I could not satisfy myself that the expenditure figure of ZWL$222 247 550, for Fuel, Oils, and Lubricants was utilized for the intended purpose.

Journey sheets did not record opening and closing mileage, or estimated distance to be covered. Further, fuel request forms left out important information such as estimated distance and consumption per kilometer travelled. In some instances, vehicle log sheets did not record opening and closing mileage to enable calculation of the actual distances covered and track the usage of fuel. The purpose of the journey in some cases was not clearly specified, making it difficult to determine the nature of work for which fuel was issued.

The Fund did not maintain a detailed Fuel Allocation Register with running balances. The fuel coupons were not issued in sequential order and independent checks were not done to ensure the accuracy of the records. Section 104(1) of the Public Finance Management (Treasury Instructions), 2019 requires accounting records to be maintained in respect of fuel.

Risks/Implications

Failure to perform reconciliations may result in the misappropriation of fuel stocks and errors may go undetected.

Weak internal controls in the allocation and usage of fuel may result in misuse and theft without detection.

Recommendations

Management should consider strengthening controls on fuel usage by designing journey sheets that include opening and closing mileage, opening and closing fuel gauge levels and reconciling fuel used against fuel issued.

Fuel returns or reconciliations should be submitted to Head Office by Districts and Provincial Offices showing how fuel allocated was used.

A fuel register should be maintained as required by Section 104(1) of the Public Finance Management (Treasury Instructions), 2019.

Management Responses

Fuel procured is delivered directly to the Provinces, and a Stores Received Voucher (SRV) will be sent to Head Office for them to attach onto payment vouchers. In turn the Province issues fuel to project sites or base camps where it is accounted for. Every piece of equipment maintains a Log-sheet and updated fuel register on site.

At the end of each month, Districts submit returns to Head Office reconciling fuel usage at project sites. The information is used at Head Office to invoice respective projects for usage of District Development Fund (DDF) equipment and respective revenue is accounted for under Hire of Equipment through Reimbursement Accounting (Force Account).

Management acknowledges fuel usage as a high risk area and thus controls have been put in place over its usage. The Fund has invested in a vehicle tracking system to try and reduce the risk of abuse and theft. The computerised system discourages abuse and theft of fuel and compels a user to disclose correct information on the journey sheet. Audit is encouraged to inspect the system now in place.

We wish to advise that anomalies noted by audit have now been corrected and audit can inspect the records to confirm compliance.

Evaluation of Management Responses

While fuel is said to be accounted for as per piece of equipment, and the vehicle tracking system has been put in place, no consolidation is done at the end to show usage against quantities received from provinces.

1.2 Recording and Custody of Fuel at Midlands Provincial Stores

Finding

Midlands Provincial Stores received 10 000 litres of diesel from NOIC of Zimbabwe (Pvt) Ltd on November 14, 2021, which the provincial stores suspected was contaminated with water. The fuel was offloaded into a 15 000 litre tank that had 4 085 litres of diesel without having been tested. It was pointed out that the station had no water finder gadget to test for water. The case was still pending at the courts as the station sued for reimbursement of the 10 000 litres of fuel delivered and the stock of 4 085 litres contaminated. Consequently, the station switched to the use of a 2 500 litre fuel tank that was not calibrated and had no standardised fuel gauge to measure the amount of diesel issued and balance in the tank.

Risk/Implication

Misuse and loss of fuel may not be detected or prevented if testing and measuring gadgets are not kept at the stations.

Recommendation

Management should strengthen the internal controls in fuel custody and distribution to detect and prevent possible misuse and loss of fuel resources.

Management Responses

The query is noted. When the use of the 2 500 litre tank came to effect it was to serve as a temporary measure for a very short time since the 15 000 litre fuel tank case was being handled by the Police. However, more than 12 months have elapsed and the matter has not been resolved.

We are in the process of procuring a digital pump for the calibrated 5 000 litre tank and a digital flow meter for the 2 500 litre tank so as to curb the use of buckets when issuing fuel.

1.3 Disposal of Obsolete Spares

Finding

During my physical inspection of stocks, at Provincial Stores for Midlands, Masvingo, Manicaland, and Mashonaland East, I noted that there were obsolete and slow-moving items that were ordered as far back as 1991. The stock items were occupying large space in the storerooms and this consumed time whenever a stock count exercise was being undertaken. Most of the equipment for which the parts were ordered was no longer functional. There was no evidence that a board of survey had been conducted so as to come up with suitable methods of disposal of obsolete stock items. Section 9.1.1 of the Stores Procedures Manual requires that obsolete inventory be subjected to a board of survey.

Risk/Implication

Financial statements may be misstated as a result of overstated inventory figures.

Recommendation

Management should facilitate the conduct of a Board of Survey so that stock can be disposed of as required by Section 9.1.1 of the Stores Procedures Manual.

Management Response

Midlands Provincial Stores

We take note of the Audit recommendations, to carry out a Board of Survey and recommend the disposal of the obsolete spares. However, there is a need to request technical staff to select spares that can be used and store them in a separate room.

Manicaland Provincial Stores

The obsolete stock was identified and an obsolete stock return was sent to Head Office in 2022. The plan is to sell the obsolete stock during the next Public Auction to be held sometime in 2023.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Recovery of Accounts Receivable

Finding

There was no evidence that the Fund was making regular-follow ups to ensure that outstanding amounts are cleared. As a result, Hire of Transport and Rent of Property receivables increased by 37%, from ZWL$830 983 to ZWL$1 138 929 in the financial year under review. Section 49(2) of the Public Finance Management (Treasury Instructions), 2019 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

Failure to timeously recover all amounts outstanding results in the loss of revenue as the Fund may end up failing to recover the amounts, thereby impacting negatively the Fund's service delivery.

Recommendation

Management should take strong measures to recover the amounts owed by debtors as required by Section 49(2) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

We take note of the audit observation. However, audit is advised that we have implemented measures to recover the outstanding debts.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made progress in addressing audit findings raised in my previous audit report. Out of the five (5) findings, two (2) were addressed, one (1) was partly addressed and two (2) were not addressed as indicated below:

3.1 Valuation of Property, Plant and Equipment

The Fund did not revalue its property, plant and equipment. The issue has been raised in paragraph (i) above.

3.2 Fuel Administration

Management did not address the audit finding and the issue was raised in paragraph (1.1) above

3.3 Recovery of Accounts Receivable

The audit recommendation on recovery of outstanding amounts was partly implemented, as salary deductions have been effected on staff owing the Fund.

3.4 Convening of Board of Inquiry

The audit finding was addressed as the backlog of fifty-six (56) Board of Inquiry files were convened and cleared.

3.5 Management of Assets

The finding concerning the duplication of roles over the maintenance of asset records was addressed. The Director of Finance and Administration is now responsible for all the records.

The finding on updating the master asset register for motor vehicles and equipment was not addressed.

The finding was partially addressed as ownership for two (2) out of seven (7) donated vehicles had been changed. The change of ownership for the remaining five (5) was still work in progress.

The Accounting Officer’s Instructions were submitted to Treasury for approval.

VOTE 3. - PUBLIC SERVICE, LABOUR AND SOCIAL WELFARE

APPROPRIATION ACCOUNT 2022

Mandate

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

Opinion

I have audited the financial statements for the Ministry of Public Service, Labour and Social Welfare for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve Transfers ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$54 374 772 000	-	$54 374 772 000	$39 939 565 495	$14 435 206 505
Constitutional and Statutory Appropriation				
$52 000 000	-	$52 000 000	$30 985 663	$21 014 337

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of the Ministry of Public Service, Labour and Social Welfare for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Risk Management and Disaster Recovery Plan

Findings

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

I also noted that the Ministry did not have a Disaster Recovery Plan (DRP) to enable it to continue offering critical services in the event of disruption and to survive a disastrous interruption of services. Section 157(2)(a) of the Public Finance Management (Treasury Instructions), 2019 requires the Ministry to establish and maintain an effective, efficient and transparent system of financial and risk management and internal controls.

Risks/Implications

The Ministry would be exposed to risks which could negatively impact its performance.

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

Recommendations

The Ministry should carry out risk assessments and come up with measures to mitigate any emerging potential risks.

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

Management Response

The query is acknowledged, however, due to structural changes the Ministry was undergoing, the Ministry had to review its Risk Management Policy and develop risk registers. The Ministry is now in the process of cascading the Risk Management Framework to the sub-national level, a process that will allow risk assessments to be done.

The observation has been noted, however, the Ministry is working very closely with the Ministry of Information Communication and Technology, Postal and Courier Services to set up a DRP at National Data Centre where the Integrated Social Protection Management Information System (ISPMIS) will be hosted. Currently, the Ministry is mobilising resources for three servers for the DRP.

1.2 Annual Performance Report

Finding

Although the Annual Performance Report submitted for audit included information on the activities, outputs, and outcomes of the Ministry, it did not address and comment on particulars relating to losses arising through criminal activities and whether any disciplinary action had been taken, instances of unauthorized expenditure, instances of irregular expenditure, instances of fruitless and wasteful expenditure and recoveries and write-offs of public resources and any other matters as may be prescribed. Section 83 of the Public Finance Management Act [*Chapter 22:19*] requires the Ministry to prepare an annual performance report dealing with non-financial matters of the Ministry.

Risk/Implication

Ministry stakeholders might not be fully informed if the non-financial activities of the Ministry are not reported on.

Recommendation

Management should ensure that all non-financial matters as spelt out in Section 83 of the Public Finance Management Act [*Chapter 22:19*] are addressed in the annual performance report to enhance transparency.

Management Response

It is acknowledged that the Annual Performance Report which the Ministry submitted for audit did not have certain particulars relating to losses arising through criminal activities, disciplinary action taken, instances of unauthorised expenditure, instances of irregular expenditure, instances of fruitless and wasteful expenditure and recoveries and write-offs of public resources and any other matters as may be prescribed. This was mainly because the Ministry relied on Treasury Circular Number 1 which gave guidance on the returns to be submitted. For the future, the Ministry shall conform with Section 83 of the Public Finance Management Act [*Chapter 22:19*] which would address all the matters as requested.

1.3 Harmonised Social Cash Transfer (HSCT) and Health Assistance Operational Manuals

Findings

The Harmonised Social Cash Transfer Programme manual being used by the Ministry was last updated in 2012 when the Ministry was paying hard cash to beneficiaries of the programme. The payment method has since changed to electronic transfers hence the manual is no longer relevant. This was contrary to section 157(2)(a) of the Public Finance Management (Treasury Instructions), 2019 which states that it is the responsibility of Accounting Officers to put in place a cost-effective system of internal controls that addresses the Ministry's risks.

Risk/Implication

The absence of an updated Operational Manual may result in inconsistencies occurring in the implementation of the programme. This may hinder the achievement of its objectives.

Recommendation

The Ministry should ensure that the Harmonised Social Cash Transfer Programme manual is updated for effective implementation of the programme**.**

Management Response

The Ministry acknowledges the finding, the HSCT manual has not been reviewed since 2012 when the programme was using cash up to the current situation where electronic cash transfer has been adopted. The manual will be reviewed in the 2023 financial year to take into account any changes that will have occurred to the programme.

2. EXPENDITURE CONTROL

2.1 Basic Education Assistance Module (BEAM) Payments

Finding

An audit of the Basic Education Assistance Module (BEAM) payments made for Term 1, 2022 for 4 620 pupils, revealed a net overpayment of ZWL$144 451 300. Audit noted variances in the number of pupils between the summarised claim forms submitted by the schools and the attached supporting schedules received from the Community Selection Committees. This resulted in overpayments of school fees. This may have been deliberate by the schools to receive excess payments. There was no evidence that recalculations were done by the Ministry to ensure the accuracy of the claims before they were passed for payment. This was contrary to section 157(2)(c) of the Public Finance Management (Treasury Instructions), 2019 which states that it is the responsibility of Accounting Officers to put in place a cost-effective system of internal controls that avoids or detects accounting errors.

Risks/Implications

The Ministry may fail to meet its objectives.

Overpayments may disadvantage other deserving beneficiaries.

Funds could be exposed to misuse.

Recommendation

The Ministry should ensure that claims submitted by schools are independently checked and certified correct to ensure that accurate payments are made.

Management Response

The observation is acknowledged; the overpayment arose when there was an undue delay of invoices from the schools. When the overpayments were noted a position was taken to set off these against future invoices. The overpayments will be cleared once the Ministry has paid for the 2022 academic terms which are still outstanding.

2.2 School Reports and Attendance Certificates for Basic Education Assistance Module (BEAM) supported children

Findings

Acknowledgement reports for fees amounting to ZWL$250 814 600 that were paid to fourteen (14) schools through the BEAM were not made available for audit examination. This was contrary to paragraph 4.3 of the BEAM Operational Manual, 2016 which states that school heads should prepare and send a report through the District School Inspector's Office (DSI) confirming the amounts received.

Furthermore, there were no end-of-term certificates of attendance for pupils to support fees amounting to ZWL$250 814 600 paid to a sample of fourteen (14) schools assisted through the BEAM. This was contrary to Paragraph 2.1.2 (7) of the BEAM Operational Manual, 2016 which states that school attendance is one of the principles for continued assistance to beneficiaries.

Risks/Implications

Without acknowledgement reports it may be impossible to confirm that the schools received the financial resources.

The absence of end-of-term certificate of attendance for BEAM supported children may result in paying fees for pupils who are no longer in school.

This may also indicate an absence of follow-ups on attendance by the respective schools to ensure effective BEAM implementation.

Recommendations

Management should liaise with the District School Inspector (DSI) to ensure that school heads submit acknowledgements for school fees received.

The Ministry should compel the schools to submit end of term certificates of attendance for BEAM supported children to ensure that payments are made for bona-fide beneficiaries.

Management Response

It is acknowledged that the Ministry did not receive all acknowledgement letters from schools for the receipt of BEAM funds. All schools that received the money from the programme have been directed to send the receipts to the BEAM Management Unit for accountability.

Some schools did not attach attendance certificates to support payment requests and in future, we will ensure that the attendance certificates are forwarded to BEAM Management Unit for effective programme implementation.

2.3 Unsupported BEAM Payments

Finding

A review of the pay sheet for a sample of fourteen (14) schools revealed that payments made to three (3) schools for 677 pupils were not supported by claims from the schools detailing the information of the pupils for which the payments were being made as well as the amounts. This was contrary to Section 157(2)(c) of the Public Finance Management (Treasury Instructions), 2019 which states that Accounting Officers should put in place a cost effective system of internal controls that avoids or detects accounting errors.

Risk/Implication

There is risk of over/underpayments if payments are made without adequate supporting documents.

Recommendation

The Ministry should request for supporting claims before payments are made to reduce the risks of overpayments and inaccurate accounts payables.

Management Response

The observation is acknowledged and it arose due to misfiling. In future all documents with respect to payments will be fastened to the payment schedules.

2.4 Advances from the Sustainable Livelihoods Programme

Finding

The Ministry used funds amounting to ZWL$128 564 022 from the Sustainable Livelihoods Programme without Treasury concurrence. This was contrary to Section 37(1) of the Public Finance Management (Treasury Instruction), 2019 which states that the power to virement from one sub-vote to another rests only with the Treasury.

Risk/Implication

Programme activities may be hampered if resources are diverted to augment other activities.

Recommendation

The Ministry should desist from diverting funds from the Sustainable Livelihoods Programme as its activities contribute to the core mandate of the Ministry.

Management Response

The observation is acknowledged and the Ministry is moving away from the practice of borrowing from statutory funds with the exception of emergencies and where borrowing has occurred the funds will be reimbursed.

3. REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Rentals

Findings

The Ministry received rent amounting to ZWL$653 908 as revenue from the staff or Government employees occupying its institutional accommodation. No rent cards or lease agreement forms for individuals were maintained by the Ministry to monitor rent payments. This was contrary to the requirements of Section 157(2)(b) of the Public Finance Management (Treasury Instructions), 2019 which states that it is the responsibility of the Accounting Officer to put in place a cost-effective system of internal controls that safeguards money and property against loss.

Additionally, the Ministry was supposed to have collected an amount of ZWL$6 147 806 for rentals, however, the Ministry only collected 11% of this amount. Rentals amounting to ZWL$5 493 898 were outstanding. This was contrary to Section 42(4) of the Public Finance Management (Treasury Instructions), 2019 which requires enforcement of punctual collection and disposal of revenue.

Risks/Implications

Loss of revenue through non-payment of rent by tenants.

Rental income may not be collected in full.

Recommendations

The Ministry should introduce rent cards as previously recommended so that outstanding rentals are monitored and followed up.

The Ministry should ensure that rental payments are collected in full.

Management Response

The observation is acknowledged, henceforth we shall make use of rent cards and the requisite lease agreements will be signed from time to time as members take occupation.

With respect to rentals only ZWL$653 908 was collected instead of ZWL$6 147 806, the discrepancy was caused by failure to maintain accurate rent registers where rent was not reviewed in tandem with each salary review. Accordingly, the Ministry shall institute an exercise within each calendar year at all the concerned stations with the view of checking on the occupancy, lease agreements and rentals being paid by each tenant.

4. MANAGEMENT OF ASSETS

4.1 Maintenance of asset records

Findings

A visit to the provincial offices revealed that Asset records were not being updated regularly as there were assets on hand that were not recorded in the asset registers and/or inventory sheets. Motor vehicles and motorbikes held in the provinces and districts were not recorded in the assets register leading to incomplete asset records. This was contrary to the requirements of Section 100(1) of Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to properly account for assets. The Provincial Offices also did not maintain a Master asset register for the assets of the whole Province.

Furthermore, District offices and Institutions held obsolete assets which were stored in offices, storerooms, and grounds which required disposal. Some assets were still to be reported to the committee as required by Section 106(4) of the Public Finance Management (Treasury Instructions), 2019.

Risks/Implications

This may negatively affect the accuracy of the Ministry's Departmental Assets Certificate.

The District Offices may run out of storage space if obsolete assets and documents are not disposed of as office accommodation is already a challenge in the districts.

Recommendations

Provincial offices should ensure that asset verifications are done at the Districts and Institutions so that the asset registers can be updated.

The Ministry's disposal committee should ensure that the unserviceable, obsolete, or surplus assets in the Districts and institutions are boarded and disposed of or transferred to save space.

Management Response

The observation is acknowledged and most of the issues to do with the non-recording of assets are being rectified. The recording of assets is a continuous process as assets need to be taken into account as they are received. There is need for staff at sub-national and District level to be trained on matters to do with the handling of assets and this should be done by the Ministry by end of the year 2023.

4.2 Maintenance of buildings

Findings

At the John Smale Home, roof trusses of the dining hall and kitchen were extensively damaged by termites, thus posing a potential danger to children and staff. Part of the Institution's roof had wide cracks and huge holes which might allow rain to get into rooms and destroy property. Fire hose pipes at the institution were old and tattered such that in case of fire breaking out, they would potentially not serve their purpose. Refer to **Pictures** below for the damaged and old fire hose pipes. Additionally, there was raw sewerage from the boys' toilets which was flowing at the hostels producing a repulsive odour within the vicinity.

Source: Pictures taken by Auditor on September 26, 2022 (John Smale Home)

The boys' hostel at Percy Ibbotson Probation Center, was extensively damaged as evidenced by a leaking roof, broken lockers, non-functional solar batteries, chairs, and the bathrooms and toilets needed renovations. There was no evidence that this was reported to the Province.

The girls' recreation center, one staff house, detention block, and girls' dormitory at Kadoma Training Institute, which were destroyed by wind in 2020 had not been repaired. Refer to **Picture** below for the roof that was destroyed by the wind. There was no evidence that the damages were reported as required by Section 109(1) of Public Finance Management (Treasury Instructions), 2019 to the Accounting Officer and to the nearest office of the Ministry responsible for public works in cases of buildings.

Source: Pictures taken by Auditor on September 22, 2022 (Percy Ibbotson Probation Centre)

Risks/Implications

Buildings pose a hazard to occupants if necessary repairs are not carried out.

In case of fire, the Institution might lose property due to worn-out fire hosepipes.

Raw sewage might cause outbreaks of diseases such as cholera at the institution.

Recommendations

The Ministry should make efforts to ensure that the damages to the buildings are attended to.

All fire hosepipes and fire extinguishers should be replaced or serviced as a matter of urgency to avoid potential loss of life and property in cases of fire.

Management should ensure that the burst sewerage at John Smale Home is attended to as a matter of urgency.

Management Response

John Smale Children's Home does not have a budget for PSIP for 2023. However, due to the urgent need to rehabilitate the dining room for children, the Ministry will and shall reprioritize and include it in this year's works.

4.3 Losses of and Damages to Government Property

Findings

The Ministry had not constituted Boards of Inquiry for accident-damaged and stolen assets. These included a motor vehicle DSW234, one laptop, four laptop bags, six Samsung S9+, and one Samsung Tablet which were damaged and lost in May and August 2022. This was contrary to Section 109(3) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to institute an inquiry into any deficiency, damage, or destruction reported to them.

Risk/Implication

Delaying the setting up of boards of inquiry may lead to failure to recover state assets damaged or lost by staff members who may have left employment.

Recommendation

The Ministry should conduct boards of inquiry for the damaged and lost assets so that recoveries and replacements can be made.

Management Response

It is acknowledged that there have been delays in instituting Boards of Inquiry with respect to lost and damaged items. However, the Board of Inquiry for the DSW234 has since been concluded and the vehicle repaired. Boards of Inquiry for the stolen laptops, laptop bags and phones are being constituted with a view to finalise them before the end of the financial year.

5. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Ministry did not make much progress in addressing audit findings raised in my previous audit report. Out of ten (10) findings, two (2) were addressed, one (1) was partially addressed and seven (7) were not addressed as indicated below:

5.1 Sub- Paymaster General's Account

The finding was addressed as the Ministry submitted a reconciliation of the amount.

5.2 Dual Payments

The finding was not addressed as the Ministry is yet to submit evidence of refunds for the dual payments made.

5.3 Basic Education Assistance Module (BEAM)

The finding was not addressed as the issue persisted again in the year under review as reported in paragraph 2.1 above.

5.4 Risk Management

The finding was not addressed as the risk assessments were not performed during the year under review and the issue has been raised in paragraph 1.1 above.

5.5 Disaster Recovery Plan

The finding was not addressed as the Ministry was yet to come up with a Disaster Recovery Plan and the issue was raised again in paragraph 1.1 above.

5.6 Non-Appointment of Staff to Carry out IT Initiatives

The finding has been partially addressed as the Ministry had appointed key personnel in the Information and Technology section who are still to come up with the IT Policy and IT Strategic Plan.

5.7 Departmental Asset Certificate

The finding was addressed as asset counts were done in all provinces.

5.8 Motor Bikes

The finding was not addressed as the Social Development Officers in the provinces are still to be trained in the use of the motorbikes.

5.9 Implementation of Programmes (Program Based Budgeting)

The finding was not addressed as the Ministry is yet to come up with the Gender Policy as highlighted on paragraph 5.1 above.

5.10 Advances from Programmes

The finding was not addressed as the Ministry continued to borrow funds from Sustainable Livelihoods during the current year as indicated in paragraph 2.4 above.

OLDER PERSONS FUND 2021

Objectives of the Fund

The Fund was established for the purpose of providing 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, assisting any person who wishes to establish, operate and maintain any service or facility that is aimed at advancing the well-being, welfare, care and protection of older persons.

Opinion

I have audited the financial statements of the Older Persons Fund. These financial statements comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, and statement of cash flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	15 000 000
Expenditure	15 032 410
Deficit	**($32 410)**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Current	613 799	106 984
Accumulated Fund	-	506 815
	$613 799	**$613 799**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Older Persons Fund as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practices (GAAP).

However, below is an issue noted during the audit:

1. GOVERNANCE ISSUE

1.1 Advances to Parent Ministry

Finding

At the end of the financial year ending December 31, 2020, an amount of ZWL$169 861, being payments by the Fund on behalf of the Appropriation Account, was outstanding. This amount was not reimbursed during the year under review and up to the time of concluding my audit in January 2023. No prior authority had been sought from Treasury for the Ministry to utilise the funds, contrary to Section 116(9) of the Public Finance Management (Treasury Instructions), 2019. The Fund may not meet its obligations of providing social welfare assistance to destitute elderly persons, if funds are not reimbursed.

Recommendations

Management should ensure that funds borrowed by the parent Ministry are recovered so that they are utilised for the benefit of the destitute elderly persons.

Should a need arise, prior authority should be sought from Treasury before funds can be advanced to the parent Ministry.

Management Response

The observation is acknowledged. Considerable progress was made in clearing money owed by the parent Ministry, to date, ZWL$153 648 is owing which we envisage to clear by the second quarter of 2023.

VOTE 4. - DEFENCE AND WAR VETERANS AFFAIRS

DEFENCE PROCUREMENT FUND 2019 & 2020

Objectives of the Fund

The Fund was established for the purpose of supplying equipment to, or the construction or erection of buildings or structures for the Defence Forces and to provide for matters incidental to or connected with the foregoing.

Qualified Opinion

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

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	851 366
Expenditure	3 579
Surplus	**$847 787**

Statement of Financial Position

Item	Asset ZWL$	Liabilities ZWL$
Accumulated Fund	-	1 106 643
Current Assets	1 106 643	-
Total	**$1 106 643**	**$1 106 643**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Defence Procurement Fund as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Maintenance of Records

The Fund did not maintain proper books of accounts such as the cash book and nominal ledgers. The Financial Statements were prepared from the receipts and bank statements. This was contrary to provisions of Section 119(2) of the Public Finance Management (Treasury Instructions), 2019 that provides the minimum set of books that should be maintained. As a result, transactions amounting to ZWL$119 032 and US$358 were not effected in the financial statements. Therefore, in the absence of a sound book-keeping system I could not establish the completeness and accuracy of the financial statements.

Risk/Implication

Without adequate books of accounts, financial transactions may not be fully recorded and disclosed. This may lead to inaccurate information being disclosed in the financial statements.

Recommendations

Adequate books of accounts should be maintained to ensure that all financial transactions are recorded and disclosed. The books of accounts will enable the Fund to produce and disclose accurate financial information.

Management Response

Management did not respond.

However, below are material issues noted during the audit:

1 Governance Issues

1.1 Sale of Equipment

Findings

I was unable to ascertain whether proper disposal procedures were followed in disposing assets as authority documents to approve the purchase of service and personal vehicles and the disposal of redundant and obsolete equipment and scrap material were not attached to the proof of payments submitted to audit. Furthermore, reports were also not attached for proof that an assessment on the condition of the damaged assets and Board of surveys were done. This was contrary to Section 42(1) of the Public Finance Management (Treasury Instructions), 2019 which requires receivers and collectors of revenue to have adequate systems in place for the proper management of public funds.

Further to the above, some receipts did not have narration details of what was being paid for.

Risk/Implication

Serviceable assets may be erroneously disposed of.

Recommendation

The Ministry should ensure that all supporting documents are availed for audit.

Management Response

Management did not respond.

1.2 Procurement

Finding

Audit noted through the Procurement Regulatory Authority of Zimbabwe (PRAZ) monitoring and supervision report that the management of Fund did not seek authority to procure goods and services during the year under review. This was in contrary to Section 15 of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] (PPDPA) which requires every procuring entity to apply for authorization to procure.

Furthermore, the Ministry had not submitted Annual Procurement Plan to PRAZ for approval as required by the standing regulations, in contravention of Section 22 of the PPDPA Act.

Risk/Implication

Value for money on goods purchased may not be realised if procurement is made without following PRAZ procedures.

Recommendations

The Ministry should process application for authority to procure in order to comply with regulatory requirements.

The Ministry should also compile the annual and individual procurement plans in order to meet regulatory requirements.

Management Response

The observation is noted. The Ministry will seek the necessary approvals in compliance with the regulations.

1.3 Accounting system

Finding

The Fund has not migrated its financial transactions to the Public Finance Management System in violation of Section 119 (1) of Public Finance Management (Treasury Instruction) 2019 which states that all financial management transactions relating to Funds shall be accounted for through the PFMS, unless the Accountant-General has authorized the Fund to operate an independent accounting package.

Risk/Implication

Financial statements may be materially misstated.

Recommendation

The Ministry should account for the Fund through the Public Finance Management System.

Management Response

The observation is noted. The Ministry is engaging Ministry of Finance on the issue.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made progress in addressing audit findings raised in my previous audit report. Out of four (4) findings, two (2) were addressed and two (2) were partially addressed as indicated below:

2.1 Revenue and Expenditure

The Ministry corrected the error through prior year adjustments.

2.2 Receipting of revenue

The issue has not been fully addressed as there are still some cases of late receipting in the current financial year.

2.3 Suspense account

The issue of the suspense balance has been resolved.

2.4 Depreciation

The depreciation policy is being formulated as part of the Accounting Office's manual which is work in progress.

VOTE. - 5 FINANCE AND ECONOMIC DEVELOPMENT

NATIONAL DEVELOPMENT FUND 2019

The objective of the 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.

Qualified Opinion

I have audited the financial statements of the National Development Fund. These financial statements comprise the statement of financial position as at December 31, 2019, the statement of comprehensive income, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	15 810 823
Expenditure	471
Surplus	**$15 810 352**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current Accumulated Fund	166 509 573 -	- 219 523 491
Current	63 124 006	10 110 088
Total	**$229 633 579**	**$229 633 579**

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

Basis for Qualified Opinion

(i) Suspense Account

Finding

The Fund's Statement of Financial Position for the year ended December 31, 2019, reflected an imbalance of ZWL$1 978 610 that was reported under the suspense account. The imbalance remained unreconciled at the time of concluding the audit. Therefore, I was not able to determine the accuracy of the financial statements. This contravened Section 157 (2)(c) of the Public Finance Management (Treasury Instructions), 2019 which requires

Accounting Officers to put in place a cost-effective internal control system that avoids or detects accounting errors.

Risk/Implication

The accuracy and credibility of financial statements may be compromised if the suspense account remains uncleared.

Recommendation

Management should investigate the cause of the suspense account of ZWL$1 978 610 and take corrective measures to reconcile and clear the imbalance.

Management Response

We acknowledge the imbalance as highlighted, however it is important to note that we are committed to clear the imbalance as you may be aware that the figure has come down from ZWL$13 666 836 in the year 2018 financial statements to the current ZWL$1 978 610. Significant work has been done so far and there is ongoing work to ensure that the imbalance is cleared.

(ii) Statement of Cash Flows

Findings

The statement of cash flows had a closing negative balance of ZWL$69 688 217 while the statement of financial position disclosed a figure of ZWL$12 237 431 as cash and cash equivalents. Ordinarily, the statement of cash flows closing balance should be the same as the cash and cash equivalents figure disclosed in the statement of financial position. As a result, the accuracy of the cash and cash equivalents figure disclosed in the financial statements could not be substantiated.

Furthermore, the statement of cash flows submitted did not have comparative figures.

Risk/Implication

The Fund's exact liquid resources may not be ascertainable if bank balances remain unreconciled.

Recommendation

The Fund's management should investigate and reconcile the different cash and cash equivalents balances.

Management Response

Management did not respond.

However, below is another issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Fund's Mandate

Finding

The scope and operations of the Fund appear to have changed over time without any amendments to the constitution to reflect its current operations. Treasury introduced various facilities dealing directly with intended beneficiaries and financial intermediaries such as banks. Facilities such as the Agricultural inputs scheme, the Distressed Industries and Marginalised Areas Fund (DIMAF), the Zimbabwe Economic and Trade Revival Fund Loan Facility, and the Small to Medium Enterprise loan were introduced.

Risk/Implication

The Fund may fail to attain its goals and objectives.

Recommendation

The Fund management should initiate measures to amend its constitution to incorporate additional objectives determined to be relevant in the current operating environment.

Management Response

Management has resolved that only resources that meet the scope of the National Development Fund (NDF) Constitution shall be accounted for through the Fund, whilst efforts are being taken to align the NDF with best practice. The introduction of the financial information on the Public Financial Management System (PFMS) will see only resources that meet the definition and scope of the NDF being accounted for through the system. The accumulated balances will be transferred to the Consolidated Revenue Fund (CRF).

2 PROGRESS MADE IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the seven (7) findings, six (6) were addressed and one (1) was not addressed as indicated below:

2.1 Accounts Receivable - Project Debtors

The issue was resolved as supporting documents for year 2017 accounts receivable balances of ZWL$11 196 340 for the Zimbabwe Economic Trade Revival Loan facility, ZWL$20 000 000 for the Ministry of Finance and Economic Development and ZWL$395 113 for Olivine Industries Limited were availed for audit inspection.

2.2 State Assets Disposal Fund Account Balances

The Fund availed explanatory notes and supporting documents to justify the inclusion in the National Development Fund year 2018 financial statements of cash and cash equivalents of ZWL$1 748 755 and Treasury Bills valued at ZWL$1 032 955 that related to the State Assets Disposal Fund.

2.3 Investments

The matter was resolved as the Fund availed the relevant Investment contracts and agreement documents for audit examination**.**

2.4 Accounts Payable

The Fund availed documentary evidence to support the clearance of a PTA bank loan balance of ZWL$6 711 798 and the Small to Medium Enterprises (SMEs) loan facility of ZWL$1 370 075.

2.5 Accumulated General Fund

The issue remained unresolved since no documentation was availed to support the adjustment of ZWL$9 987 688 made in the year 2014 financial statements.

2.6 Imbalance on the Statement of Financial Position

The imbalance of ZWL$$13 666 836 on the year 2018 financial statements was investigated and corrected. However, an imbalance of ZWL$1 978 610 was noted in the current year (2019) financial statements.

2.7 Distressed Industries and Marginalised Areas Fund (DIMAF) Loan debtors

Treasury availed loan agreements for debtors amounting to ZWL$4 666 394.

SENIOR OFFICERS HOUSING FUND 2016, 2017, 2018, 2019 AND 2020

Objective of the Fund

The Fund was established to provide housing loans to all eligible senior officers to enable them to purchase housing stands, construct their own houses, carry out renovations on their properties and to provide mortgage relief on the first house.

Qualified Opinion

I have audited the financial statements of the Senior Officers Housing Fund for the Ministry of Finance and Economic Development which comprise the statement of financial position as at December 31, for the financial years 2016-2020, the statement of comprehensive income and statement of cash flows for the years then ended.

Below is a summary of the Statement of Comprehensive Income and Statement of Financial Position for the year 2020:

Statement of Comprehensive Income

Item	Amount ZWL$
Income	193 735 978
Expenditure	545 496
Surplus	**$193 190 482**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current Accumulated Fund	111 844 028 -	- 204 945 157
Current	93 101 129	
Total	**$204 945 157**	**$204 945 157**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Senior Officers Housing Fund as at December 31, 2020 and its financial performance for the years then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Misstatement of Long-Term Investments (Loans)

Finding

A review of the years 2017-2020 financial statements submitted for audit showed that accounts receivable were misstated by a total amount of ZWL$33 378 502 when compared with figures extracted from the System Application Product (SAP) as shown in the Table below. This contravened Section 13(1) of the Public Finance Management (Treasury Instructions), 2019 which requires Ministries, Departments and Agencies (MDAs) to prepare their financial statements from the System Applications and Products (SAP). Consequently, I was not able to ascertain the source of amounts disclosed in the financial statements as the amounts were not reconciled.

Statement of Financial Position Item	Amount disclosed in the financial statements ZWL$	Amount extracted from SAP ZWL$	Over/Under Statement ZWL$
Accounts Receivable 2017	9 441 014	9 633 649	(192 635)
Accounts Receivable 2018	9 506 252	9 412 198	94 054
Accounts Receivable 2019	7 883 280	7 370 257	513 023
Accounts Receivable 2020	111 844 028	78 874 960	32 969 068
Total			**$33 383 510**

Risk/Implication

Uncorrected misstatements distort fair presentation of the financial statements.

Recommendation

Management should investigate, reconcile the total misstatement of ZWL$33 383 510 and make the necessary adjustments.

Management Response

The gaps identified during system implementation will be addressed by the Public Financial Management System (PFMS)/System Applications and Products (SAP) Consultant as shown in the signed contract. The revised anomalies in the figures will be corrected in the year 2021 Senior Officers Housing Fund financial statements which will be availed for audit before final repayment to consultant and signing-off of the project by the end of the first quarter. The Consultant is now on the ground working on the project.

(ii) Variance between the Statements of Financial Position and Cash Flows

Finding

The closing balance of cash and cash equivalents as at December 31, 2020 disclosed in the statement of financial position of ZWL$$93 101 129 did not agree with the recomputed amount of ZWL$98 898 294 reflected in the statement of cash flows resulting in an unreconciled variance of ZWL$5 797 165.

Risk/Implication

The exact monetary value of the Fund's liquid resources might not be ascertainable.

Recommendation

The Fund should investigate and reconcile the cash and cash equivalents variance of ZWL$5 797 165.

Management Response

Management did not respond.

(iii) Classification of Transactions

Finding

The Fund erroneously included bad debts in the closing balance of cash and cash equivalents of ZWL$1 275 578 as at December 31, 2017.

Risk/Implication

Uncorrected errors may result in financial statements not being fairly stated.

Recommendation

The Fund should take measures to rectify the misclassification of bad debts.

Management Response

The revised financial statements will be prepared with assistance from the System Application Product (SAP) Consultant, however currently we are not able to generate these financial statements due to non-availability of bank statements as authorized signatories to the account are away on business.

(iv) Interest Received from Debtors

Finding

The statement of comprehensive income for the year 2016 showed interest received from debtors of ZWL$339 651 which was not supported with the relevant general ledgers and journal vouchers. Hence, I could not gather sufficient and appropriate evidence to validate the accuracy and authenticity of the disclosed figure.

Risk/Implication

Financial statements might not be fairly presented.

Recommendation

The Ministry should avail general ledgers and journal vouchers to support the figure of ZWL$339 651.

Management Response

The figure is made up of the principal, interest and insurance which will, in the future be unbundled by configuration of financial statements. Currently the system is just lumping the figures, a challenge which the contracted SAP consultant is supposed to resolve.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Non-Availability of Minutes of Meetings

Finding

The Fund could not avail for audit inspection Inter-Ministerial Committee minutes to support deliberations made for loan disbursements amounting to ZWL$107 902 161 (2020), ZWL$341 735 (2019), ZWL$2 289 304 (2018), and ZWL$3 430 789 (2017) made by the Fund. Therefore, I was not able to ascertain whether due process had been followed in awarding housing loans to senior civil servants.

Risk/Implication

Unavailability of supporting minutes may lead to lack of transparency in the allocation and disbursements of loans.

Recommendation

The Fund should furnish audit with inter- Ministerial Committee minutes for financial years 2016 to 2020.

Management Response

The Senior Officers Housing Fund Committee usually meets to deliberate on disbursements to beneficiary senior officers as and when resources become available. In addition to that, site inspections are normally carried out before disbursement. The Covid-19 environment made it impracticable to follow these procedures. As a result, there are no minutes available to support the disbursements.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Long Outstanding Loans

Finding

The Fund was owed ZWL$620 506 as at December 31, 2016 by Officers who left the civil service due to various reasons such as death, resignations or termination of service. There was no proof of revenue recovery action taken by the Fund as at the time of audit on May 16, 2022. This violated Treasury Instruction 49(2) which requires Officers responsible for collecting debts to take adequate steps to collect any sums due to the Government on due date.

Risk/Implication

Ineffective revenue recovery mechanisms negatively affect the purpose for which the Fund was created.

Recommendation

The Fund should recover from insurance or the Attorney-General's department should be engaged with a view of seeking assistance to recover the total outstanding amount of ZWL$620 506.

Management Response

The Fund is insured with Commercial Bank of Zimbabwe (CBZ) Life where insurance claims are paid to the Fund upon death and permanent disability. The Ministry will improve on communication with Ministries, Departments and Agencies (MDAs) when members terminate through resignation and death so as to recover from members' terminal benefits before they are paid out.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Fund did not make any progress in addressing one (1) audit finding raised in my previous audit report as indicated below:

3.1 Inter-Ministerial Housing Committee Meetings

It was observed that the Fund did not convene Inter-Ministerial Housing Committee meetings during the year 2015 to deliberate over the allocation and disbursement of housing loans amounting to ZWL$135 000. This matter remained unresolved as it recurred in the financial years 2016-2020.

VOTE 7.- INDUSTRY AND COMMERCE

APPROPRIATION ACCOUNT 2022

Mandate

The mandate of the Ministry of Industry and Commerce is to promote the development of vibrant, sustainable and globally competitive industrial and commercial enterprises.

Qualified Opinion

I have audited the financial statements for the Ministry of Industry and Commerce for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$5 542 077 000	-	$5 542 077 000	$3 720 484 680	$1 821 592 320

In my opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the state of affairs of the Ministry of Industry and Commerce for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Expenditure

Finding

The General Ledger for Employment Costs and Goods and Services had balances of ZWL$531 170 820 and ZWL$1 470 904 845 respectively, while the balances on the Appropriation Account (Funds Management Report) were ZWL$519 170 820 and ZWL$1 449 532 125. As a result, there were unreconciled variances of ZWL$12 000 000 for Employment costs and ZWL$21 372 720 for Goods and services. The two (2) related records are supposed to agree and if they fail to agree a reconciliation should be prepared showing the make-up of the variance.

Risk/Implication

Errors and omissions may go undetected resulting in misstatements in financial statements.

Recommendation

The Ministry should investigate and clear the variances.

Management Response

The Ministry acknowledges that PFMS Funds Management Report and General Ledger are supposed to agree. However, as was demonstrated during the audit the two (2) amounts were different. We will engage the Ministry of Finance's PFMS section to look into the system's configure ation in order to eliminate the discrepancy.

The Ministry used PFMS Funds Management Report (Budcon) to produce its Appropriation Account and has consistently been using the same in producing monthly reports. It may be prudent, therefore, that PFMS Funds Management Report be used to verify the Ministry's Appropriation Account.

ii. Sub-Paymaster General's Account

Findings

The Ministry did not submit the Sub-Paymaster General's account reconciliation return for audit. There was also no evidence that monthly reconciliations were being done, despite expenditure worth ZWL$3 720 484 680 having been processed through the account during the year under review. Treasury Circular number 1 of 2023 stipulates that all Ministries and Departments are required to submit a bank reconciliation of their Sub-Paymaster General`s Account as at December 31, 2022.

Risk/Implication

Errors and omissions may go undetected and this may lead to misstatements of financial statements.

Recommendations

The Ministry should prepare monthly reconciliations of the Sub-Paymaster General's account to authenticate the transactions.

The Sub-Paymaster General's account reconciliation return should be prepared and submitted as required by Treasury Circular number 1 of each year.

Management Response

The preparation of Sub-Paymaster General's account reconciliation for 2022 was delayed and it is work in progress. We have a few sessions left to complete the reconciliations. Treasury in 2022 instructed that all open items in the PFMS be cleared from 2019 to 2021. We had constant interruptions on the system. The exercise took a lot of time to conclude thereby affecting fulfillment of current statutory obligations.

However, the following are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Public Financial Assets

Findings

The Public Financial Asset return submitted for audit did not disclose an amount of ZWL$1 350 000 000 which was disbursed as lending and equity to the Industrial Development Cooperation of Zimbabwe (IDCZ) in 2022. This was caused by the Ministry's failure to maintain the Public Financial Assets register which enhances accountability.

Furthermore, the Public Financial Assets return had a nil balance disclosed against the one hundred (100) shares investment in Sable Chemical Industries Limited held by the Ministry. In December 2020, the shares were valued at ZWL$37 019. I was not provided with the reason why the value of the shares was not disclosed in 2022, so as to properly account for Government investment.

Risks/Implications

If a register is not maintained it will be impossible to trace and recover outstanding loans and/ or dividends from any equity participation as and when they fall due.

Failure to disclose shares held by the Government may result in lack of accountability for such investment and loss of financial resources.

Recommendations

Management should ensure that a register for loans and investments is maintained as this will enhance accountability.

The Ministry should account for the shares in Sable Chemical Industries and follow-ups should be made to establish if there were any dividends declared.

Management Response

The point is noted and is going to be regularized in the process of introducing the Loans and equity registers once we receive information from IDCZ.

1.2 Contingent Liabilities

Finding

The Contingent Liabilities closing balance as at December 31, 2021, was ZWL$257 958 694 while the 2022 Contingent Liability return disclosed a nil balance. No documentation was produced to show how the liability had cleared in 2022. As a result, I could not place reliance on the Contingent Liability return that was submitted for audit.

Risk/Implication

The Contingent Liability return for 2022 may be materially misstated.

Recommendation

In the absence of proof that the liability was settled by the borrower, the Ministry should disclose the take-on balances from the previous year to correct the misstatements.

Management Response

The Ministry submitted a NIL return on the understanding that Treasury had assumed the debt of ZWL$257 958 694 after the promulgation of the debt assumption bill by the Ministry of Finance. However, Treasury is still to provide the supporting documents. As soon as they are received they will be submitted to audit.

1.3 Risk Management Policy and Assessment

Finding

The Ministry had a risk management policy which was last reviewed in 2018 and no formal risk assessments were done to cover key processes in the year under review. Section 162(1) of the Public Finance Management (Treasury Instructions), 2019, states that Accounting Officers should carry out a risk assessment of their Ministries' operations on an annual basis and take deliberate steps to identify, quantify, assess and come up with mitigation measures for the risks identified.

Risks/Implications

Failure to formulate a risk management policy might result in the Ministry not identifying and responding to material risks or threats effectively.

The absence of effective risk management processes may expose the Ministry to numerous risks which could negatively impact on its performance.

Recommendations

The Ministry should have an updated risk management policy and register that will guide in mitigating risk exposure.

Risk management processes should be put in place to safeguard Government funds and assets.

Management Response

The Ministry held a workshop in Chinhoyi in April 2023 to review the Risk Management Policy. It was found necessary to revisit the risks that were identified by every department. Currently the Ministry is addressing the risks identified.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Dividends

Finding

The Revenue Received Return showed that a dividend amounting to ZWL$15 000 000 was received by the Ministry in 2022. However, the amount disclosed on the revenue return was not supported by any source documents. As a result, I was not able to verify the source and whether the Ministry received the correct amount of dividend. The correctness of the Revenue Received Return submitted for audit could not be validated.

Risk/Implication

The Ministry may receive incorrect dividends without detection and the investment may not be properly accounted for and disclosed.

Recommendation

The Ministry should avail supporting source documents for audit verification. The investment should be disclosed on the Public Financial Assets return.

Management Response

The Ministry received a dividend of ZWL$15 000 000.00 from IDCZ through a direct deposit. The Ministry is yet to receive supporting documents from IDCZ.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make progress in addressing audit findings raised in my previous audit report. Out of three (3) findings, one (1) was partially addressed and two (2) were not addressed as indicated below:

3.1 Procurement of Motor Vehicles

The finding was partially addressed as the Ministry received five vehicles out of thirteen that had been procured.

3.2 Transfer of Funds Between Programmes

The Ministry did not address the audit finding as the relevant authorities did not approve the transfer of financial resources between programmes.

3.3 Gender Committee

The Ministry did not address the audit finding as there was no policy on gender or a gender committee.

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

APPROPRIATION ACCOUNT 2022

Mandate

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

Qualified Opinion

I have audited the financial statements for the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development for the year ended December 31, 2022, which comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$224 721 147 300	$180 935 512 141	$405 656 659 441	$363 120 080 269	$42 536 579 172

In my opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the state of affairs of the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Direct Foreign Currency Payments

Finding

Treasury made direct foreign currency payments to service providers amounting to US$256 961 565 (ZWL$175 847 509 926) on behalf of the Ministry. However, there was no evidence to show how the transactions were recorded and reported in the Appropriation Account. The Ministry indicated that source documents from Treasury had not been received. As a result, I could not ascertain the accuracy of the expenditure figure disclosed in the Appropriation Account.

Risk/Implication

The Appropriation Account may be understated by the amounts paid in foreign currency not accounted for.

Recommendation

The Ministry should liaise with Treasury and be furnished with source documents such as payment vouchers so that the expenditure incurred on its behalf is accounted for.

Management Response

The auditor obtained the listing of foreign direct payments from Treasury. With some transactions, the Ministry actually processed the ZWL$ transactions. With other transactions, Treasury paid the Ministry's creditors without having formally agreed on the accounting treatment of the same. The Ministry is consulting Treasury and the auditors with a view of clearing the transactions.

Evaluation of Management Response

Management is yet to avail for audit inspection documentary evidence of the transactions which were processed by the Ministry.

(ii) Compensation of Employees' Reconciliations

Findings

The Appropriation Account disclosed compensation of employee costs of ZWL$18 682 858 316 while Salary Service Bureau wage bill had an amount of ZWL$23 244 463 378 leaving a variance of ZWL$4 512 109 926. The two (2) figures were at variance with compensation of employees costs of ZWL$18 732 353 452 that were disclosed in the Public Financial Management System (PFMS). The three (3) figures were not reconciled and the variances investigated. Section 29(d)(f) of the Public Finance Management (Treasury Instructions) 2019, requires management to put in place a system of internal control checks that ensures accuracy of accounts submitted. In the absence of a reconciliation, the accuracy of the amount disclosed in the Appropriation Account could not be determined.

Risk/Implication

Failure to perform reconciliations may result in payments being made to non bona-fide employees and errors in records remaining undetected.

Recommendation

Management should reconcile the three (3) figures to come up with the correct figure for compensation of employees paid during the year.

Management Response

The observation is noted. The Ministry is in the process of analysing the transactions and reconciling the variances.

However, below are other issues noted during the audit:

PROGRAMME 1: POLICY AND ADMINISTRATION

1 GOVERNANCE ISSUES

1.1 Submission of Financial Statements and Other Returns

Finding

The Appropriation Account was submitted for audit on April 14, 2023, two (2) months and two (2) weeks after the prescribed deadline of January 31, 2023, and the supporting annual returns were submitted for audit on April 28, 2023, three (3) months after the prescribed deadline of January 31, 2023. This was in violation of Section 35(6) (b) of the Public Finance Management Act [*Chapter 22:19*] which requires Accounting Officers to submit financial statements within sixty days of the end of the financial year to the Auditor-General for audit and Accountant-General.

Furthermore, the Ministry did not submit for audit the Statement of Outstanding Advances including Disallowances, Paymaster General Account Reconciliation Statement and Statement of Payment Arrears.

Risks/Implications

Late submission of financial statements may affect their usefulness and relevancy of information to stakeholders.

Failure to submit returns may compromise accountability of public resources.

Recommendation

The Ministry should ensure that the financial statements and supporting annual returns are prepared and submitted to the Auditor-General within the prescribed time frame.

Management Response

It is true that the Ministry did not meet the statutory deadline for the submission of the Appropriation Account. The delay and reasons thereof were discussed with the Auditor General's Office and Treasury. Basically the reasons for the delay were:

a) System breakdown: the PFMS system was not functional for two weeks in March, 2023.
b) Treasury delayed in providing schedule of transfers for Unallocated Reserves. The schedule was provided in April, 2023.
c) Delays in filling vacant posts in the Finance department thereby delaying programme submissions for consolidation.
d) Treasury direct payments were only made available to the Ministry in May, 2023 in order to balance PFMS figures and transfers to the Sub-PMG.

The Ministry shall continue to strive to submit returns in compliance with the regulatory framework.

1.2 Audit Committee

Finding

The Ministry had not established an Audit Committee during the year under review. The committee is responsible for reviewing internal controls, scope of the internal audit programme, and internal audit reports. This was contrary to Section 84(1) of the Public Finance Management Act [*Chapter 22:19*] which requires Ministries and agencies to establish an Audit Committee.

Risk/Implication

The oversight of financial reporting and internal control is compromised in the absence of Audit Committee.

Recommendation

The Ministry should engage the Public Service Commission since they have the database of people to assist in the establishment of the Audit Committee.

Management Response

The Ministry agrees to the requirement to have a functional Audit Committee. The Human Resources and the Internal Audit Directorates are struggling to get willing professionals to be appointed into the Audit Committee.

1.3 Statement of Contingent Liabilities

Findings

The Ministry did not maintain a contingent liabilities register to capture the transactions of the borrowings and repayments made to CBZ to confirm the correctness of the amount disclosed in the return amounting to ZWL$969 828 855. This was contrary to Section 144(3) of the Public Finance Management (Treasury Instructions), 2019 which states that an Accounting Officer shall be responsible for maintaining the register.

Risk/Implication

The disclosed balance may be materially misstated in the absence of supporting documents.

Recommendation

Contracts and registers of the contingent liabilities should be availed for audit inspection.

Management Response

The contract agreements between the Ministry and CBZ are with the Treasury Debt Office. The repayment terms and conditions were negotiated between the financier and Treasury. The guarantee amounts claimed by the financier are available and what is paid is as reflected in the PFMS.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Motor Vehicles

Finding

The Veterinary Department bought nine (9) motor vehicles amounting to ZWL$266 509 040 from Mike Harris (Pvt) Limited for the department's operations. According to paragraph 21.1 of the contract signed on February 8, 2022, the vehicles were supposed to be delivered as and when needed after the signing of the contract. However, as at May 26, 2023, the Department had not yet received any vehicle. This was in violation of section 78 (2)(h) of the Public Procurement and Disposal of Public Assets Act [Chapter 22:23] which requires the procuring entity to ensure that every procurement contract it enters into should specifies the delivery date and place. This was caused by inadequate contract clauses which protect the Ministry in cases of non-performance by suppliers and lack of proper review of the procurement contract.

Risks/Implications

Wasteful expenditure may be incurred, if the Department procures motor vehicles which are not urgently needed.

Service delivery may be compromised if the supplier fails to deliver the motor vehicles.

Recommendation

The Ministry should invoke the provisions of paragraph 18.1 and 18.2 of the contract which provide for arbitration and seek legal advice for restitution.

Management Response

The audit observation is noted. Efforts to get the vehicles delivered have been made. Communication between the Ministry and the supplier has been constant and there is hope that the vehicles will be delivered soon.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Outstanding Revenue: Programme 7: Lands, Resettlement and Security of Tenure

Finding

I could not validate the authenticity of the outstanding revenue amounting to ZWL$1 737 758 598 disclosed in the return submitted for audit due to the fact that the data base and the invoicing system of farmers allocated land was not up to date. I reported the same issue in my 2021 Audit Report. However, this has persisted during the year under review. This was caused by delays in the administrative decision to identify a service provider of an accounting system that could address the problem. This was contrary to Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22: 19*] which requires the Accounting Officer to keep or cause to be kept proper records of account.

Risk/Implication

Outstanding revenue may be misstated.

Recommendation

The administrative decision process should be speeded up so as to enable procurement of the computerised accounting system.

Management Response

The observation is noted. The procurement of a suitable accounting software was identified and is under due diligence with the Ministry of Information Communication and Technology (ICT). The procurement is expected to be completed by August 30, 2023.

Furthermore, Agricultural Information Management Systems (AIMS) being developed by Smart Africa will incorporate Land Information Management Systems (LIMS) a component that will configure all land categories thereby creating robust database that will be used for billing.

3.2 Revenue Return

Finding

I noted an unreconciled variance of ZWL$483 351 108 between the amount disclosed on the revenue received return of ZWL$606 567 495 and the Public Financial Management System (PFMS) ledger balance of ZWL$123 216 387. This was caused by manual receipting of transactions at districts and not capturing into the system timeously contrary to Section 43(1) and (2) of the Public Finance Management (Treasury Instructions), 2019.

Risk/Implication

The revenue received may have been misstated.

Recommendation

The Ministry should ensure that districts make use of the SAP/PFMS Kiosks established in districts.

Management Response

The observation is noted. The unreconciled variance disclosed on revenue received return and Public Financial Management System (PFMS) ledgers was attributed to non-availability of the PFMS at Provincial and District Offices where receipts were being receipted manually. The Department is still in the process of uploading manual receipts and the process will be completed by June 30, 2023.

Evaluation of Management Response

The provincial and district officers should make use of the PFMS kiosks established in the provinces and districts by the Ministry of Finance and Economic Development.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make significant progress in addressing prior year audit findings. Out of the seven (7) audit findings two (2) were addressed as outlined below:

4.1 Direct Foreign Currency Payments

The issue of Direct Foreign Currency Payments was not resolved and the same scenario occurred in 2022 as indicated in paragraph (i).

4.2 Public Financial Assets

Treasury made a direct foreign currency payment amounting to USD45 241 306 for the procurement of Chimukamafunga mining shares. However, the transaction was not supported by documentary evidence and was not also accounted for in the 2021 Appropriation Account. The issue was not addressed as no documentary evidence was provided to support the transaction.

4.3 Motor Vehicles

Out of the sixty-five (65) motor vehicles not delivered in 2021 only forty-six (46) had been delivered at the date of my audit. Nineteen (19) were still outstanding.

4.5 Distribution of farm Equipment

The issue was resolved as the farm equipment was distributed to Government institutions.

4.6 Survey of A2 Farms

The issue was resolved as targets were met in 2022.

4.7 Outstanding Revenue

Audit could not validate the authenticity of the outstanding revenue amounting to ZWL$1 656 581 385 disclosed in the return submitted for audit due to the fact that the data base and the invoicing system of farmers allocated land was not up to date. The issue was not addressed.

AGRICULTURAL REVOLVING FUND ACCOUNT 2019, 2020 AND 2021

Objectives of the Fund

The Fund was established to provide additional resources to the Ministry's sub-votes to enable them to supplement their operational resources. These additional resources from the Agricultural Revolving Fund, represent 100% retention of funds raised and are meant for the maintenance and improvement of essential equipment, purchase of drugs and consumables required to improve the level and quality of departmental service**.**

Qualified Opinion

I have audited the financial statements of Agricultural Revolving Fund for the years ended 2019, 2020 and 2021.These comprise the statements of financial position as at December 31, statements of comprehensive income and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

Below is a summary of statement of comprehensive Income and statement of financial position for the year 2021:

Statement of Comprehensive Income

Item	Amount ZWL$
Income	792 491 333
Expenditure	641 044 634
Surplus	**$151 446 699**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current	79 244 005	-
Accumulated Fund	-	181 028 771
Current	125 904 842	24 120 076
Total	**$205 148 847**	**$205 148 847**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Agricultural Revolving Fund as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Expenditure

Finding

Thirteen (13) Training Institutions audited did not maintain accounting ledgers for all account balances disclosed in the Agricultural Revolving Fund's financial statements, contrary to the provisions of Section 119 (2) of the Public Finance Management (Treasury Instructions), 2019, which prescribes the minimum set of books to be maintained. The financial statements were prepared from cashbook entries for the three years audited. This resulted in total expenditure figures in the financial statements being misstated by ZWL$8 150 059 (2021), ZWL$5 577 716 (2020) and ZWL$550 734 (2019). This was caused by the use of the cash accounting framework instead of the accrual accounting and the absence of an accounting package.

Risks/Implications

Financial statements could be materially misstated in the absence of proper accounting records.

I could not ascertain the correctness and accuracy of expenditure figures disclosed in the financial statements.

Recommendation

Management should engage Treasury for authority and training to use the Public Financial Management System (PFMS) to maintain accounting records of the Fund.

Management Response

The Ministry is engaging Treasury PFMS projects office to get assistance to account for the Fund in the system to ensure proper maintenance of accounting records.

(ii) Revenue

Finding

The revenue that was disclosed in the financial statements for programme 2: Agricultural Education; 3: Livestock Research and Technology Development and 6: Animal Production, Health, Extension and Advisory Services amounting to ZWL$72 686 714, ZWL$7 708 036 (2020) and ZWL$1 073 612 (2019) were understated by ZWL$$125 428 815, ZWL$27 596 258 (2020) and ZWL$2 671 532 (2019) respectively. This was caused by the use of cash accounting system instead of the accrual accounting system as required by Section 10 (2) and 11(2) of the Public Finance Management (Treasury Instructions), 2019. Had the accrual concept been applied, the revenue and receivables in the financial statements would have been accurately stated.

Risk/Implication

Wrong decisions may be made based on inaccurate information.

Recommendation

The colleges are recommended to apply the Accrual Accounting concept in order to come up with accurate revenue figures.

Management Response

The observation has been noted. Accrual Accounting concept will be applied to produce credible financial statements

(iii) Property, Plant and Equipment

Findings

There were variances amounting to ZWL$198 546 between the closing depreciation balances as at December 31, 2018 and the opening amounts as at January 1, 2019 for Property, Plant and Equipment.

I was also unable to verify the accuracy of the depreciation charge figures for the year for 2021, 2020 and 2019 as I was not availed with information on when the assets were procured.

Furthermore, there was no evidence on how the amounts of ZWL$13 678 294 (2020: ZWL$1 626 524) and (2019: ZWL$1 423 970) for biological assets disclosed in the financial statements were calculated, hence I was not able to determine the completeness and accuracy of the figures.

Risk/Implication

The financial statements may be misstated.

Recommendations

The errors in the calculation of depreciation should be corrected in the financial statements.

Management Response

The observation has been noted. However, the ultimate solution is for the employer to timeously fill vacancies as they arise. Usage of non-accounting staff members on accounting tasks is out of desperation by station management. The ministry shall continue lobbying for the timeous appointment of appropriate staff members.

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

1 GOVERNANCE ISSUES

1.1 Disclosure of Biological Assets

Finding

Contrary to Section 108 (f) of the Public Finance Management (Treasury Instructions), 2019 I noted that for the years ended December 31, 2019, 2020 and 2021, Henderson, Grasslands and Makoholi Research Institutes as well as Esigodini and Gwebi Agricultural Colleges did not disclose the value of biological assets on hand in the statement of financial position. The assets were made up of 126 dairy cows, 634 beef cattle, 128 goats and 142 sheep. This was caused by lack of clear accounting procedures on how to account for Biological Assets by the Institutions.

Risk/Implication

The value of assets in the financial statement is understated.

Recommendation

The Ministry should come up with clear accounting procedures on how to account for Biological Assets and these should be distributed to the institutions.

Management Response

The observation has been noted. The Ministry will comply.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Non- Delivery of Fencing Material

Finding

At the time of concluding my audit on August 25, 2022, Makoholi research station was yet to take delivery of fencing material valued at US$205 248 from Total Fencing (Pvt) Ltd which was awarded a contract in 2019 under bid number MLARR IRRIG/CB/08. I was not provided with any satisfactory explanation on the non-delivery.

Risk/Implication

The state may lose funds through payment of goods and services that are not delivered.

Recommendation

The Ministry should engage the office of Attorney-General for legal assistance to enforce performance of the contract by the supplier.

Management Response

The contract between Total Fencing and MLARR came through our Head Office which has been updated that delivery of fence materials is being done in phases. Currently Total Fencing is supplying Henderson Research Institute and Grasslands Research Institute.

Evaluation of Management Response

No documentary evidence was availed which shows commitment dates from Total Fencing (Pvt) Ltd.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing prior year findings as four (4) out of nine (9) were addressed as outlined below:

3.1 Financial Statements

The finding on preparation of financial statements by Provincial Veterinary Offices and Research Stations was resolved as all stations managed to submit their accounts.

3.2 Maintenance of Accounting Records

There was no improvement in the maintenance of accounting records as no ledgers were being maintained and financial statements were prepared from the cash book.

3.3 Cash and Cash Equivalents

The variance of ZWL$1 011 073 was not resolved as the Ministry did not adjust the financial statements in line with the certificate of bank balance.

3.4 Unvouched Expenditure

The issue was resolved and supporting documents were attached to payment vouchers.

3.5 Expenditure Misstatement

The finding was not addressed as the overstated expenditure by ZWL$3 738 001 was not adjusted in the financial statements.

3.6 Property, Plant and Equipment – Opening Balances

The issue remained unresolved as the variance was not reconciled.

3.7 Staff Creditors- Sustainability of Service

The issue was resolved. Mlezu Agricultural College managed to clear all staff creditors for the prior year.

3.8 Dipping Chemicals – Service Delivery

The issue remained unresolved as the shortage of dipping chemicals still persisted in the Provinces.

3.9 Collyne Farm

The issue was not resolved as part of the farm remained illegally occupied by a private individual and underutilized.

LANDS COMPENSATION FUND 2021

Objective of the Fund

The Fund's mandate is to provide resources for the payment of compensation to former farm owners whose farms were acquired by the state and to enhance productivity of the allocated land.

Qualified Opinion

I have audited the financial statements of the Lands Compensation Fund. These financial statements comprise the statement of financial position as at December 31, 2021, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	1 319 311 317
Expenditure	93 905 219 427
Deficit	**($92 585 908 110)**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Accumulated Fund	-	(378 620 295 502)
Current	1 007 600 678	379 627 896 180
Total	**$1 007 600 678**	**$1 007 600 678**

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of the Lands Compensation Fund as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Ledgers for Revenue and Payables

Finding

The Fund administrators did not maintain accounting ledgers for outstanding revenue totalling ZWL$1 007 069 893 and trade payables amounting to ZWL$379 627 896 180. This was contrary to Section 35(6)(a) of Public Finance Management Act [*Chapter 22:19*]. I was therefore not able to validate the completeness and accuracy of figures that were disclosed in the financial statements.

Risk/Implication

The receivables and payables figures might be materially misstated in the absence of supporting ledgers.

Recommendation

Management should ensure that adequate accounting records are maintained.

Management Response

The observation has been noted. The Ministry is currently ceased with creating Agricultural Information Management Systems (AIMS), which will incorporate Land Information Management Systems (LIMS), a component that will configure all land categories executing all processes up to billing. In the meantime, the Ministry will explore ways of procuring an accounting package in the first quarter of 2023.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Operation of the Fund

Finding

The Fund operated for the period under review despite Treasury Circular No. 9 of 2020 directive that all retention funds established in terms of Section 18 of the Public Finance Management Act [*Chapter 22:19*] should wind up operations by December 31, 2020. I was not provided with evidence that Treasury had exempted the Fund from the directive.

Risk/Implication

The Fund may operate without authority.

Recommendation

The Fund should avail evidence of approval for the continued operations and retention of funds.

Management Response

The observation has been noted. The Ministry has engaged Treasury and authority was issued on May 4, 2022 to the Lands Compensation Fund to open an account with the Agricultural Finance Cooperation (AFC) Commercial Bank.

Evaluation of Management Response

The Treasury authority to open an AFC Commercial Bank account for the Fund was not an exemption letter for the Fund to continue operating and retaining funds.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Debt Management

Finding

Management of the Fund did not put in place an effective debt recovery system and as a result debtors increased by ZWL$787 229 046 (358%) from ZWL$219 840 847 in 2020 to ZWL$1 007 069 893. This was contrary to Section 49(2) of Public Finance Management (Treasury Instructions), 2019 which states that officers responsible for collecting debts shall take adequate steps to collect any sums due to the Government on due date and shall on no account allow a debt to become extinguished through lapse of time.

Risk/Implication

Outstanding revenue may be irrecoverable through the passage of time.

Recommendation

The Department should take measures to collect outstanding amounts.

Management Response

The observation has been noted. Shortage of manpower was hampering implementation of debt management systems. Measures currently being implemented are continuous engagement and sensitisation of farmers, stop order facilities, follow-ups and regular revenue collection trips to districts. The Ministry is also recruiting accountants for all districts as per the current approved structure.

LANDS AND RESETTLEMENT FUND 2021

Objective of the Fund

The objective of the Fund is to support land reform and resettlement programmes, estate management, related services in leased state land and resettlement areas and re-capacitate the Department of the Surveyor General in order to improve the quality of surveying and mapping products and services.

Qualified Opinion

I have audited the financial statements of the Lands and Resettlement Fund. These financial statements comprise the statement of financial position as at December 31, 2021, the statement of comprehensive income and the statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	84 988 157
Expenditure	482 267
Surplus	**$84 505 890**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current	1 494 931	-
Accumulated Fund	-	95 823 410
Current	94 791 030	462 551
Total	**$96 285 961**	**$96 285 961**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of the Lands and Resettlement Fund as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Ledgers for Revenue and Receivables

Finding

The Fund did not maintain accounting ledgers for revenue and receivables amounting to ZWL$84 988 157 and ZWL$86 770 770 respectively. This was contrary to Section 35(6)(a) of the Public Finance Management Act [*Chapter 22:19*] which requires Accounting Officers to keep proper records of account. As a result, I could not validate the completeness and accuracy of the figures disclosed in the financial statements. This might have been caused by the non-use of an efficient system such as the Public Financial Management System (PFMS) to record the transactions.

Risk/Implication

If accounting ledgers are not maintained, the financial statements may be misstated.

Recommendation

Management should engage Treasury to have the transactions uploaded on the PFMS for effective recording.

Management Response

The observation is noted. The Ministry will explore ways of procuring an accounting package in the first quarter of 2023.

Evaluation of Management Response

The response is noted. However, Fund Accounts are required to use the PFMS for recording transactions.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Operations of the Fund

Finding

The Fund continued operating during the year ended December 31, 2021, contrary to Treasury Circular No. 9 of 2020 directive that required all retention Funds established in terms of Section 18 of the Public Finance Management Act [*Chapter 22:19*] to wind up operations by December 31, 2020. There was no documentary evidence such as an exemption letter to support that Treasury had exempted the Ministry from the directive.

Risk/Implication

The Fund may be operating without authority from Treasury.

Recommendation

Management should seek formal approval for the continuation of the Fund`s operations.

Management Response

The observation is noted. The Ministry has engaged Treasury with the view of getting an exemption for the Fund. Going forward the Ministry will continue to engage Treasury with the hope that they allow the Lands and Resettlement Fund to operate.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Debt Management System

Finding

Management did not put in place an effective debt recovery system, as a result debts increased by 3 049% from ZWL$2 755 397 (2020) to ZWL$86 770 770 (2021). This was in violation of Section 49(2) of the Public Finance Management (Treasury Instructions), 2019 which requires officers to take adequate steps to collect any sums due to the Government.

Risk/Implication

The Fund may lose revenue through bad debts.

Recommendation

The Department should implement effective measures to collect outstanding amounts from debtors.

Management Response

The observation is noted. Debt recovery and management strategies are being implemented. It is vital to note that follow ups are being done through reminders and regular inspection of trade sites. Recruiting of accountants at our district as per the current approved structure will also go a long way in enhancing our debt recovery system.

PIG LEVY FUND 2021

Objective of the Fund

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

Opinion

I have audited the financial statements of the Pig Levy Fund. These financial statements comprise the statement of financial position as at December 31, 2021 and statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	4 905 350
Expenditure	4 743 679
Surplus	**161 671**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Accumulated Fund	-	1 023 793
Current	1 573 503	549 710
Total	**1 573 503**	**1 573 503**

In my opinion, the financial statements, present fairly, in all material respects, the financial position of the Pig Levy Fund as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Debt Management

Finding

I observed that the trade receivables balance increased by 32% from ZWL$1 188 739 in 2020 to ZWL$1 565 583 in 2021. There was no evidence that the administrators took necessary measures to recover the amounts owing from abattoirs. This was in violation of Section 49(2) of the Public Finance Management (Treasury Instructions), 2019 which stipulates that officers responsible for collecting debts shall on no account allow a debt to become extinguished through lapse of time.

Risk/Implication

Outstanding revenue from abattoirs may not be recovered.

Recommendation

The Fund administrators should implement effective measures to collect outstanding amounts from debtors.

Management Response

Efforts are being made to review levy payment framework and come up with appropriate penalties to encourage prompt payment.

WATER FUND 2021

Objectives of the Fund

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

Qualified Opinion

I have audited the financial statements of the Water Fund. These financial statements comprise the statement of financial position as at December 31, 2021 and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	14 546 268
Expenditure	1 025 294
Surplus	**$13 520 974**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current	284 269	-
Accumulated Fund	-	14 594 363
Current	14 312 849	2 755
Total	**$14 597 118**	**$14 597 118**

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Water Fund as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Property, Plant and Equipment

Finding

The Fund did not depreciate Property, Plant and Equipment valued at ZWL$284 269, which was disclosed at cost in the financial statements contrary to Section 11(6) of the Public Finance Management (Treasury Instructions), 2019. I was not availed with plausible reasons for non-compliance with the prescribed accounting policy.

Risk/Implication

If non-current assets are not depreciated, the asset values and net income will be overstated.

Recommendation

The Administrators of the Fund should always apply the depreciation policy and effect the necessary adjustments to the financial statements.

Management Response

The Water Fund Account has no policy on depreciation. An accounting procedure manual is being prepared.

Evaluation of Management Response

Treasury Instructions prescribe the accounting policy on assets and are very clear on the depreciation of assets, in cases where there is no policy.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Management did not make any progress in addressing the audit findings raised in the previous audit report. Out of the two (2) findings raised, none had been addressed as indicated below:

2.1 Unauthorised Expenditure

The purchase of laptops and cell phones amounting to ZWL$358 000 and ZWL$461 500 respectively that was not authorised remained unresolved.

2.2 Property, Plant, and Equipment

The finding on depreciation of assets was not resolved, paragraph (i) above refers.

VOTE 9.- MINES AND MINING DEVELOPMENT

APPROPRIATION ACCOUNT 2022

Mandate

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

Opinion

I have audited the financial statements of the Ministry of Mines and Mining Development for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Under Spending ZWL$
$4 603 473 000	$180 270 000	$4 783 743 000	$4 213 606 622	$570 136 378

In my opinion, the financial statements fairly present the state of affairs of the Ministry of Mines and Mining Development for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

However, the following issues were noted during the audit:

1. GOVERNANCE ISSUES

1.1 Documents for Procurement of Goods and Services

Findings

The Ministry did not avail correspondence from Procurement Regulation Authority of Zimbabwe (PRAZ) to enable me to verify the category that the Ministry is placed under and evidence to show if the evaluation committee is registered with PRAZ. This would have enabled me to verify if procurement was done under the approved threshold and if the evaluation committee was approved to carry out evaluation of tenders.

The approved annual procurement plan was not submitted for audit. This is in violation of Section 17(1), 18(1) and Section 22 of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*]. There was no reason given as to why these documents were not availed for inspection.

Furthermore, the Ministry did not submit minutes of discussion of the annual procurement plan between the Procurement Management Unit (PMU) and Programme managers before approval by the Accounting Officer.

Risk/Implication

It would be impossible to assess and evaluate the Ministry's adherence to procurement regulations.

Recommendation

The Ministry should avail documents for audit examination.

Management Response

Management did not respond.

1.2 Risk Management Policy

Finding

For the past three years the Ministry has not finalized the development of the Risk Management Policy for it to be approved and implemented. This was contrary to Section 162 (d) of Public Finance Management (Treasury Instructions), 2019 which states that Accounting Officers shall carry out a risk assessment of their operations on an annual basis. Had the Ministry finalised the formulation of the risk management policy and carried out risk assessments, key risks would have been identified and addressed.

Risk/Implication

Areas prone to risk of fraud may not be identified and mitigatory measures will not be put in place.

Recommendation

The Accounting Officer should ensure that the formulation and implementation of the risk management policy is expedited.

Management Response

The observation is noted. The Ministry drafted guidelines but have seen from the initial assessment that management needs training in this area. The Ministry is also waiting for the launch of the Risk Management Framework by Ministry of Finance and Economic Development for guidance.

Evaluation of Management Response

The Risk Management Framework has since been distributed to Ministries.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Public Financial Assets

Finding

I noted that as at December 31, 2022, there were no recoveries made by the Ministry from Hwange Colliery Company towards the loan assumed on behalf of Hwange Colliery for Export–Import Bank of India amounting to US$14 560 697 (2021: US$9 776 780 000). There was no evidence submitted for audit indicating the recovery plan.

Risk/Implication

Recoveries of the loan may become challenging in the foreseeable future.

Recommendation

The Ministry should liaise with the Ministry of Finance and Economic Development on how the recoveries from Hwange Colliery Company can be made.

Management Response

The observation is noted. Follow up is being made with Hwange Colliery and Ministry of Finance and Economic Development.

3 PROCUREMENT OF GOODS AND SERVICES

3.1 Procurement and Delivery of Motor Vehicles

Findings

The Ministry procured three (3) Toyota Land Cruisers valued at US$241 500 in March, 2022 from Spatial Dimension. One (1) vehicle had not been delivered to the Ministry at the time of concluding the audit on May 18, 2023. The addendum was silent on the expected delivery date of the vehicles.

Furthermore, the same three (3) vehicles were procured without following the tender process neither was the justification to PRAZ for the direct procurement submitted for audit. The performance bond was also not submitted for audit.

An amount of ZWL$62 650 368 was levied towards the duty payment of the vehicles, yet according to paragraph 2.2.8 of the contract a duty free certificate was supposed to be provided by the Ministry.

Risks/Implications

The supplier may fail to deliver the vehicle.

The Ministry may not be in a position to enforce the contract since there was no delivery period.

The Ministry may not be able to deliver on its mandate due to absence of vehicles.

The cost of the vehicles increased as a result of the duty paid.

Recommendations

The Ministry should liaise with the supplier and have the vehicles delivered.

Management should ensure that procurement regulations are followed during procurement process.

Management Response

The observations are noted. The vehicles were delivered to Faramatsi Toyota Company in September 2022 and the Ministry started to process the Duty Free certificate which was declined by ZIMRA.as the vehicles were not eligible for duty free.

The Ministry then applied for a budget for duty from Treasury, however the payment did not sail through in 2022 due to some technical reasons. When payment was made the funds were only sufficient to clear two (2) vehicles which were received on May 18, 2023. The Ministry is now waiting for the invoice of the other vehicle so that payments can be made.

Evaluation of Management Response

The responses are appreciated, however, the Ministry must have made background checks on the vehicles they were procuring. The authority should have come from OPC in terms of Presidential Directive Circular number 16 of 2011. (OPC)

3.2 Travelling and Subsistence Advances

Findings

Twenty-three (23) officers received travelling and subsistence advances during the year 2022 amounting to ZWL$6 599 182, however, by the time I concluded my audit on May 22, 2023 the advances were still outstanding. This was contrary to Section 65(14-15) of the Public Finance Management (Treasury Instructions), 2019 which requires officers to acquit advances within 30 days of return from trip and in cases where a member fails to travel the advance should be repaid back to the Consolidated Revenue Fund in full.

Furthermore, new advances totaling ZWL$3 259 764 were issued before the clearance of the previous ones, contrary to Section 65(7)(c) of the Public Finance Management (Treasury Instructions), 2019. There was no evidence that efforts were made to recover the funds from the members' salaries through SSB.

Risks/Implications

The advances issued may have been used for other purposes not related to Ministry business.

When the advances are eventually acquitted the money would have lost value.

Recommendation

The Ministry should recover the outstanding advances through SSB.

Management Response

The observation is noted, follow ups will be made with members as some are not from the Ministry.

4 SERVICE DELIVERY/ MANAGEMENT OF PROGRAMMES

4.1 Implementation of Activities

Finding

My evaluation of the implementation of programmes revealed that progress was not reported on some of the targeted outputs. There was no evidence that monitoring of activities had been carried out. The table below shows the targets and achievements made.

Targets and Achievements

Output	Target Output	Actual Achievement	Percentage Achievement	Comment
Amendment of (1) Mines and Minerals Act, (2) Gold Trade Act, (3) Precious Stones Act	3	1	33%	The Mines and Minerals Act was at the proof reading stage as at the end of 2022. Ready for gazetting of the other 2.
Minerals Development Policy	1	1	95%	Final draft completed
Mining Cadastre MIS Computerisation of the Mining Title System	100% 100%	75% 89%	75% 89%	61 283 licences captured in the system. 10 776 of these have spatial information captured. Test run conducted at pilot centre to test readiness.
Exclusive Prospecting Orders and Exploration Special Grants Monitored	28	-	-	Performance report on this output not provided to enable evaluation and conclusion on the Ministry's performance.
Mining Operations Audited	400	-	-	Performance report on this output was not provided to enable an evaluation and conclusion on the Ministry's performance.
Provincial Mining Officers Capacitated	12		-	Performance report on this output was not provided to enable an evaluation and conclusion on the Ministry's performance.
Artisanal Small Scale Gold Mining Strategy	1	75%	-	At draft stage
Mines Inspected	2400	-	-	Performance report on this output was not provided to enable an evaluation and conclusion on the Ministry's performance.
Mines Accidents Investigated.	100%	-	-	Performance report on this output was not provided to enable an evaluation and conclusion on the Ministry's performance.

Risk/Implication

Failure to track and monitor performance may result in the Ministry not achieving its set objectives and deliver on its mandate.

Recommendation

The Ministry should track and monitor its performance against the Strategic and Annual Plans and ensure that the monitoring process is documented.

Management Response

Management did not respond.

5 AWARDING OF LICENCES, MONITORING AND INSPECTION OF MINES

5.1 Payment of Annual Inspection fees by Miners

Findings

The Ministry of Mines and Mining Development is required in terms of the Mines and Minerals Act [*Chapter 21:05*] Part XI to collect annual mining inspection fees from holders of any block of base mineral claims or of any block of reef or placer deposit claims registered for precious metals or of any mining lease. Audit noted that contrary to the provisions of the Act, there were defaulters in Midlands Province who were not up to date with their inspection fees. From a sample of eighty-eight (88) records, only two (2) reef cards reflected that payments had been made. There was no systematic way in which the registered miners are followed up except if inspections are done and they are reminded to pay their dues.

In addition, according to the records provided for audit by the PMD, there were eighty- two (82) toll elutions plants and eight six (86) custom milling plants in the province. These are supposed to pay annual fees of USD$750 and USD$3 750 respectively. However, from the records that were submitted thirty-eight (38) custom millers and fifty-five (55) toll elutions plants were in arrears and fifteen (15) custom mills had suspended operations. Some were even dating back to 2018. Refer to the table below.

Type of Plant	Total	2022	2021	2020	2019	2018	Annual Fee $USD
Toll Elution	55	21	14	8	4	8	750
Custom Milling	38	13	18	4	0	3	3 750

Due to the erratic monitoring of mining activities by the inspectors, the miners continue to default in payment of the annual fees. There were also no updated records and formal procedures to follow up on the outstanding annual fees.

Also as at the date of audit, the Midlands Provincial Office did not have an updated schedule of outstanding debtors for annual inspection fees defaulters and no mechanism was in place to collect revenue from the debtors in violation of Section 49(2) of the Public Finance Management (Treasury Instruction), 2019.

Risk/Implication

The Government will lose revenue through non collection of fees due.

Recommendation

The Ministry should come up with strategies that will ensure that miners pay annual fe**es.**

Management Response

Preservation of mining rights are governed under section 197 of the Mines and Minerals Act, [*Chapter 21:05*] (Part XI). There is no provision in the Act for following up on defaulters except by way of Section 260 (Forfeiture for failure to obtain inspection certificate for block). There are no mechanisms for following up on debtors through any other means except posting forfeitures notices and closing custom milling plants as a way of reminding miners of their obligations to inspect.

Elution and Custom milling plants that fail to pay are either suspended from operating or closed. However, in the past 12-18 months the majority of custom milling plants officially notified the provincial mining office of their intent to either stop conducting custom milling or revert to own milling for various reasons. However, it is possible that a custom miller can notify the office and be caught later on conducting custom milling. Such cases are dealt with appropriately by the mines inspectorate through fines.

The Ministry may then need to explore whether miners who owe and get their mining rights forfeited are debtors. With the current system of forfeiture a miner who loses his mine due to non-payment of inspections no longer holds any obligations to the Ministry in terms of the debt that led to cancellation of forfeiture of the mine.

Evaluation of Management Response

There was no evidence submitted for audit on posting forfeitures notices and closing custom milling plants as a way of reminding miners of their obligations. For those whose mines are forfeited, the amounts not settled will remain due to Government.

5.2 Labour and Production Returns

Findings

I noted that in Mashonaland West and Midlands provinces some miners were not submitting returns in contravention of Section 251 of the Mines and Minerals Act [*Chapter 21:05*] and Code MMMD 110 of the Standard Operating Procedures manual which requires miners to submit monthly production and labour returns to the Ministry. I was not availed with evidence to show that the PMD's office was enforcing the provisions of the Act to ensure that miners comply.

The production returns will assist to check if royalties are paid in line with production and general monitoring of production of minerals in the country. From the Midlands miner's database for labour and production returns of 787 miners for gold submitted for audit, as at January 2022, 147 had nil figures for labour whereas 343 miners had no data for production for the month of January 2022. The information was last updated in May 2022 which was an indication that the staff were not capturing the information in the database.

Risks/Implications

Non-compliance with regulations will result in illicit financial flaws.

In addition, the Government will not be able to account for the mineral production leading to incorrect decisions.

Mines may be unproductive and being held for speculative purpose depriving the Government of potential revenue.

Recommendations

The PMD's offices should ensure that all registered miners comply with the Act in terms of submitting relevant returns.

The PMD should check the recording of returns to ensure that they are kept up to date and appropriate action taken against defaulters.

Management Response

The observation is noted. Admittedly, labour and production returns data capture experienced challenges as the Midlands provincial office worked without a Mineral Development Officer (MDO) for close to 8 months until a replacement was hired in 2023. However, while that could not be an excuse, it is also important that during COVID-19 period to 2021, miners were required to submit Labour and Productions returns online. This created a huge problem for more than 70% of the miners who either have no access to internet or were not versatile with the email system. This was felt by the Ministry in terms of number of returns received.

The Province also continued to receive nil returns consistently from some miners. This formed the essence of implementing section 400 (use it or lose it) by the Ministry.

5.3 Mining Related Accidents

Finding

A review of the provinces statistics for accidents showed that fifty (50) mining related accidents had occurred during the period January 2022 to November 5, 2022 resulting in 18 deaths in Midlands Province. These accidents could be as a result of insufficient monitoring of operations as some miners will not be adhering to the safety standards required.

Risk/Implication

There could be continued loss of life.

Recommendation

The Province should enhance its monitoring activities and follow up on issues raised to check if they would have been addressed to minimize loss of lives.

Management Response

The Head Office is aware of all the shortcomings. The province is in absolute agreement and we have long conceded that increasing mines inspectorate visibility at the mining sites will deter would be offenders from being negligent and impunity displayed by these offenders.

There is no point in finding the same issues year in year out without the Ministry proffering appropriate solutions or at least mitigating the impact of these accidents. The mines inspectorate will never be visible with 1 vehicle in a province stretching from Gokwe North to Mberengwa South with over 10 000 registered claims.

5.4 Processing of Mine Registration Applications

Findings

A review of the Register for Applications in Mashonaland West province revealed that from the 3114 applications which were submitted by prospecting miners only twenty (20) applications were processed and finalized during the period January 4, 2021 to October 31, 2022. Out of the twenty (20) applications, only five (5) were processed within 3 months.

Furthermore, from the interviews with management and documentary review, audit noted that there was a total backlog of 7 905 out of 10 584 applications for the period 2016 and up to the time of audit on November 4, 2022. Thus only 2 679 applications were processed between 2016 and November 4, 2022. The delays to process or finalise the applications submitted by miners were attributed to shortage of vehicles and fuel. In addition, the delays were caused by inadequate or shortage of tools of trade in the Cartography and Mining Cadastre Sections.

Risks/Implications

Delays to process applications may result in subduing investment in the mining sector or may promote illegal mining activities in the sector.

Unregistered miners will not pay annual fees thereby depriving the state of the much needed revenue.

Recommendation

The Ministry should ensure that resources are dedicated to the provincial offices to ensure that all applications are processed in time and clear backlogs.

Management Response

Management is still to respond.

5.5 Routine Mine Inspections

Findings

MMMD Standard Operating Procedures Manual guideline number 416 requires that the PMDs office plans visits to mines and processing plants. However, during the period under review 2021 and 2022, I noted that the Midlands Provincial Directorate had not carried out visits to some of the Mines and Gold Milling Plants to monitor the operations of the mines and plants as stipulated by the SOP Manual. I was not provided with the evidence on the planned inspections and the actual inspections done during the years 2021 and 2022.

I was therefore not able to evaluate whether adequate inspections were being done. However, only twenty-two (22) reports were submitted for audit review with regards to inspections made in 2021 and 2022. The inspectors indicated that they had no systematic format for reporting and filing of the same. Issues of shortage of vehicles to carry out inspections was also raised as a challenge as the province had no more than 2 vehicles at a given time and only an average of 800 litres of fuel for the operations of the province, as a result issues raised during the inspections made were not followed up to find out if recommendations had been implemented.

My visit to a sample of mines in Midlands Province noted that the mines and Gold Milling Plants were not maintaining records and documents as required which could be as a result of inadequate monitoring of operations by the Provincial Mining Director.

Mashonaland West Provincial Office was also not adequately carrying out mine visits for purposes of inspections. For instance, in 2021, the Provincial Office only inspected 132 mines out of a total 7 840 registered mines (1.68 %). There were no planned inspections in 2021 due to COVID-19. In 2022, a total of 250 mines were planned to be inspected out of 8 575 registered mines (2.9%) and only 175 mines were inspected.

Risks/Implications

Inadequate maintenance of documents pertaining to mineral production, mineral processing and selling of the minerals may lead to marketing of the minerals through unauthorised channels.

This may fuel possibilities of illicit financial flaws and loss of revenue from royalties and taxes.

Recommendation

The Provincial Mining Directors office should ensure that regular visits to mining operations are adequately planned for and carried out regularly.

Management Response

The observations are noted. Indeed, there is no standard template for mines inspectorate report. This is an issue that the MMMD can review and assess the need for standardization considering that each mine visit can be different and issues of concern may vary from mine A to mine B. The current system allows the mines inspectors to be creative and work with an open mind, and not be restricted by itemized issues on a paper but look in a wholesome manner at the mine within a given context. The suggestion is however noble, and guards against missing critical inspection issues when the inspectors are on site.

Sampled Mines were reported by Audit to have been non-compliant on various issues key among which include production and labour returns, non-payment of inspection fees, ore movement permit, carbon movement permits, toll elution licences among others. Audit attributes these transgressions by miners and plant operators to a lack of monitoring by Provincial Mining Directorate. This is noted and measures will be taken to minimize the impact on the financial loss to the fiscus. It is true that when mines inspectorate visibility is increased certain illegal activities are minimized. The provincial mining directorate will continue to make the pleas for adequate resourcing.

Evaluation of Management Response

The response for Midlands province is acknowledged. However, the issue under Mashonaland West province was not responded to.

6 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made progress in addressing findings raised in my previous report. One (1) out of the two (2) findings was addressed as indicated below:

6.1 Annual Performance Report

The Ministry submitted the annual performance report.

6.2 Gender Committee

The Gender Committee has not yet been established.

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

APPROPRIATION ACCOUNT 2022

Mandate

The mandate and purpose of the Ministry of Environment, Climate, Tourism and Hospitality Industry is to develop, coordinate, and monitor implementation of policies and programmes for environment, tourism, climate and meteorology that promote sustainable economic development.

Qualified Opinion

I have audited the financial statements for the Ministry of Environment, Climate, Tourism and Hospitality Industry for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total ZWL$	Expenditure ZWL$	Net Under spending ZWL$
$7 335 943 000	-	$7 335 943 000	$5 441 510 731	$1 894 432 269

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements, present fairly the state of affairs of the Ministry of Environment, Climate, Tourism and Hospitality Industry as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Compensation of Employees

Finding

There were three different figures attributed to total payments made towards compensation of employees. A variance of ZWL$62 739 447 between SSB Wage Bill figure of ZWL$496 144 405 and the PFMS figure of ZWL$558 883 852 was noted. Treasury records also revealed that ZWL$495 144 409 was transferred in settlement of the same compensation of employees' bill. A reconciliation of the three figures was not done by the Ministry to determine the correct amount to be reported in the Appropriation Account.

Risk/Implication

Unauthorised payments on compensation of employees may occur when reconciliations or monitoring of the wage bill is not done. Also incorrect amounts of expenditure maybe reported.

Recommendation

The Ministry should carry out reconciliations monthly to ensure that all variances are identified and rectified on time.

Management Response

The observation has been acknowledged. However, the variance was a result of December Senior staff wage bill with an amount of ZWL$31 794 656, and exchange rate differences on salaries amounting to ZWL$30 995 335, which were not included in the SSB Wage Bills.

(ii) Unreconciled Expenditure Amounts – Sub-Paymaster General Account (Sub-PMG)

Finding

The total expenditure of ZWL$5 500 605 257 paid through the sub-PMG did not agree with the total expenditure of ZWL$5 441 510 731 processed in the Public Financial Management System (PFMS). The variance of ZWL$59 094 526 was not reconciled. I could therefore, not place reliance on the expenditure disclosed in the Appropriation Account in the absence of a reconciliation showing the make-up of the ZWL$59 094 526. Under normal circumstances, the expenditure incurred through the bank (sub-PMG) should agree with the expenditure processed in the Public Financial Management System (PFMS) which is a computerized system used by Government for processing transactions.

Risk/Implication

The total expenditure reported in the financial statements might have been misstated.

Recommendation

Management should investigate the variance so that the reported accounts show a true and fair view.

Management Response

The observation has been acknowledged. **The variance between the amount that was posted by Treasury and that of the Ministry was as a result of exchange rate differences on equipment purchased for Meteorological Service Department. When the equipment was purchased the budget for that particular line item was almost exhausted and there was need for an additional budget and funding to support the exchange rate difference. A request was made for Treasury to avail the funds, but the funds did not come.**

Evaluation of Management Response

Management's response has been noted. However, the expenditure incurred remained unaccounted for in the Appropriation Account.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Outstanding Payments-International Subscriptions

Finding

The Ministry owed a total of US$1 304 020 which date back to 2015 in respect of payments for various protocols and partnerships. Non-payment of arrears was in violation of various protocols and partnership agreements which require subscriptions to be paid within three (3) months when due.

Risk/Implication

Delays to pay international subscriptions may deprive the Country benefits to be derived from being associated with the various protocols and partnerships.

Recommendation

The Ministry should continue engaging Treasury so that all outstanding subscriptions to various protocols and partnerships are paid to enable the country to benefit from being a member. This will mitigate against reputational risk.

Management Response

The observation has been noted. We do have requests for budget support to Ministry of Finance and Economic Development-Treasury Department for the various outstanding subscriptions which are available for inspection as well.

2 MANAGEMENT OF ASSETS

2.1 Boards of Inquiry

Findings

The Ministry did not conduct Boards of Inquiry (BOI) for vehicles that were involved in accidents or for parts that went missing in 2022. The specific dates when the accidents occurred for each vehicle were not availed to audit, instead the Vehicle Accident Register and Certificate of Assets just indicated that the accidents occurred in 2022. Section 103(15) of the Public Finance Management (Treasury Instructions), 2019 states that, the Transport Officer shall ensure that a board of inquiry convening order is issued within 14 working days of the accident happening.

Furthermore, out of twenty-two (22) incidents of theft and accidents, only nine (9) police reports were provided by the Ministry for audit inspection. This was contrary to section 103(14)(a) of the Public Finance Management (Treasury Instructions), 2019 which states that in the event of a Government vehicle getting involved in an accident, the member involved in the accident shall report to the police within 24 hours.

Risk/Implication

Delays in conducting boards of inquiry or reporting to police may result in those responsible not being held accountable and losses and damages to assets may not be recovered.

Recommendation

The Ministry should ensure that police reports are obtained for all vehicle accidents and boards of inquiry are held in time to determine responsibility. This will facilitate holding those responsible accountable.

Management Response

The observation has been noted. Boards of inquiry interviews for AFO 1936, METHI 005; METHI 015, METHI 008 and AFS 2457 are scheduled to be held on May 29, 2023, as per Chairman's proposal. Composition of Boards have been signed by the Accounting Officer. Boards of inquiry for AFE 2332, AFO 4248, AFM 7630, MSD 025, AFR 0536, AFM 7630, ABW 8986 and MSD 013 minutes are being finalised.

2.2 Master Assets Register

Finding

The manual Master Assets Register was not being updated. For instance, it had some missing information such as, assets value, date of acquisition and location. In addition, an automatic weather station, automatic weather observation stations and automatic digital weather observation stations acquired for the Meteorological Services Department (MSD) during 2022 were not included in the Master Assets Register. This was contrary to Treasury Instruction 100(1) which states that, Accounting Officers should ensure that all public assets under their control received from whatever source are recorded promptly and accurately in the appropriate manual registers.

Risk/Implication

There is risk that assets may not be properly accounted for if they are not recorded in the Master Assets Register promptly and accurately.

Recommendation

The Ministry should make sure that all assets are recorded in the Master Assets Register to ensure accountability.

Management Response

The observation has been noted.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry is still to make progress in addressing audit findings raised in my previous audit report. Out of seven (7) findings, three (3) were fully addressed, one (1) was partially addressed and three (3) were not addressed as indicated below:

3.1 Unrecovered Duplicate Payments for Air Tickets

The amount of ZWL$507 127 for air tickets paid in duplicate by the bank was recovered.

3.2 Outstanding Payments

The issues remain unresolved as the total amount owed of US$1 079 919 to various World International protocols and partnerships was outstanding.

3.3 Accounting for Tourism Attaches' Salaries

The issue of the total amount of $7 000 455 for employment costs for Tourism Attachés that was not posted in the Public Financial Management System (PFMS) and did not go through the Ministry's Bank Account remained unreported in the Appropriation Account.

3.4 Hydrogen Generator Not Delivered

The generator which was procured on March 26, 2006 was eventually delivered on April 14, 2023.

3.5 Board of Inquiry for Motor Vehicles

The Ministry did not conduct Boards of Inquiries (BOI) for four out of five vehicles that were involved in accidents in 2021.

3.6 Motor Vehicle Asset Register

The Master Assets register still remains not updated and some assets were not captured in the PFMS in 2022.

3.7 Undelivered Assets

During the year ended December 31, 2020 the Ministry paid an amount of ZWL$2 976 472 for acquisition of assets but the assets had not been delivered as at the date of audit on June 23, 2021. The amount was reimbursed on November 9, 2021 and January 22, 2022 but the Ministry could not procure the same quantities from monies refunded due to inflation.

VOTE 11. - TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT

APPROPRIATION ACCOUNT 2022

Mandate

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

Qualified Opinion

I have audited the financial statements of the Ministry of Transport and Infrastructural Development for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Revised Budget ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$107 309 906 000	$68 076 268 200	$175 386 174 200	$165 452 461 820	$9 933 712 380

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the state of affairs of the Ministry of Transport and Infrastructural Development as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Expenditure Figures

Finding

The Appropriation Account disclosed expenditure amounting to ZWL$165 452 461 820, while expenditure processed in the Public Financial Management System (PFMS) was ZWL$165 453 067 225. These two figures were different from the Sub- Paymaster General Account expenditure of ZWL$158 483 872 917. There was no evidence that the three figures were reconciled. In the absence of a reconciliation I could not confirm with accuracy the expenditure figure disclosed in the financial statements.

Risk/ Implication

The financial statements could be materially misstated.

Recommendation

The Ministry should perform a reconciliation of the figures.

Management Response

The observation is noted. The variance is emanating from bank charges accrued during the compilation of receipts and disbursements return for 2022.

Evaluation of Management Response

The evidence for the bank charges was not submitted for audit.

(ii) Direct Payments

Finding

The Ministry of Finance and Economic Development made direct payments amounting to ZWL$59 577 534 600 (US$232 121 112) in settlement of the Ministry's obligations to various companies. However, the Ministry accounted for ZWL$50 122 670 927 leaving a variance of ZWL$9 454 863 957. The variance remained unaccounted for at the time of concluding my audit. Had the expenditure been accounted for this would have materially affected the figures disclosed in the financial statements.

Risk/Implication

In the absence of a reconciliation, the financial statements could be materially misstated.

Recommendations

The Ministry should engage Treasury in order to clear the variance for accountability purposes.

Reconciliations should be done regularly with Treasury so that the true state of affairs is maintained timeously.

Management Response

The observation is noted.

(iii) Submission of Financial Statements

Finding

The Ministry submitted its financial statements on March 31, 2023 two (2) months after the statutory deadline of January 30, 2023. This was contrary to Section 156 (1) of the Public Finance Management (Treasury Instructions), 2019 which states that it is the responsibility of Accounting Officers to ensure the timely submission of their financial statements for audit. This was caused by delays in concluding direct payments and Unallocated Reserves made by Ministry of Finance and Economic Development on their behalf.

Risk/Implication

The financial statements may not assist in decision making since they would be outdated.

Recommendation

The Ministry should device a system during the course of the year to process any direct payments that would have been made by the Ministry of Finance and Economic Development.

Management Response

The Ministry acknowledges the late submission of the Appropriation Account. This was due to factors beyond our control. Most of the direct payments were availed to us way after the submission date had lapsed.

However, below are other issues noted during the audit:

1 MANAGEMENT OF PROGRAMMES/SERVICE DELIVERY

1.1 Annual Report

Finding

The Ministry submitted their annual performance report for 2022, however I was not availed with the source documents to verify the achievements of targets reported in the report under construction and maintenance projects that were budgeted under the 2022 financial year, I was therefore, not able to evaluate the correctness of the information reported.

Risk/Implication

The reported activities might not have been achieved.

Recommendation

The Ministry should avail the supporting evidence for validation of the reported achievements.

Management Response

Management did not respond.

1.2 Interest Paid to Contractors

Finding

I noted, from a sample of interim payment certificates (IPCs) reviewed, that the Ministry did not honor payment term agreements, and as a result, the Ministry incurred interest charges amounting to US$3 535 094 (ZWL$2 373 626 847) which was paid to contractors during the year under review. This was contrary to the requirements of the General Conditions of Contract (ZGCC4) section 62(3)(5) read with the contract agreements, which state that payments of certificates to contractors should be made within 30 days or an agreed time.

Risk/Implication

Late payments to contractors will increase the contract price, resulting in wastage of financial resources.

Recommendation

The Ministry should ensure that contractors are paid within the stipulated time to avoid loss of resources through penalties.

Management Response

The observation is noted. The execution and management of contracts under the Ministry is based on a multi-stakeholder approach. As such, certain actions and obligations under those contracts are not limited to the Ministry of Transport and Infrastructural Development.

The Ministry of Finance and Economic Development effects payments subject to availability of funds and in some instances, funds are not readily available, thereby resulting in delays in actual payments to contactors. The Ministry has no control over

the actual payments to contractors beyond its submission of recommendation to pay and supporting documents.

1.3 Service Level Agreement

Finding

There was no evidence of a service level agreement between the Ministry and Ten (Pvt) Ltd for the design, development, supply, implementation, integration and maintenance of the Zimbabwe Integrated Transport Management System (ZIMTIS). The contract was entered into and signed by both parties on August 27, 2018. This was contrary to internationally accepted best practice, which requires a Service Level Agreement between a service provider and a client whenever services are outsourced to third parties.

Risk/Implication

Monitoring of the performance of the contract may be complex.

Recommendation

The Ministry should ensure that the Service Level Agreement is in place to enhance effective monitoring of the agreement.

Management Response

Service level agreement is composed of scope, objectives, responsibilities of the client and service provider, performance matrix, penalties, breaches and exclusions. In the absence of Service Level Agreement, the contract is covering the observed gaps. However, the Ministry is working on the SLA in consultation with Ten (Pvt) Ltd technologies, the service provider of ZIMTIS as a way to mitigate risks associated with lack of SLA.

1.4 Supporting Documents

Findings

I was not availed with supporting documents such as certified works report by an independent engineer towards payments made for Mbudzi Interchange Construction project amounting to ZWL$2 703 486 661, save for invoices from the contractor.

Evidence on how interest was calculated was also not availed for audit, hence I was not able to recalculate the interest charged on the invoices. This was contrary to Section 53(1) of the Public Finance Management (Treasury Instructions), 2019.

Risks/Implications

Incorrect interest rates may be charged and payments made for works not certified.

Recommendation

Management should ensure that adequate supporting documentation is availed for inspection.

Management Response

Loan agreement is between Treasury and Fossil hence the calculations can be accessed from Treasury Debt Management Department.

Evaluation of Management Response

The issue on certified works report was not responded to.

1.5 Construction and Maintenance Projects

Findings

Mashonaland East Province

The Mashonaland East province undertook a total of eighty-one (81) projects consisting of both construction and maintenance projects during the 2022 financial year. Of the 81 projects, 16 were taken over from local authorities. Audit observed that of the sixteen (16) projects, ten (10) projects failed to take off due to financial and human resource constraints.

There were also delays in completion of construction works by contractors engaged by the Midlands Provincial Roads Engineer's office. For instance, at the time of my audit in November 2022, out of thirty (30) engaged contractors only 8 contractors (27%) managed to complete their works, eighteen (18) contractors (60%) were behind schedule and only 2 contractors (7%) were on schedule. Some of the contracts were later on cancelled due to non-performance. For example, two contracts were cancelled when they were both at 20% and 5% completion stage. This might be caused by inadequate and thorough due diligence on the capacity of the contractors before awarding contracts.

Matabeleland South Province

Furthermore, during the year 2022 the Matabeleland South province undertook to oversee a total of twenty (20) projects comprising of seven (7) maintenance and thirteen (13) construction projects some of which were a continuation from 2021. Of the twenty-one (21) projects, seven (7) projects were taken over from Beitbridge and Gwanda Municipalities and all the projects had not been completed as at November 3, 2022. Nine (9) contracts had elapsed. The Ministry had initiated the termination process for the contracts that were not performing.

According to the report availed to audit, Linash Enterprises, one of the contractors engaged in Matabeleland South was handed over two sites before signing the contract documents. The company was also paid USD$193 781 equivalent at interbank rate on September 2, 2022 for maintenance works on the Sun Yet Sen- Manama road before signing the contract. This was despite the adverse report of poor performance and bad workmanship by the Provincial Roads Engineer (PRE) which communicated the Ministry's intention to terminate the contract, thereby exposing the Ministry to the risk that they may fail to successfully sue the company for non-performance in the absence of a signed contract.

Mashonaland Central

In addition, Mashonaland Central province undertook to oversee a total of seven (7) road construction projects and three (3) road maintenance projects. According to the PRE progress reports submitted for audit review, I noted that all the seven road construction projects had not commenced and reasons cited on the progress report were that all contractors were awaiting advance payments. However, the contracts availed for audit showed that the Ministry was not obliged to make advance payments to the contractors but that they may agree to pay, hence the non- payments were not supposed to be sighted as the reason for delaying commencement of works. I also noted that the contractors were not being invoiced for liquidated damages which arise soon after the contractor fails to deliver within the contract period.

Risks/Implications

Non completion of projects may result in cost overruns.

Service delivery may be compromised if the Ministry continues to engage non performing companies without carrying out due diligence.

The payment of USD$193 781 to Linash Enterprises may not be recovered since there is no contract in place.

Recommendations

The Provincial office should mobilize adequate financial resources before taking over projects from local authorities so as to ensure effective service delivery to the local communities through improved road infrastructure.

The Ministry should consider selecting fewer projects which can be completed within the stipulated timelines in order to save resources.

Due diligence should be exercised before contractors are engaged in order to ensure that only competent companies are selected.

An investigation should be carried out to establish the circumstances under which Linash Enterprises was paid USD$193 781 after the company had failed to meet its contractual obligations.

Management Response

Mashonaland East Province

The observation is noted. The reason for the failure of other projects to take off was because of funding challenges. The province was later informed to stop the tendering process of the projects because of funding constrains. There were a lot of outstanding claims for ERRP2 programme across the country and they needed to scale down the operations in order to first clear the outstanding obligations. However, of the projects that failed to take off, some have since been transferred to the new Harare Province. Among them is Ruwa San Souci, Chitungwiza, Delport roads, Chiremba road and various roads in Marondera. Delport road has since commenced under Harare Province whilst Chitungwiza is at an advanced stage of tendering. On the other projects, no funding has been availed for 2023 to implement the projects.

Midlands Province

The Province is charging delay penalties on all the projects that are behind schedule. Head Office now compiles a list of non-performing contractors which is used during tendering for all new projects.

Matabeleland South Province

At the inception of the programme, the Ministry was operating in an emergency mode and also in the spirit of living no place and no one behind as well as taking into account the volatility of the currency. The province needed to expedite the repairs of all the roads in every district before the budget was depreciated by inflation and thus, we had to tender many projects through engagement of various contractors. Some contractors failed to perform others underperformed while others excelled.

Due diligence is now being exercised when selecting contractors for ERRP2 projects. Non-performing contractors have however not been selected lately as the department now uses a list of non-performing companies throughout all the provinces to eliminate them.

Payment to Linash Enterprises was initiated as per clause (65)(2) of ZGCC4 conditions of contract. The contractor went to site and did works which were inspected, upon inspection, it was noted that some sections were satisfactory and others were not. The contractor was informed about sections which needed to be redone as they were not acceptable for payment. The contractor however took long to rectify the works. After the works were rectified, the contractor requested for re-inspection of the works they had done and the works were approved. When the payment was being processed, the contract was terminated, due to poor workmanship on some sections of the road as well as delays in completing the entire scope of works.

Mashonaland Central Province

For the year 2022 all the provincial ERRP2 projects managed to commence, there was a total of eight (8) projects.

1. Bindura – Matepatepa

The contractor in charge of construction of this road is Zambezi Bulk. The project commenced and is currently on temporary suspension as their Interim Payments Certificates (IPC) has not been fully paid.

2. Harare – Bindura

Bitumen World is the contractor awarded this road section and also due to pending payments of their IPCs they have suspended works temporarily.

3. Harare – Kanyemba

The project is ongoing and was awarded to Exodus and Company. This project has however been absorbed into the National project (Harare – Kanyemba).

4. Ruya – Mukumbura

The project is ongoing and was initially awarded to Drawlink and the contractor withdrew and was then awarded to JTL who are currently on the ground doing the works.

5. Old Mazowe Road Lot 2

This was awarded to Leengate who managed to commence works but however due to pending payments from the Ministry on other Ministry projects in various provinces have put the project on temporary suspension citing financial liquidity challenges.

Old Mazowe Lot 1

The project was awarded to Tarcon who commenced the project but however failed to do significant work citing liquidity challenges. Contractor applied for advance payment which was not granted. Contractor is currently under liquidated damages and the province has mooted for mutual termination.

6. Karoi – Maclear

The project was awarded to Usate Trading who commenced project but however failed to do any significant progress citing liquidity challenges. The contractor is currently under liquidated damages. The province intends to mutually terminate the contract.

7. St. Alberts – Dotito

The project was awarded to Usate Trading who commenced project but however failed to do any significant progress citing liquidity challenges. The contractor is currently under liquidated damages. The province intends to mutually terminate the contract.

Measures have been put into place for contractors to first confirm commitment to start works without any advance payments before tender award so as to avoid the challenges that were faced previously.

As for liquidated damages, these are captured in the IPCs and all deductions done accordingly before any finalisation of the IPC.

2 MANAGEMENT OF ASSETS

2.1 Transfer of Fund Assets

Findings

Contrary to Section 100(2) of the Public Finance Management (Treasury Instructions), 2019 which states that subsequent adjustments to the assets like transfers, disposal, revaluations and depreciation shall be reflected on the Master Assets Register, the Ministry did not transfer assets from the following Funds which were liquidated:

i. New Limpopo Bridge Fund
ii. Traffic and Legislation Fund and
iii. New Number Plates Revolving Fund.

There was no explanations for not transferring the assets.

Risk/Implication

Pilferage of assets may occur.

Recommendation

The Ministry should adhere to the directive issued by Treasury to transfer all assets pertaining to the liquidated Funds to the Appropriation Account.

Management Response

The observation is noted.

2.2 Issuance of Construction Materials to Contractors

Findings

Mashonaland East

Mashonaland East provincial office issued 1920 drums of emulsions which consisted of 70/100 Bitumen and MC 30 on December 3, 2021 to Purspy (Pvt) Ltd, a private contractor who had been contracted by the Ministry to carry out road maintenance works along Seke road. The Ministry was supposed to recover the cost of the materials from the contractor by way of deductions from the Interim Payment Certificates. The contract did not provide for advancement of road maintenance materials to the contractor. I was not shown authorization for the issuance of maintenance materials to the contractor, save for a concurrence letter signed from the Director of Roads' office. By October 3, 2022, I had not been provided with evidence of how costs of these materials were recovered. The contract for Seke road had been put on hold as the scope of work was being re-negotiated.

Mashonaland Central

Mashonaland Central provincial office advanced road maintenance/ construction materials to private contractors. There was no evidence on file to show that these materials were returned to the department. There was no Head Office authority to advance the maintenance materials to the contractor. This was contrary to the provisions of the contract which did not provide for advancement of materials to contractors. There could be override of controls.

Risk/Implication

The cost of the construction materials advanced to the contractor may not be recovered resulting in financial prejudice to the Government.

Recommendation

The Provincial Road Engineer should ensure that the costs of the materials advanced to the contractor are expeditiously recovered from the contractor to avoid financial prejudice to Government.

Management Response

The approval of the advancing materials to the contractor was granted by the then Acting Director construction and maintenance. This, although it was not in the contract becomes addendum to the contract as the Director operations was the authority. The Ministry have recovered part of the materials advanced through Interim Payment Certificate (IPC) number 2 which was the last IPC submitted by the contractor. The rest of the materials will be recovered from successive IPC's when the works resume. Also there is a retention deducted on IPC's that was paid. IPC format allows for advancement of materials and it is also a part of the contract.

Mashonaland Central

Materials advanced to Bindura – Matepatepa project under Zambezi Bulk were previously procured for the same project when it was done in-house. Considering security of materials, we saw it best to advance contractor who would then have to replace these and deliver to a secure Unit once their IPC has been paid. If the contractor fails to reimburse, deductions will be made on their next IPC. Materials advanced to Harare – Bindura under Bitumen World were previously acquired for that project. Putting into consideration expiration of materials we saw it fit to advance materials to the contractor rather than face loss if expired. However, the contractor did not collect and use the materials.

2.3 Serviceable Equipment

Finding

I noted that there were serviceable vehicles and construction equipment which were lying idle at the Midlands Provincial Roads Engineer's yard and various Maintenance Units. I was not provided with documentary evidence to suggest that efforts were made to resuscitate the serviceable equipment and vehicles. At the time of the audit in November 2022, the Provincial Office was relying on hired trucks and road maintenance equipment from CMED to carry out maintenance works on various roads. Expenditure on hire of equipment from CMED alone had reached ZWL$1 444 507 620 (From January 2022 to November 2022) despite serviceable trucks and other road maintenance equipment lying idle at different Provincial Roads Engineer's premises. This might have been caused by lack of prioritizing the repair of the equipment. Treasury Instruction 101 (1) states that Accounting Officers shall ensure that there is no waste, reckless spending or abuse in the use of Government property under the custody or control of their agencies or departments.

Risk/Implication

The Provincial Roads Department may fail to deliver its mandate of road maintenance and rehabilitation in the Province.

Recommendation

The Provincial Roads Engineer should consider repairing the idle vehicles and equipment to reduce costs of hiring the equipment.

Management Response

The trucks and equipment are now very old, with some as old as 25 years. Those trucks are no longer safe to continue operating them. CMED is yet to do the repairs. However, some of the equipment like SANY grader are in good working condition but have been parked due to unavailability of fuel.

Evaluation of Management Response

The Ministry should expedite the disposal of unserviceable assets.

2.4 Impounded Vehicles

Findings

There were impounded vehicles at VID depots that were issued with Notice prohibiting use of vehicle (RT 16 Forms) that had been in the impound cage for a period ranging from a year to twelve years. The vehicles had accumulated high storage costs that were more than the disposal value. This was so despite provisions of Section 10 of the Road and Road Traffic (Rules of the Road) Regulations, 1974 which empowers the Ministry to sale vehicles that are unclaimed for six months and more from the date of abandonment. Inquiries made with management revealed that auctioning of some vehicles was stopped by high court orders forbidding vehicles to be auctioned.

Furthermore, I also observed that thirty-two (32) vehicles issued with RT16 forms by VID were not reflected in the CVR database as having been issued with RT 16 forms. Seven (7) of the thirty- two vehicle owners managed to apply and obtain duplicate registration books from CVR after having misrepresented that they lost the original registration books. This was caused by non-integration of VID, CVR and ZINARA systems.

Risks/Implications

Vehicles may continue to depreciate resulting in very low auction price hence failure to recoup storage charges.

The use of vehicles which are not roadworthy may contribute to road accidents.

Recommendations

Management should come up with a policy and procedures for disposal of the impounded vehicles once they have exceeded the storage period.
The system of managing RT16 should be automated to facilitate coordination between VID and CVR for effective control.

Management Responses

It is correct that some vehicles are long overdue for auction. The reason being that we stand guided by the Head Office officials especially on vehicles belonging to state affiliated Parastatals (ZUPCO, ZESA) and contested vehicles in courts.

The absence of RT16 record on CVR data base is also a cause for concern as it makes it hard for us to know whether a vehicle is being used under RT16 or not. Potential revenue is lost through unpaid RT16 fees (from road patrols) and using vehicles under RT16 fees. Furthermore, this reduces the level of compliance as this presents the vehicle owner with an opportunity to secure a duplicate registration book without complying. The Ministry has since adopted a new system under ZIMTIS which will integrate, CVR, VID and RMT to ensure that such observations do not recur in future and the system is still on its implementation stages.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Revenue Reconciliations

Findings

The Ministry's receipting cashbook in the PFMS had un-cleared transactions amounting to ZWL$7 605 968 067 as at December 31, 2022. No reconciliations were availed for audit verification. This was in violation of the provisions of Section 46(4)(e), (6) and (7) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to ensure that reconciliations are done on a daily basis.

The PFMS exchequer transfer account (6219400000) had ZWL$4 962 564 097 whilst the receipts and disbursements return reflected transfers to exchequer amounting to ZWL$12 894 841 951. The two figures were not reconciled.

Risk/Implication

Errors and omissions may take time to be realised.

Recommendation

Management should ensure that reconciliations are done and items cleared from the system timeously.

Management Response

The observation is noted. Currently, the Ministry is in the process of clearing open items for the year 2022.

3.2 Point of Sale Receipting

Finding

There were variances between the total daily mastered receipts and amounts banked at Bulawayo VID Depot. From a sample of receipts reviewed, there were indications of under/ or overbanking.

I also noted that the daily summary tally receipts from the swipe machines were not filed hence I was not able to carry out further reconciliations to check if all funds were mastered and banked into the Ministry's bank account. There was no evidence that daily reconciliations were made, contrary to the requirements of Section 46 (5) (e) of the Public Finance Management (Treasury Instructions),2019 which compels responsible officers to carry out daily reconciliations of all funds received through mobile funds transfer or point of sale machines.

Risk/Implication

Fraudulent transactions may go undetected if reconciliations are not done.

Recommendation

VID should carry out daily bank reconciliations of all revenue received for accountability purposes.

Management Response

The observation has been noted. The depot can also acknowledge that all things being equal we must not have POS Machine transactions resulting into either overbanking and under-banking since we only issue a receipt against a merchant copy from the swipe machine with same amount per transaction swiped. There are instances where no merchant copy is released by the swipe machine but the client may receive a message on a mobile phone confirming a successful transaction. In such situations we only hope that the bank will auto reverse the transaction or the client will initiate the reversal process through draw back from revenue.

There are instances whereby ZINARA POS Machines are erroneously used to swipe Ministry`s transactions and vice-versa. This mistake can also cause a mismatch between mastered receipts and the amount banked. When this happens, a draw-back from revenue is initiated. By extension we also have a technical issue with the banking system wherein swiped transactions cannot be updated into our Treset Account real-time.

Evaluation of Management Response

An investigation should be carried out to establish whether these swipe machines are linked to the Ministry's official bank accounts to ensure that there are no revenue leakages.

3.3 Point of Sale Machines

Finding

Contrary to the provisions of Section 46 (4) (f) of the Public Finance Management (Treasury Instructions), 2019 which compels all revenue collectors to treat point of sale machines as security items and accounted for as such, I noted that the Ministry did not have a comprehensive list of all swipe machines used at revenue collection points.

Risk/Implication

Private swipe machines may be introduced in the system thereby resulting in revenue leakages at collection points.

Recommendation

An inventory check should be made with all depots to enable all revenues to be accounted for.

Management Response

The observation is noted. An inventory of all stations' POS machines was compiled. The POS machines were linked to the Ministry's account.

3.4 Remittance of Revenue Collected

Finding

The Mashonaland East Provincial Office collects revenue from Billboards fees, house rentals, laboratory tests fees and other extraneous works which they are supposed to deposit into the Exchequer Account. The Provincial Roads Engineer (PRE) Mashonaland East Province did not remit to the Exchequer all the revenue collected during 2021 and 2022 amounting to ZWL$10 418 387 and ZWL$35 725 298 respectively and instead the Provincial office went on to spent all the revenue received.

Risks/Implications

Revenue collected may be misappropriated.

Revenue received figure was understated.

Recommendation

All revenue collected should be deposited into the Ministry’s sub Exchequer account in compliance with the Treasury directive.

Management Response

The observation is noted. All revenue deposited into the PRE’s FBC account is now being transferred to the Ministry’s Sub Exchequer account at the end of every month. The Province has since directed that all debtors pay directly into the Ministry’s Sub Exchequer account in compliance with Treasury directive.

3.5 Revenue from Billboards

Findings

I observed that Midlands Provincial Roads Engineer did not issue invoices to companies that displayed their billboards without payment of the required fees. This was due to lack of monitoring, inadequate staff and motor vehicles to carry out awareness and monitoring duties. This resulted in the Province being prejudiced revenue amounting to approximately USD$561 428 through illegal advertisements by clients during the year 2021 and 2022.The financial statements availed for audit indicated that the province did not manage to collect billboards fees in the 2022 financial year. Section 42(4) of the Public Finance Management (Treasury Instructions), 2019 specifies that, it is the duty of Receivers of Revenue to supervise and as far as possible enforce the punctual collection and disposal of revenue and other public moneys in accordance with the laws, regulations and to take such action as may be necessary to ensure that revenue collections are safeguarded.

PRE Mashonaland Central Province received revenue from Billboards fees totaling ZWL$2 768 857 from the period January 1, 2022 to 31 August 2022 but did not remit to the Ministry’s sub-exchequer account such fees as at the date of audit on October 14, 2022. This was contrary to the provisions of Treasury Circular 9 of 2020, which states that all revenues collected should be deposited into the Ministry's Sub-Exchequer Account.

Risks/Implications

Failure to collect potential revenue might adversely affect service delivery within the Ministry’s departments due to strained financial resources.

There could be misappropriation of funds.

Recommendation

The Ministry should put in place effective revenue collection systems in compliance with the requirements of the Public Finance Management (Treasury Instructions), 2019.

The Provincial Office should have contracts with Advertising clients for effective and efficient management of revenue from Billboards.

Management Response

Midlands Province

The Province will engage all owners of illegal billboards to regularise their billboards, failure of which the Province will pull them down.

Mashonaland Central

The funds collected during the period 1 January to August 2022 were kept in the Provincial Road Engineer's FBC account and was subsequently remitted to the Ministry's Sub Exchequer account on 2 February 2023.

4 COMPENSATION OF EMPLOYEES

4.1 Payment of Wages

Finding

I noted that there were delays in payment of wages to contract workers by the Ministry. The delay period ranged from between 19 to 101 days for contract workers. Section 58 (2) of the Public Finance Management (Treasury), 2019 states that wages and salaries become due and payable on the last business day of each month,

Risks/Implications

Litigation charges may be raised against the Ministry by workers.

Delayed payment of wages may result in employees not reporting for duty thereby affecting productivity.

Recommendation

The Ministry should pay the contract employees' wages when they become due.

Management Response

The observation is noted.

4.2 Payment of Cushioning Allowances

Finding

The Ministry was not paying a Cushioning Allowance of US$100 to all its contract workers. This was in violation of the Public Service Commission circular number B/C/33/2022 dated March 9, 2022 which stated that the Public Service Commission had approved with Treasury concurrence the payment of a Cushioning Allowance of US$100 to casual workers' effective March 01, 2022.

Risk/Implication

Litigation charges may be raised against the Ministry by workers.

Recommendation

The Ministry should comply with the requirements of the Public Service Commission Circular by paying the cushioning allowances.

Management Response

The observation is noted. The Province will seek advice from management at Head Office on how to reduce the time-frame and the issue of late releases of funds from Treasury.

Evaluation of Management Response

This issue of cushioning allowance was not responded to.

4.3 Travelling and Subsistence Advances

Finding

Section 65 (14) of the Public Finance Management (Treasury Instructions), 2019 states that, where a member is issued an advance and he/she fails to travel, the advance shall be repaid to the Consolidated Revenue Fund in full. The bank charges relating to the repayment shall be met by Government if the member was not responsible for the cancellation of the trip. Contrary to this provision, the Ministry advanced a total amount of $10 788 853 as travelling and subsistence allowances to members of staff during the year. However, the trips were not undertaken and the funds had not been repaid to the Consolidated Revenue Fund by the time of concluding the audit.

Risk/Implication

Misappropriation of public funds may occur.

Recommendation

The Ministry should ensure that all Outstanding Advances for trips which were not undertaken are repaid to the Consolidated Revenue Fund in full.

Management Response

The observation is noted. The Accounts personnel failed to undertake the annual provincial trips due to an exercise of reconciling financial statements from 2019 to 2021. Application to the Accounting Officer to embark on outstanding trips has been made.

5. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make much progress in addressing prior year audit findings. Out of a total of seven (7) issues raised all were still to be addressed as indicated below:

5.1 Direct Payments

The variances on the direct payments was not resolved.

5.2 Variance on Expenditure Figures

The variance between the Appropriation account expenditure and the Public Financial Management System figures was not reconciled.

5.3 Interest paid to Contractors

The Ministry continued to be charged interest by the contractors for late payment of certificates.

5.4 Revenue Reconciliations

There were uncleared transactions again in the 2022 financial year.

5.5 Reconciliation of Bank Deposits

There was no evidence submitted that bank reconciliations for deposits made at Chinhoyi amounting to ZWL$2 583 160 were done.

5.6 Roads Construction and Maintenance

No update was given on the sixty-one (61) projects that were still work in progress in 2021.

5.7 Updating of registers

The assets register is still to be updated.

DEPARTMENT OF ROADS FUND 2019 AND 2020

Objective of the Fund

The Fund was established for the purpose of providing financing of road development, rehabilitation and maintenance works.

Qualified Opinion

I have audited the financial statements of the Department of Roads Fund for the years 2019 and 2020. These financial statements comprise the statement of financial position as at December 31, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

Below is a summary of the Statement of Comprehensive Income and Statement of Financial Position for the year 2020:

Statement of Comprehensive Income

Item	Amount ZWL$
Income	477 377 479
Expenditure	195 041 053
Surplus	**$282 336 426**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Accumulated Fund	-	326 118 744
Non-Current	3 668 541	-
Current	322 450 203	-
Total	**$326 118 744**	**$326 118 744**

Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Department of Roads Fund as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Expenditure

Finding

Total expenditure for the year as disclosed in the financial statements amounted to ZWL$195 157 075 (2019: ZWL$99 273 935), while Public Financial Management System ledgers reflected a total of ZWL$171 999 350 (2019: ZWL$81 831 518) resulting in a variance of ZWL$23 157 725 (2019: ZWL$17 465 477). The variances consisted of expenditure that was processed outside the Public Financial Management System.

Risk/Implication

There could be misstatements in the financial statements figures.

Recommendation

Management should investigate and reconcile the variances.

Management Response

Management did not respond.

However, below is another issue noted during the audit:

1. GOVERNANCE ISSUE

1.1 Submission of Financial Statements

Finding

The financial statements for the 2020 financial year were submitted for audit on October 25, 2022 after one year and eight months and those for 2019 were submitted on July 2, 2022, which was more than two years after the prescribed deadline of February 28 of each year. The Ministry indicated that changes made on the financial operations of the Fund delayed the submission of the financial statements.

Risk/Implication

The financial statements may not assist in decision making because of the lapse of time.

Recommendation

The Ministry should have sought guidance from Ministry of Finance and Economic Development in order to prepare the financial statements on time.

Management Response

Management did not respond.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make much progress in addressing audit findings made in my previous report. Out of the eight (8) findings only three (3) were addressed and five (5) had not been addressed as indicated below:

2.1 Variances between the General Ledger Balances and the Financial Statements Figures

The audit finding was not addressed as there were still variances between the same.

2.2 Accounts Payable

The audit finding was not addressed as ledgers for creditors were still not being maintained.

2.3 Supporting Documents

The audit finding was not addressed as supporting documents like goods received notes were still not being attached on payment vouchers.

2.4 Valuation of Property, Plant and Equipment

The audit finding was addressed as the camping equipment was now included under assets.

2.5 Numbering of Payment Vouchers

The payment vouchers are now being numbered.

2.6 Prior Year Expenditure

Prior year expenditure was adjusted in the financial statements.

2.7 Submission of Financial Statements

The audit finding was not addressed as the Department took more than two (2) years to submit the current financial statements for audit paragraph 1.1 above refers.

2.8 Provision of Documents for Audit

The audit finding was not addressed as there were missing payment vouchers in the current audit period.

NEW LIMPOPO BRIDGE FUND 2019 AND 2020

Objective of the Fund

The fund was established for the purpose of maintenance and rehabilitation of old and new Limpopo Bridges and the roads linking to the bridges on the Zimbabwean side.

Adverse Opinion

I have audited the financial statements of the New Limpopo Bridge Fund for the years 2019 and 2020. These financial statements comprise the statement of financial position as at December 31, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year 2020:

Statement of Comprehensive Income

Item	Amount ZWL$
Income	-
Expenditure	10 588 090
Deficit	**($10 588 090)**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current Accumulated Fund	6 327 320 -	- 8 417 852
Current	2 090 532	-
Total	**$8 417 852**	**$8 417 852**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of New Limpopo Bridge Fund as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Adverse Opinion

(i) Income and Expenditure

Finding

The expenditure disclosed in the financial statements was $10 588 090 (2019: $21 329 230) whilst Public Financial Management System reflected total expenditure of $14 088 798 (2019: $12 171 832). This resulted in an unexplained variance of $3 500 7078 (2019: $9 157 432). Therefore, I could not rely on the figures disclosed in the financial statements. This could have resulted from expenditure processed outside the system.

There was also no explanation provided to support an amount of $23 455 293 for 2019 included as opening balance on the income of the Fund. I therefore could not validate the correctness of the financial statements.

Risk/Implication

The financial statements could be misstated.

Recommendation

Reconciliation should be done between the Public Financial Management System figures and the figures disclosed in the financial statements so that the variance is traced and accounted for and also to enable the detection of errors and omissions.

Management Response

The observation is noted. This emanated from the fact that PFMS does not capture revaluation reserves, creditors, bank charges and depreciation whilst the accruals concept considers both. The Ministry used the bank statement to prepare the financial statements.

Evaluation of Management Response

If the PFMS does not capture the revaluation reserves, creditors, bank charges and depreciation, then the total expenditure should have been lower.

The response to the opening balance on the income of the Fund amounting to $23 455 293 for 2019 was not provided.

(ii) Suspense Account

Finding

The financial statements reflected a suspense account balance of $175 590 (2019: $231 794). No satisfactory explanation nor break down of the figures was provided for audit. There was no effort made to clear the balance. Section 35(6)(a) of the Public Finance Management Act [*Chapter 22:19*] states that every Accounting Officer of a Ministry shall keep or cause to be kept proper records of account.

Risk/Implication

The financial statements may be materially misstated.

Recommendations

The suspense figure should be investigated and reconciled.
The provision of section 35(6)(a) of the Public Finance Management Act [*Chapter 22:19*], should be complied with.

Management Response

The observation is noted. The use of different accounting systems and policies might have contributed to the rise of an imbalance between total assets and total liabilities, coupled with exchange rates differences that were experienced during the year under review.

(iii) Balances for Cash and Cash Equivalents and Creditors

Findings

The total cash and cash equivalents figure of ZWL$24 076 758 as at December 31, 2018 was not carried forward as opening balance as at January 1, 2019 on the Statement of Cash Flows. The movement of creditors from ZWL$23 017 780 to ZWL$4 160 252 in 2019 was not considered in the preparation of the Statement of Cash Flows.

Furthermore, the Bilateral Agreement between the Governments of Zimbabwe and South Africa states that starting on September 1, 2015, there will be equal sharing of revenue between the parties, after deducting 15% operational costs. However, contrary to the stated arrangement the management did not disclose US$298 310 and ZAR 55 286 722 for 2020 (2019: US$ 653 254 and ZAR 38 539 192) due to South Africa in their financial statements. If the amounts had been included the balance for creditors would be materially affected. Therefore, I could not establish the correctness of the cash and cash equivalents and creditors figures.

Risks/Implications

The cash flow figures are materially misstated.

Failure to disclose revenue due to the South African Government may result in understatement of liabilities and misstatement of financial statements.

Recommendations

Management should amend the statement of cash flows so that it reflects the correct state of affairs.

Management amount owed to the South African Government should be disclosed in the financial statements.

Management Response

The cash and cash equivalents of ZWL$24 076 758 as at December 2018 was not carried forward due to the following factors:

During the year 2019 there was a change of policy where RTGs accounts which used to operate as USD accounts were separated which resulted in reducing the figure of cash and cash equivalence by ZWL$621 465. These figures were already included in the closing balance of cash and cash equivalence of 2018.The exclusion the of same was done to avoid double counting.

The creditors of ZWL$23 017 779 were not taken to the Statement of Cash Flows for the year ended 2019 since they were reported in the previous financial reports as accrual expenditure.

Evaluation of Management Response

The financial statements are still materially misstated.

1 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in my previous audit report. Out of the two (2) findings, none had been addressed as indicated below:

1.1 Revenue Due to South Africa

Revenue due amounting to ZWL$21 680 577 was not remitted to South Africa.

1.2 Master Asset Register

The Master Assets Register had not been updated.

VOTE 12.- FOREIGN AFFAIRS AND INTERNATIONAL TRADE

APPROPRIATION ACCOUNT 2022

Mandate

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

Qualified Opinion

I have audited the financial statements of the Ministry of Foreign Affairs and International Trade for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve Transfers ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$18 725 301 000	-	$18 725 301 000	$17 649 231 546	$1 076 069 454

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the state of affairs of the Ministry of Foreign Affairs and International Trade as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Diplomatic Missions Expenditure

Findings

The expenditure for diplomatic missions was uploaded in the Public Financial Management System (PFMS) under the cost centre of International Cooperation and Diaspora Engagement instead of classifying and disclosing the expenditure under the respective individual diplomatic missions' cost centres. This made it difficult for me to substantiate the expenditure incurred by individual diplomatic missions during the year under review. For instance, Office accommodation for all the missions was bunched together without disclosing how much each mission incurred. As a result, the reported expenditure of ZWL$15 497 283 979 could not be traced to the payment vouchers.

Furthermore, audit of a sample of three missions revealed that expenditure amounting to ZWL$798 896 853 was not uploaded into the Public Financial Management System (PFMS). This was contrary to section 147(1) of the Public Finance Management (Treasury Instructions), 2019, which requires all funds from whatever source to be accounted for through the PFMS. Therefore, the expenditure disclosed in the Appropriation Account was materially misstated.

Risk/Implication

The Diplomatic Missions expenditure might be materially misstated.

Recommendation

Management should ensure that Diplomatic Missions expenditure is uploaded and disclosed according to each Mission so that it can be validated.

Management Responses

The observation is noted. The Ministry has been uploading the Diplomatic Missions expenditure under Programme 2 sub programme 1 (Bilateral and multilateral) and missions were being separated through float codes and Mission vendor numbers. In future, the Ministry will upload the Missions budget in separate sub programmes to enable disclosure of expenditure according to each mission.

Auditor's Evaluation of Management Response

The float codes only show the disbursements made to missions of which the actual expenditure should then be reported through the budget usage report.

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

1. GOVERNANCE ISSUES

1.1 Goods Receipt/Invoice Receipt (GR/IR) Clearing Account

Findings

The GR/IR suspense account is used to ensure that the goods received correspond to the amounts invoiced by vendors for those goods. When the GR/IR account is cleared, all invoices and goods receipts that match within the configured tolerable limits are cleared. If the account remains uncleared, there will be a discrepancy between the goods received and the amounts invoiced.

I noted entries in the GR/IR suspense account amounting to ZWL$118 834 176 during my audit on May 10, 2023. This was caused by unreconciled entries, that is, goods receipts with no matching supplier invoices and supplier invoices with no matching goods receipts.

Risks/Implication

Uncleared items in the GR/IR account may facilitate unauthorised transactions.

Financial statements may be misstated if GR/IR mismatches are not investigated and resolved.

Recommendation

Management should investigate the uncleared items in the GR/IR account and clear the suspense account.

Management Response

The observation is noted. The Ministry of Finance and Economic Development was engaged on the issue and the Ministry is now in the process of clearing the open items with guidance from the Projects Office.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Non-submission of receipts to the Exchequer Account

Finding

I noted that the Ministry was depositing travelling and subsistence recoveries into a CBZ Nostro Account. As at December 31, 2022, the balance of the account stood at USD14 182. There was no sweeping arrangement made by the Ministry for the funds to be paid back into the Consolidated Revenue Fund as required by Section 65(15) of the Public Finance Management (Treasury Instructions), 2019 which states that where a travelling advance has not been fully expended, it shall be repaid to the Consolidated Revenue Fund within thirty (30) working days of the completion of travel.

Risks/Implications

Funds could be converted to other expenditures not budgeted for.

Additionally, bank charges will erode the funds since they are just left in the account.

Recommendation

All unexpended funds should be paid back to the Consolidated Revenue Fund to enable Treasury redistribution of cash resources.

Management Response

The observation is noted. As per your recommendation, in future, if the money is not swept on time, the Ministry will notify Treasury.

2.2 Revenue Generated - Diplomatic Missions

Finding

There was no evidence that Ministry submitted to the Ministry of Finance detailed monthly returns of revenue collected at its Diplomatic Missions amounting to ZWL$3 277 981 331 which was received on behalf of other Ministries or Departments. Statutory Instrument 76(4)(1) of 2013 states that Diplomatic missions may, after consultations between the Ministry and the Accountant General, retain or remit to Head Office such monies at the end of each calendar month. It also requires that on the last day of every month the Ministry should tabulate amounts received on behalf of each Ministry or Government Department. All such documentation shall be forwarded to Head Office for onward transmission to the Ministry of Finance.

Risk/Implication

Failure to submit revenue returns may result in lack of accountability and misappropriation of revenue.

Recommendation

The Ministry should adhere to the provisions of Statutory Instrument 76(4)(1) of 2013 to ensure that revenue is properly accounted for.

Management Response

The observation is noted. However, due to the nature of operations of the Ministry's Missions, monthly submissions are not possible hence the Ministry of Finance and Economic Development will be engaged to seek authority to submit the revenue returns quarterly.

2.3 Uploading of supporting returns into the PFMS

Finding

The Ministry did not upload transactions on outstanding public service surcharges amounting to ZWL$188 681 contrary to section 147(1) of the Public Finance Management (Treasury Instructions), 2019 which requires all funds from whatever source to be accounted for through the Public Finance Management System (PFMS).

Risk/Implication

Transparency and accountability may be compromised if revenue transactions are not uploaded in the PFMS.

Recommendation

The Ministry should ensure that all revenue due to the Government is uploaded into the PFMS to enhance accountability.

Management Response

The observation is noted. However, debtor creation in PFMS is quite involving but will be implemented as soon as the Ministry has been capacitated through the filling of the already advertised vacancies.

2.4 Outstanding Salary Advances

Finding

The Ministry did not collect ZWL$1 839 374 disclosed as outstanding advance salaries to officials who would have been posted to Diplomatic Missions. This amount is 96% of the total advances which stood at ZWL$1 919 210 as at the financial year end under review. Included in the outstanding amount are advances amounting to ZWL$68 882 which had been outstanding for six to twenty years ranging from 2002 to 2016. Some of the officials who were given the money had since retired and others deceased. This was contrary to Section 64 (5) of Public Finance Management (Treasury Instructions), 2019 which requires accounting officers to be responsible for the recovery of all advances made by them and for ensuring that the terms and conditions of the advance are complied with.

Risk/Implication

The Ministry may fail to recover all the advanced money should unforeseen events such as loss of information or death occur.

Recommendation

The Ministry should coordinate the collection of the advances from the responsible officials to avoid taking long periods before they are cleared.

Management Response

The progress of recovering the salary advances from those still at Missions had been slowed down due to the fact that the Ministry had not been able to clear long outstanding salary arrears owed to officials at Missions from September 2021 to April 2022 and salaries for March and April 2023. The Ministry had made an appeal to Treasury for funding to enable it to clear outstanding salary arrears which will in turn enable officials to clear the salary advances owed. However, efforts to recover the salary advances are now being made from officials on recall before leaving their stations. The exception is only for those relating to as far back as 2015 and before.

As regards the deceased, the Ministry could not manage to recover the advance salaries from their estates, hence, will seek Treasury authority to write off the outstanding advances.

2.5 Outstanding Foreign and Domestic Travel Allowances

Finding

The Ministry did not provide evidence that travelling and subsistence allowances amounting to ZWL$34 323 793 were acquitted according to the prescribed regulation. These included advances for officers posted to diplomatic missions dating back to 2018.This was contrary to Section 65(15) of the Public Finance Management (Treasury Instructions), 2019 which requires travelling advances to be acquitted within thirty (30) working days of the completion of travel by submission of a travelling and subsistence claim voucher.

Risks/Implications

Outstanding Travel and Subsistence Advances may not be recovered.

Officials may be given multiple advances before they have acquitted prior advances.

Recommendations

Management should ensure that advances are acquitted and that outstanding advances are recovered by instituting deductions from salary in accordance with the requirements of Section 65(15) of the Public Finance Management (Treasury Instructions), 2019.

Ministry officials should account for previous advances before they are issued with new ones to enhance recoverability of the amounts.

Management Response

The observation is noted. Continuous effort will be made to recover the outstanding amounts.

3. MANAGEMENT OF ASSETS

3.1 Maintenance and Custody of Assets at Diplomatic Missions

Finding

In its response to prior year audit findings, the Ministry indicated that plans were underway to complete disposals for Missions with redundant assets by year end. However, as at date of completing my audit, on May 19, 2023, no action had been taken contrary to Section 12(1-3) of the Public Finance Management Act [*Chapter 22:19*] which requires Boards of Inquiry (BOI) to be carried out to determine circumstances under which assets were damaged and recommend corrective measures to prevent the recurrence of the same. The board of surveys for vehicles and furniture carried out at foreign missions which date as far back as 2010 had not been finalized.

Risk/Implication

Keeping and maintaining redundant and unserviceable assets may reduce usable space and project a negative image of the mission properties.

Recommendation

Head Office should ensure that boarded redundant and obsolete assets at missions are disposed as recommended by the Boards of Survey.

Management Response

The observation is noted. The Ministry is still exploring the most economic and effective way such as virtual sitting and considering extension of travel days for officials who would have visited the Mission to enable them to constitute the board of survey and implement the disposal of redundant and unserviceable assets at the Missions.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing audit findings raised in my previous audit report. Out of the thirteen (13) findings, four (4) were addressed, four (4) were partially addressed, and five (5) were not addressed as indicated below: -

4.1 Expenditure

The finding was addressed as the expenditure was disclosed under the notes to the financial statements although the expenditure could not be uploaded in retrospect.

4.2 Direct Payments

The finding was addressed as there were no direct payments made during the year under review.

4.3 Diplomatic Missions expenditure

The finding was not addressed. The observation persisted during the year under review as shown on paragraph 1.1.

4.4 Legal Instrument for Revenue Collection

The finding was partially addressed. The draft legal instrument was sent to the Attorney General's office for processing.

4.5 Revenue Generated at Diplomatic Missions

The finding was partially addressed as a breakdown of revenue collected on behalf of other Ministries was prepared and submitted for audit. However, revenue returns were not submitted to Treasury as indicated on paragraph 2.1.

4.6 Outstanding Temporary Deposits

The finding was addressed. The Temporary Deposits were cleared in the year 2023.

4.7 Outstanding Foreign and Domestic Travel Allowances

The finding was partially addressed. The outstanding allowances were being recovered.

4.8 Acquisition of Non-Financial Assets at Diplomatic Missions

The finding was not addressed. The assets were procured outside the system again during the year under review as the Diplomatic Missions are still to be connected on PFMS.

4.9 Undelivered Motor Vehicles

The finding was addressed. The motor vehicles were delivered in 2023.

4.10 Maintenance of Guest Houses

The finding was not addressed. The guest house is yet to be maintained after completion of the Foreign Services Institute.

4.11 Undeveloped Land for Chancery and Residential Houses

The finding was partially addressed. The development of the land is at the planning stage.

4.12 Maintenance and Custody of Assets at Diplomatic Missions

The finding was not addressed. The boarded assets were still to be disposed as indicated in paragraph 3.1 above.

VOTE 13. - LOCAL GOVERNMENT AND PUBLIC WORKS

APPROPRIATION ACCOUNT 2022

Mandate

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

Qualified Opinion

I have audited the financial statements of the Ministry of Local Government and Public Works for the financial year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve Transfers ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$37 058 686 000	$10 179 000 385	$47 237 686 385	$42 657 896 810	$4 579 789 575
Constitutional and Statutory Appropriations				
$52 539 000 000	-	$52 539 000 000	$20 569 501 181	$31 969 498 819

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the state of affairs of the Ministry of Local Government and Public Works for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Direct Payments

Finding

Treasury made direct payments to various suppliers on behalf of the Ministry amounting to US$48 024 601. The Ministry accounted for US$41 242 188 in the Public Financial Management System (PFMS) and Appropriation Account, leaving a balance of US$6 782 403 (ZWL$4 306 528 823) unaccounted for. Had the amount been accounted for, the financial statements would be materially affected.

Risk/Implication

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

Recommendation

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

Management Response

The observation is acknowledged. We were able to identify what the payment was for and the Ministry is waiting for Treasury to avail the budget so that the expenditure for the US$6 782 403 (ZWL$4 306 528 823) may be uploaded into the system.

(ii) Outstanding Revenue

Finding

I was not availed with supporting documents (files) for outstanding lease rental balances amounting to ZWL$59 660 763. This was contrary to Section 36 (6) of the Public Finance Management (Treasury Instructions), 2019 which states that the Director of Finance should ensure that all books of accounts are up to date. As a result, I could not confirm the completeness of the amount of revenue outstanding from lease rentals for the year ended December 31, 2022.

Risk/Implication

The Outstanding Revenue figure may be misstated.

Recommendation

The Ministry should ensure that all files are availed for audit.

Management Response

The Ministry has engaged Twenty Third Century Systems (TTCS) to configure the State Land Management System. The State Land Management System will improve the record keeping, accounting and reporting for State land revenue. The Ministry will ensure that there is communication between State land and Revenue Section in cases where there is contestation on a property.

(iii) Receipts and Disbursements

Finding

The Ministry submitted the Receipts and Disbursement Return for the year ended December 31, 2022 with an adjustment of ZWL$633 401 409 made up of manual receipts that were not uploaded in the PFMS. The PFMS had an amount of ZWL$1 321 971 612 while the return had an amount of ZWL$1 955 373 021 leaving a variance of ZWL$633 401 409. This was contrary to Section 43 (2) of the Public Finance Management (Treasury Instructions), 2019 which requires receivers of revenue to ensure that manually issued receipts are posted onto the PFMS as soon as the system becomes available and within three (3) working days of issue of such receipt.

Risk/Implication

The receipts and disbursements return may be misstated.

Recommendation

Management should ensure that all revenue receipted is uploaded into the PFMS within 3 working days.

Management Response

The observation is noted. The Ministry is in the process of correcting the return that will reflect the manual receipts.

However, below are other issues noted during the audit.

1 GOVERNANCE ISSUES

1.1 Information Technology (IT) Policy

Findings

The Ministry did not have an approved Information Technology (IT) policy which provides guidance on the operations of the IT function in the Ministry. Resultantly, I noted that the Ministry did not have the following:

- IT Strategic Plan
- IT Strategic Committee
- IT Steering Committee
- Disaster Recovery Plan

Risks/Implications

The Ministry may not be able to safeguard IT resources in the absence of an approved IT policy.

The Ministry may fail to restore IT operations on time in the event of a disaster.

Recommendations

The Ministry should formulate the IT Policy to effectively manage its IT resources.

Management has to ensure that there is an IT Disaster Recovery Plan as an integral part of the Business Continuity Plan (BCP) to enable continuity of services in the event of a disaster.

Management Response

The Ministry has a draft ICT Policy which is awaiting Treasury approval. We also have the ICT strategic Plan in the Ministry Strategic document and we intend to derive an independent ICT Strategic Plan from the Ministry Strategic Plan.

The IT Strategic and IT Steering Committees will be set by year end after consultations with the relevant Ministries. We need to consult on the constitution of the IT Strategic and IT Steering Committee members and derived authority and power to come up with these committees.

The Disaster Recovery Document is being implemented through the server room establishment which is almost complete, network upgrade at Head Office, Provinces and up to district level. The main aim being to computerise the Ministry, set up disaster recovery sites, set up backups for data and restoration of services, risk assessment and evaluate critical needs.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Land developers

Finding

I noted that twenty-four (24) land developers were offered land valued at ZWL$92 006 111 before the 2020 financial year. However, these land developers did not make any payments. Furthermore, the Ministry could not confirm whether the land was developed. This was contrary to Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 which states that officers responsible for collecting debts should collect any sums due to the Government on due date and not allow a debt to become extinguished.

Risks/Implications

Land could be misappropriated.

The purchasing power of the amount may be eroded due to lapse of time or may be irrecoverable.

Recommendation

The Ministry should perform due diligence on land developers before selling land to them to minimise the cases of non-payment for land sold.

Management Response

The observation is noted and the Ministry will ensure that adequate steps are taken to make a follow up on all outstanding debts.

2.2 Outstanding Revenue

Finding

The Ministry had outstanding revenue amounting to ZWL$183 591 629 as at December 31, 2022 that was made up of ZWL$132 132 714 and ZWL$51 458 915 in respect of lease rentals from land developers and Ministry employees respectively. This was contrary to Section 49 (1) and (2) of Public Finance Management (Treasury Instructions), 2019 which states that receivers of revenue are responsible for the collection of revenue and debt and should take adequate steps to collect any sum due to Government on due date and shall on no account allow a debt to become extinguished through lapse of time.

Risk/Implication

Failure to collect outstanding revenue would lead to loss of state funds as the amounts may be eroded due to lapse of time.

Recommendation

The Ministry should consider strengthening its internal control system over revenue collection.

Management Response

The Ministry agrees with the auditor's recommendation and will ensure that adequate steps are taken to make a follow up on all outstanding debts.

2.3 Revenue Collection

Finding

The Ministry revenue estimates amounted to ZWL$3 378 443 712 for the year under review. The Ministry was able to collect 39% of the budgeted estimate. It was not evident that the Ministry took effective and appropriate steps to collect all revenue anticipated in the budget estimates. This was contrary to Section 36 of the Public Finance Management (Treasury Instructions), 2019 which states that the Accounting Officer should monitor the performance of the budget regularly to ensure delivery of expected results and to address any deviations from their line ministry's targets.

The revenue estimates against revenue collections

Revenue Head	Budget Estimate (ZWL$)	Actual Collections (ZWL$)	Variance (ZWL$)
Rentals	1 224 621 149	326 239 986	(898 381 163)
Administrative fees	59 977 504	40 900 370	(19 077 134)
Incidental sales	98 298 398	719 654 467	621 356 069
Liquor Licences	1 995 546 661	239 244 417	(1 756 302 244)
TOTAL	**$3 378 443 712**	**$1 326 039 240**	**$2 052 404 472**

Risk/Implication

In the absence of an effective monitoring mechanism, the Ministry may fail to collect or achieve the revenue targets.

Recommendation

The Ministry should ensure that monitoring of the budgeted and actual figures are done constantly so as to attend to any challenges on time.

Management Response

The observation is acknowledged. As a measure to increase revenue, the Ministry reviewed upward Liquor Licences which were being charged in RTGS. Liquor licence fees are now being charged using USD that are paid at interbank or USD. Rentals for commercial tenants were also being charged in RTGS, however since November the rentals are now being charged in USD or the equivalent interbank rate. The Ministry is currently updating its ledgers and making follow up with tenants who are owing on lease rentals and those who have defaulted will be handed to the Attorney General.

2.5 Outstanding Salary Service Bureau Surcharges

Finding

The Ministry had outstanding SSB surcharges of ZWL$1 315 796. The return indicated that one of the recovery arrangements was write off and that was awaiting a budget. This was the case as well for the 2021 financial year. No evidence was shown that follow ups were being done to write off the amounts.

Furthermore, the narrations given on recovery action were unsatisfactory as the Ministry had been committing itself to recover from SSB but no recoveries were being made since 2009.

Risk/Implication

Failure to timeously recover and clear outstanding surcharges might render them irrecoverable.

Recommendations

The Ministry should institute effective recovery methods and follow up cases that need to be written off.

Management Response

The observation is acknowledged. The Ministry had a challenge on how to effect the write offs in the PFMS. However, guidance was provided and a revised return will be submitted.

3 PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Ministry made partial progress in addressing prior year audit findings. Out of eight (8) findings raised, two (2) were addressed, four (4) were partially addressed and two (2) were still to be addressed.

3.1 Expenditure

The issue remained unresolved as the vouchers to support expenditure of ZWL$17 351 732 were still not provided for my verification. The issue has been included in the management letter.

3.2 Land Developers

The issue remained outstanding and has been included in the report.

3.3 Outstanding Revenue

The issue was partially addressed as the evictions are at the Attorney General's Office.

3.4 Treasury Orders

The issue was addressed as the Treasury Orders were included in the return.

3.5 Submission of Annual Report

The issue was addressed as the 2021 and 2022 annual reports were submitted.

3.6 Devolution Funds

The issue was partially addressed as the Ministry made its budget submissions to Treasury but the disbursements rely on Treasury releases which are affected by cashflow challenges.

3.7 Disbursement of Devolution Funds

The issue was partially addressed due to non-release of funds by Treasury as a result of cashflow challenges.

3.8 Management of Motor Vehicles

The issue is still being addressed as vehicles are in the process of being registered in the Ministry's name.

VOTE 14.- HEALTH AND CHILD CARE

APPROPRIATION ACCOUNT 2022

Mandate

The Ministry's mandate is to provide the highest standards of health care services to all Zimbabweans in line with the Primary Health Care approach as set out in the National Health Strategy.

Qualified Opinion

I have audited the financial statements of the Ministry of Health and Child Care for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$179 924 742 000	-	$179 924 742 000	$161 179 859 379	$18 744 882 621

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section, the financial statements present fairly the state of affairs of Ministry of Health and Child Care as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Reconciliation of Appropriation Account Expenditure

Finding

The Appropriation Account disclosed total expenditure for the year of ZWL$161 179 859 379 whilst the Public Financial Management System (PFMS) Funds Management Report had an amount of ZWL$161 150 513 250 and Sub-Paymaster General (Sub-PMG) Account reconciliation statement reflected ZWL$106 151 570 320. Under normal circumstances the amount should be the same in the three (3) records or a reconciliation should be provided when they are different. There was no evidence that the variances were traced and reconciled. This was contrary to Section 29(4)(d) and (f) of the Public Finance Management (Treasury Instructions), 2019 which requires management to put in place systems of internal checks that ensure the accuracy of accounts. I could, therefore, not confirm with certainty the accuracy of the Ministry's Appropriation Account expenditure amount because of the unreconciled variances.

Risk/Implication

The total expenditure reported in the Appropriation Account may be misstated.

Recommendation

Management should investigate and reconcile the expenditure amount, trace the variances and take corrective action in order to ensure reliability and accuracy of the total expenditure amount disclosed.

Management Response

The amount stated in the Sub-PMG Reconciliation statement showed the actual cash payments that appeared in the Reserve Bank of Zimbabwe bank statements and this was supported by the manual reconciliation done. The Sub-PMG reconciliation amount excludes any direct payments made by Treasury and employment costs hence the variance.

Evaluation of Management Response

The final expenditure figure disclosed in the Appropriation Account remained misstated as the variances were not accounted for.

(ii) Submission of Supporting Statements to the Appropriation Account

Finding

The Ministry did not submit the following supporting statements for audit, contrary to the provisions of Treasury Circular Number 1 of 2023:

- Statement of Reconciliation between the Consolidated Revenue Fund (CRF)-Main Paymaster General's Account and the Sub-PMG Account Transactions showing notsro account payments, salaries and direct payments paid by Treasury not reflected on the PFMS Sub-PMG Transfer General Ledgers.
- Annual Closure Certificate which should be attached to the Statement of Appropriation Account and Statement of Revenue Received showing the General Ledgers for expenditure and revenue disclosed.

The supporting statements submitted for audit were incomplete, therefore, I could not validate whether the Ministry accounted for all the expenditure incurred and revenue received.

Risk/Implication

There may be a risk of material misstatement of the Appropriation Account due to incomplete supporting statements.

Recommendations

Management should always comply with Treasury circular on submission of returns by allocating the responsibility for the development of particular returns to certain individuals to avoid missing some.

The outstanding statement and certificate should be prepared and availed for audit.

Management Response

The Annual Closure certificate has now been submitted for audit.

Evaluation of Management Response

The submission of the Annual closure certificate is acknowledged, however the certificate had general ledgers which had transactions that were pending clearance hence the final figures could not be confirmed.

The other supporting statement is still to be submitted.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Reconciliation of Compensation of Employee Costs

Finding

There was a variance of ZWL$31 796 891 367 between the Public Financial Management System (PFMS) compensation of employees costs amount of ZWL$86 435 111 409 and the Salary Service Bureau (SSB) report balance of ZWL$118 232 002 776. There was no evidence that monthly reconciliations were performed and variances between the PFMS figures and the SSB figures investigated as required by Treasury Circular B/1/88 dated June 5, 2018. I could not confirm with certainty the accuracy of the disclosed compensation of employees' costs.

Risks/Implications

If monthly reconciliations are not performed, the Ministry may fail to detect errors.

The compensation of employees' expenditure reported for the year under review may be materially misstated.

Recommendations

The Director of Finance should ensure that compensation of employees' costs billed by SSB are reconciled monthly against expenditure figures shown in the PFMS ledgers and any variances investigated.

Reconciliations of compensation of employees' costs should be availed for audit.

Management Responses

The variance of ZWL$31 796 891 367 emanated from the salaries for grant-aided institutions, which do not fall in the same category as employment costs under the Chart of accounts. These salaries were classified as Current Transfers under the new Chart of Accounts. As such we were not able to change the classification. An Excel spreadsheet with the details has now been submitted.

Furthermore, the salaries figure was also affected by the employee salary disallowances, which have an effect of reducing the salaries.

SSB has over the past three (3) years, referred us to the monthly submitted wage bills when the figures differ from the Ministry's figures. However, our analysis revealed that the Ministry gets its wage bill in ZWL$ whilst SSB has two wage bills one in local

currency and the other one in US$. The difference arises from the exchange rate used to translate the wage bill to the US$ component.

Evaluation of Management Response

The Excel spreadsheet submitted for audit still had a variance of ZWL$971 571 396.The Ministry should engage Treasury and SSB to resolve the issue of the variance.

Management should also avail for audit receipts that support the revenue recorded.

1.3 Non-Submission of the Annual Report

Finding

A detailed Annual Report which covers the activities, outputs and outcomes of the entity was not prepared and submitted for audit. This was contrary to Section 32(3) of the Public Finance Management Act [*Chapter 22:19*] which requires that such report be prepared and submitted for audit.

Risk/Implication

Non-disclosure of performance information compromises accountability.

Recommendations

The Annual Report that covers all the programmes, activities and outcomes should be produced.

Reported achievements should be supported by relevant evidence aligned to the performance indicators.

Management Response

The Ministry acknowledges that the Annual Report was not submitted. The report is now being edited for submission.

1.4 Non-Submission of Other Supporting Statement

Finding

The Ministry did not submit the statement of Gifts, Legacies and Donations as required by the provisions of Treasury Circular number 1 of 2023. This resulted in limitation of scope.

Risk/Implication

Non-submission of the supporting statement may result in loss of accountability for donations.

Recommendation

Management should prepare and submit the outstanding statement in compliance with regulations.

Management Response

Management did not respond.

1.5 Arrear Payments Return

Finding

The Ministry disclosed liabilities amounting to ZWL$7 737 560 591, US$1 558 026 and ZAR 733 058 on liabilities return in respect of goods and services acquired during the year under review. Included in the disclosed figures were liabilities amounts dating back to 2018. The Ministry did not avail for audit the aging commitment and monthly reports submitted to Treasury with reasonable explanations on the reasons for the outstanding debts and the proposals on how liabilities are going to be settled. This was contrary to the provisions of Section 142 of the Public Finance Management (Treasury Instructions) 2019 which requires that such reports be submitted. I could not determine the measures being taken to clear the arrears.

Risks/Implications

If there are no measures taken to clear liabilities, the Ministry may face cash flow problems.

There may be reputational risk and denial of services provision by suppliers in the future.

Recommendations

Management should submit to Treasury, Aging Commitments, monthly reports and make arrangements for the payment of the liabilities.

The Ministry should submit for audit, copies of the monthly reports and proposals submitted to Treasury.

Management Responses

The Ministry acknowledges its failure to pay suppliers on time during the year 2022. This indeed has given us challenges with suppliers due to a lack of trust.

The Ministry's suppliers are paid through the Treasury, and all efforts were made to get our payments processed. Some of the payments took more than 2 years to be settled. This was mainly due to the shortage of foreign currency. The Ministry now engages Treasury before procurement is done.

1.6 Travelling and Subsistence Advances

Finding

There was no evidence of follow ups on submission of acquittals for foreign and domestic travel and subsistence advances amounting to USD$26 195 and ZWL$11 530 407 relating to 2021 and 2022 financial years respectively. At the time of audit in June 2023, the advances were still outstanding contrary to Section 65 (15) and (19) of the Public Finance Management (Treasury Instructions), 2019 which authorises the Accounting Officer to effect deductions from the salary to recover any outstanding advance not cleared within thirty (30) working days of travel.

Risks/Implications

The entity may fail to recover long outstanding advances.

Travel and Subsistence advances may be paid for business trips not undertaken.

Recommendation

Management should follow-up on all outstanding advance acquittals and effect deductions on the officers' salaries.

Management Response

The Ministry managed to recover US$5 118 out of US$26 195 outstanding Travelling and Subsistence Advances. We expect to clear the outstanding invoices by year end.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Debtors Management

Finding

Outstanding Departmental surcharges, Disallowances and Public Service Commission (PSC) fines and penalties of ZWL$28 723 607 in 2021 increased to ZWL$137 800 119 for the year under review. Most of these debts arose due to late termination notification. There was no evidence of arrangements made to recover the debts. The Ministry did not comply with Section 49(1) of the Public Finance Management (Treasury Instructions), 2019 which requires that adequate steps be taken to collect any sums due to Government.

Risk/Implication

Failure to timeously collect the outstanding amounts may result in the debts becoming irrecoverable.

Recommendations

The Ministry must review the system of debt collection in order to minimise defaulters.

Management should write to SSB and Pensions Office regarding recovery of the overpayments and penalties from the terminal benefits as well as follow up with defaulting debtors to ensure that outstanding revenue is collected.

Management Response

The Ministry takes note of this observation. The increase was mainly inflationary in nature.

The Ministry has also been experiencing delays in receiving Deduction schedules from SSB whilst some of the recoveries are amounts sitting in the Temporary Deposit. Without the Alpha Deduction Schedules, we are not able to clear them off.

3 IMPLEMENTATION OF PROGRAMMES

3.1 Improved Access to Medicines

Findings

The Ministry did not utilize ZWL$1 921 440 000 which was allocated for the following programmes: Quinary (Research Hospital), Bio-Pharmaceutical Engineering and Production & Bio-Medical Science Research. The objectives of these programmes are to, among others improve access to medicines by supporting local drug manufacturing as per paragraph 683 of the National Development Strategy 1 (NDS1).

Furthermore, there was low utilization of appropriated funds by the Ministry ranging between 2% to 52% across all programmes and sub-programmes. As a result, 32 (64%) out of the 50 targeted outputs were achieved. This was attributed to shortage of medical personnel, medicines, feeding material, medical equipment, poor infrastructure and late disbursement of funds.

Risks/Implications

Due to non–utilisation of the allocated funds the Ministry may fail to improve access to medicines.

Low utilization of appropriated funds may affect the service delivery due to non-implementation of planned activities.

Recommendations

Programme and Sub-programme managers responsible for Quinary (Research Hospital), Bio-Pharmaceutical Engineering and Production and Bio-Medical Science Research should ensure that allocated funds are utilized.

Management should develop strategies to address low utilization of allocated funds.

Management Response

The Ministry established the Biomedical Department in 2021. To date, the department has not been staffed. Treasury has not yet given the concurrence to appoint staff in the department hence, the non-utilisation of the budget. Currently, the activities are not yet fully implemented and preparatory activities are being covered under hospitals.

Reasons for budget under-utilisation:

During the year 2022, Treasury disbursements were not catching up with our budget requirements. As such, most programmes could not utilise their budgets, especially the Public Sector Investment Projects Budget.

For recurrent operations, the Ministry did not get any releases from May 2022 until December 2022. A release of ZWL$10 000 000 000 was received on December 10, 2023, another release of ZWL$6 000 000 000 was received on December 23, 2022. However, there was no adequate time for the hospitals to complete their procurement processes.

Due to non-funding of batches in 2022, Treasury issued Circular No. 2 of 2023, instructing reversal of all unfunded batches. These reversals meant a reduction in expenditure versus the budget for the year.

3.2 Public health and well being

Finding

The funding to manage Non-Communicable Diseases(NCDs) such as hypertension, heart disease, diabetes and cancer remained low ranging between 0.22% in 2021 to 0.61% in 2022, whilst communicable diseases funding was increased from 5.78% in 2021 and 7.23% in 2022. This low funding was not in line with paragraph 671 of the NDS1 which requires a paradigm shift and changes in the allocation of funds towards Non-Communicable diseases management and treatment.

Risk/implication

Non-Communicable disease related deaths may continue to increase due to low funding allocated towards management and treatment of such diseases.

Recommendation

The Ministry should continuously engage Treasury for more resources to be allocated towards the treatment of Non-Communicable Diseases in line with NDS 1 requirements.

Management Responses

The observation is noted. Communicable and non-communicable diseases are funded under Public Health. During the period referred to, the country was experiencing serious pandemic outbreak of Corona Virus. Most of the resources under Public Health were channelled to Communicable Diseases to enable the Ministry to fight and control the outbreak.

Kindly note that 0.61% denoted above is only for the NCDs Advocacy campaign. The curative Budget is embedded within the hospital's cost centres. However, the hospitals allocation remains too low to meet the NDS1 recommendations. The Ministry continues to advocate for more funding.

Treasury has further instructed the Ministry to come up with measures to raise alternative funding for NCDs. Currently, the Ministry has engaged Treasury regarding the Health Levy fund.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make much progress in addressing prior year findings. Out of the eleven (11) findings, two ((2) were addressed two (2) were partially addressed and seven (7) were not addressed.

4.1 Payroll Reconciliations

Unreconciled variances of employment costs as reported by SSB and the Ministry recurred during the year under review.

4.2 Direct Payments

The issue of direct payments for 2021 was not addressed, no documentation was availed to address the anomaly.

4.3 Audit Committee

The Ministry still operated without an audit committee for the year under review.

4.4 Expenditure classification

The Ministry implemented the audit recommendation, procurement of goods and services was done using the correct General Ledgers.

4.5 Performance Appraisals

The Ministry did not implement the audit recommendation to conduct performance appraisals, however, the training of trainers was conducted in March 2022.

4.6 Procurement of Medicines

The Ministry partially implemented the audit recommendation. Some payments were processed without supporting documents such as invoices and with no justification for using direct procurement method.

4.7 Losses of and damages to Government property

The Ministry submitted the return for Losses of and damages to Government Property.

4.8 Outstanding Revenue (Suspense accounts)

The observation recurred, outstanding revenue increased from ZWL$28 723 607 to ZWL$137 800 119.

4.9 Performance outcomes

The observation recurred, the Ministry did not achieve all set targets

4.10 Filling of Vacant Posts

The Ministry had still not filled the key vacant posts such as Director of Finance, Chief Internal Auditor and Procurement Director.

HEALTH SERVICES FUND 2021

Objective of the Fund

This Fund was established for the purpose of collecting and administering hospital fees to supplement the health budget, both recurrent and capital for the development and maintenance of Health Services, programmes and related activities as may be approved from time to time by the Secretary responsible for Health and Child Care in consultation with Treasury.

Qualified Opinion

I have audited the financial statements of the Health Services Fund. These financial statements comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	573 005 372
Expenditure	433 361 873
Surplus	**$139 643 499**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current	-	-
Accumulated Fund	-	266 580 927
Current	271 659 178	5 078 251
Total	**$271 659 178**	**$271 659 178**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Health Services Fund as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Maintenance of accounting Records

Up-to-date accounting records such as cashbooks and ledgers were not maintained at the following offices: Head Office, E-Nursing school, Government Analyst Laboratory, Mashonaland East Provincial Medical Director’s Office (PMD) and at Marondera Provincial, Gwanda Provincial, Murewa and Gweru District Hospitals. Due to the absence of up to date source records, I could not verify the completeness and accuracy of reported account balances. This was contrary to Section 9.1 of the Financial and Accounting Procedures Manual for the Health Services Fund which states that all health institutions must maintain appropriate and up-to-date ledgers for the Fund.

Furthermore, the financial statements presented for my examination had variances between health facilities balances, PMD balances and Head Office balances.

Risks/Implications

Failure to maintain up to date accounting records might lead to financial statements being misstated.

Errors and omissions may not be detected and corrected if reconciliations are not done.

Recommendations

Health facilities should maintain up-to-date accounting records.

Variances should be traced and cleared.

Management Responses

Murewa District Hospital: Ledgers are now being maintained.

Head Office and E-Nursing: Ledgers were availed to the auditors through e-mail on the 14th of October 2022.

Gweru District Hospital: The cashbook was not updated due to a shortage of staff. The cashbook is being updated and by 10 February it will be done. The management has since seconded a staff member to assist the District Accountant.

Gwanda Provincial Hospital: Recommended action will be taken through investigation of causes of not recording invoice numbers. Accounts receivable balance and financial statement balance are to be reconciled.

Mashonaland East PMD: The observation is acknowledged. The office will raise journals and make necessary adjustments in the cashbook and ledger accounts.

Evaluation of Management Response

Responses relating to Head Office and E-Nursing are still to be received.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Remittances to Provincial Medical Director's (PMD) Offices

Finding

For the financial year under review an amount of ZWL$52 602 528 out of ZWL$526 025 276 was supposed to have been remitted to PMD for its use. I however, noted that Provincial and District Hospitals did not remit the amount contrary to the Policy on use of Health Services Fund dated May 6, 2013 which requires that they remit 10% of the revenue collected. There was no evidence of follow ups made with defaulting hospitals.

Risks/Implications

Planned activities and objectives of the PMD's Office may not be achieved if financial resources are not remitted by the Provincial and District Hospitals.

Allocation of resources to hospitals with low revenue-generating bases may not take place if funds are not remitted.

Recommendations

The PMD's Office should follow up with the Provincial and District Hospitals on outstanding remittances.

The Provincial and District Hospitals should remit 10% of the revenue realised for the smooth running of the PMD's Office and ensure equitable distribution of the much-needed financial resources to other hospitals.

Management Response

The observation is acknowledged. PMD's Office did not receive the targeted 10% of revenue collected by the Provincial and District hospitals. However, follow-ups with the Provincial and District Hospitals will be made.

1.2 Budgetary Control

Finding

Section 32(1) of the Public Finance Management (Treasury Instruction), 2019 requires the Accounting Officer to prepare and submit a budget for revenue and expenditure for the year. However, Matabeleland South Provincial Medical Director's Office, Gwanda Provincial and Gokwe South District Hospitals operated without budgets and operational plans during the 2021 financial year. There was no evidence of follow ups made by management to ensure that Provincial Medical Directors and District Offices submitted their budgets.

Risk/Implication

Operating without a budget and operational plan may result in financial indiscipline, wasteful and unplanned expenditures.

Recommendations

Management should follow up with the Provincial Medical Directors and district hospitals to ensure that budgets are submitted.

Health facilities should always formulate budgets and operational plans so that there is control over the implementation of planned activities and usage of financial resources.

Management Response

Gokwe South District Hospital: The Hospital had the annual budget and operational plan for 2021. However, due to pressure of work, the documents could not be located upon request by the auditors. The annual budget and operational plan are now available for audit inspection.

1.3 Segregation of Duties

Finding

For the third year running, Government Analyst Laboratory and Harare Dental Centre had one Accounting Assistant each responsible for receipting, banking and making monthly reconciliations. This was in violation of Section 15(a) of the Financial and Accounting Procedures manual for the Health Services Fund which requires segregation of duties between receipting, banking, paying out and recording of cash transactions in the books of accounts.

Risk/Implication

If segregation of duties is not done, fraudulent activities, errors and omissions may go undetected.

Recommendation

Government Analyst Laboratory and Harare Dental Centre should lobby for more accounts personnel to ensure that there is segregation of duties.

Management Responses

Government Analyst Laboratory: The observation is noted. Government Analyst Laboratory (GAL) has had one Accounting Assistant since 01/08/2003. There was no such post before and such work was done by Analysts who are not trained for the same. GAL has lobbied for such posts before but only succeeded to secure one post.

Harare Dental Centre: Emphasis on the segregation of duties in the accounts section was noted. Additional personnel have been seconded whilst the creation of more posts is being initiated.

1.4 Unsupported Expenditure

Finding

Payments amounting to ZWL$1 993 739 made by Gweru District, Beitbridge District and Gwanda Provincial Hospitals were not adequately supported by source documents such as invoices and minutes of procurement committee meetings. There is need for officers initiating the transaction to satisfy themselves that the claim is a proper charge against public funds, and is supported by the relevant purchase orders or an explanation for their absence.

Risk/Implication

Expenditure incurred without adequate supporting documentation exposes public resources to misappropriation and dual payments.

Recommendation

All vouchers should be sufficiently supported to ensure that only valid and authentic payments are done.

Management Responses

Gwanda District Hospital: The observation is noted. With immediate effect, tax invoices will be attached to payment vouchers.

Gweru District: The observation is acknowledged. Supporting documents will be attached.

Evaluation of Management Response

Gweru District Hospital: The documents were not attached and are still to be received from the Ministry.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Management of Debtors

Findings

The Fund's debtors figure increased by ZWL$98 608 551 (134%) from ZWL$73 849 817 (2020) to ZWL$172 458 368 as at December 31, 2021. Health facilities were not making follow-ups on outstanding amounts as no evidence was availed for my inspection. This was contrary to Section 20.1(e) of the Financial and Accounting Procedures Manual for the Health Services Fund which requires health facilities to send statements/letters of reminder to the debtors.

There were no mechanisms in place to monitor how much port health fees were due to the Fund. Head Office relied on the remittances from the Zimbabwe Revenue Authority (ZIMRA) which was collecting the fees on its behalf. This was contrary to Section 42(7) of Public Finance Management (Treasury Instructions), 2019 which requires receivers of revenue to institute and maintain appropriate independent systems of internal check and control in respect of revenues and other public moneys for which they are responsible.

Risks/Implications

Financial loss as the outstanding debts may be irrecoverable.

Without internal control systems in place for revenue collection and management of debtors, it would be difficult to account for revenue collected and outstanding debts.

Recommendations

Management should make follow-ups on all outstanding debts.

Management of the Health Services Fund should monitor the collection of revenue and reconcile revenue received against remittances.

Management Responses

Hospital Debtors: The observation is noted. Follow up of debts is being done through sending bulk short message service (sms) to debtors.

Head Office: The observation is noted. The Ministry has put in place a system where each port of entry will submit their monthly return of collections done and these will be reconciled with ZIMRA collections.

3 MANAGEMENT OF ASSETS

3.1 Infrastructure and Medical Equipment

Findings

Gokwe South District Hospital infrastructure needed renovations as wards being used had roofs almost collapsing. In addition to operating under dilapidated structures, the facility was also facing space challenges to the extent that patients with various different ailments were admitted in the same ward.

Gwanda Provincial, Filabusi District, Beitbridge District, Gokwe South District, Murewa District Hospitals and Harare Dental Centre did not have sufficient vital medicine such as pethidine, amlodipine and salbutamol inhaler and fire-fighting equipment as most of them were nonfunctional. This was due to a lack of funding.

Government Analyst Laboratory did not have a Government vehicle to use in its day-to-day operations and a standby electricity generator to use in the event of a power outage.

Risks/Implications

Health of other patients may be compromised if patients with varied ailments are accommodated in the same ward.

Hospitals may fail to deliver their mandates to the citizens if vital medical equipment is non-functional.

Without functioning fire-fighting equipment, health institutions may lose property in the event of fire breakout.

Inadequate vehicles and medical equipment may result in health institutions failing to achieve organizational objectives.

Critical operations may be stalled if there are no power back-ups.

Recommendations

The Ministry should refurbish, repair and furnish the hospital to ensure good patient and working environment.

Resources should be availed by the Ministry to maintain and to procure new equipment for hospitals.
Fire hoses and extinguishers at health facilities should be regularly serviced.

The Ministry should provide vehicles and adequate medical equipment to health institutions for effective operations.

Power back-ups should be procured and installed at health facilities to avoid disruption of operations during power outages.

Management Response

Gokwe South District Hospital: The observation is noted. The hospital cannot discriminate patients based on their condition due to limited hospital accommodation.

Harare Dental Centre: The observation is noted. Procurement of machinery was noted and procurement is being done by the Ministry using appropriated funds.

Gwanda District Hospital: The observation is noted. Efforts will be made to procure vital medical equipment using appropriated funds.

Filabusi District Hospital: The observation is noted. Obsolete equipment will be disposed off, those in condition repaired and new equipment shall be procured.

Government Analyst Laboratory (GAL): The observation is noted. The GAL has operated without a pool vehicle since October 1, 2020. The Ministry budgeted for procurement of motor vehicles but no funding was availed from Treasury in the year 2021.

The GAL has a 20KVA generator. However, this cannot power the Inductively Coupled Plasma Mass Spectrometry (ICP-MS) even when all other appliances are switched off. Alternative power and water sources have been requested. The hospital requires at least a 50 KVA power generator, Bore Hole and a Solar Power Service, to power other less demanding operations (Computers and Internet).

4 PROCUREMENT OF GOODS AND SERVICES

4.1 Receiving of Goods and Services

Finding

Gwanda Provincial Hospital purchased Silver Sulphur CRM 500G medicines for ZWL$143 640 from Greenwood Pharmacy in Bulawayo on October 19, 2021. However, at the time of my audit on January 26, 2023, the supplier had not delivered the medicines 404 days after payment was made. There was no evidence that follow ups were made for delivery of the order. This was caused by the absence of records of outstanding supplies or deliveries.

Risk/Implication

Failure to maintain records and make follow-ups of outstanding supplies or deliveries for goods paid for and not yet delivered may result in loss of public funds in the event that the supplier liquidates or ultimately fails to deliver.

Recommendation

Management should maintain records of outstanding supplies or deliveries and make follow-ups with Greenwood Pharmacy on the outstanding delivery.

Management Response

Gwanda Provincial Hospital: The observation is noted. Follow-up is currently being done.

5 SERVICE DELIVERY

5.1 Expired Medicines

Finding

Gwanda Provincial, Beitbridge District, Filabusi District, Murewa District, Gokwe South District and Beatrice Rural Hospitals took between 13 days to 470 days to dispose of expired medicines though boards of survey had been convened. Medicines were not yet disposed of at the time of my inspection on February 3, 2023. This was contrary to the World Health Organization guidelines which require expired medicines to be disposed of as soon as they expire. This was a result of the hospitals' failure to make follow-ups with the Ministry on the request for authority to dispose of the expired drugs coupled with the unavailability of incineration services.

Risks/Implications

The expired drugs may be misappropriated and find their way to the general public. This poses a potential health hazard to the general public as well as to the environment if the medicines are not appropriately disposed of.

Failure to dispose of the expired medicines may result in space shortages.

Recommendation

Health facilities should make follow-ups with the Ministry of Health and Child Care on the request for authority to dispose of expired medicines without delay.

Management Response

Gwanda Provincial Hospital: The observation is noted. The institution is currently in the process of disposing the expired medicines.

Filabusi District Hospital: The observation is noted. Expired medicines will be disposed off as per the guidelines. The process of disposal is currently underway.

Murewa District Hospital: The observation is noted. Follow-ups were made as per recommendation. The PMD's Office, as well as Head Office, were conducted. Approval was received for the destruction of drugs. This was a response to our Board of Survey recommendation submitted in January 2022. With assistance from relevant members, we will initiate the disposal process from the 5th of February 2023.
Gokwe South District Hospital: The observation is noted. Hospital management made efforts to dispose of the medicines. However, the availability of fuel and incineration services has been a challenge.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Health Services Fund did not make progress in addressing the audit findings raised in my previous report. Out of the four (4) findings, none had been addressed as indicated below.

4.1 Accounting Records

The Fund continued to operate without maintaining proper accounting books and records.

4.2 Revenue Collection and Debt Recovery

The Fund did not make efforts to follow up on long outstanding debts.

4.3 Segregation of Duties

Government Analyst and Harare Dental Centre continued operating without observing the segregation of duties principle as only one officer apiece was performing incompatible duties.

4.4 Service Delivery

There was no improvement on service delivery as the Fund continued operating with insufficient medical personnel and equipment.

VOTE 15. - PRIMARY AND SECONDARY EDUCATION

APPROPRIATION ACCOUNT 2022

MANDATE

The Ministry's mandate is to provide access to quality, inclusive, relevant and competent driven infant, junior, secondary and non-formal education.

Qualified Opinion

I have audited the financial statements for the Ministry of Primary and Secondary Education for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting statements.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$227 994 472 000	$39 539 679 829	$267 534 151 829	$255 715 287 264	$11 818 864 565

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the state of affairs of the Ministry of Primary and Secondary Education as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(ii) Reconciliation of Appropriation Account Expenditure

Findings

The Appropriation Account for the year had an expenditure figure of ZWL$255 715 287 264 while the Public Financial Management System (PFMS) report reflected ZWL$255 709 980 207. Furthermore, the Sub-Paymaster General's Account reflected total payments of ZWL$333 157 385 211 leaving a variance of ZWL$77 447 405 004. Under normal circumstances the figures from the three (3) records should agree and when they are different, a reconciliation should be performed. There was no evidence that these figures were reconciled. As a result of the variances, I could not ascertain the accuracy of the expenditure figure disclosed in the Appropriation Account.

Risk/Implication

Due to unreconciled variances between the three records, amounts reported in the Appropriation Account may be misstated.

Recommendation

The Ministry should investigate and reconcile the variances between the expenditure figures recorded in the PFMS, Appropriation Account and Sub-PMG Account to establish the correct expenditure for the year.

Management Response

On April 24, 2023, the Ministry prepared and submitted an Appropriation Account for the year ended December 31, 2022 and the expenditure figure which was reflecting in the PFMS was ZWL$255 719 010 728. On June 9, 2023, the external auditors advised the Ministry that the PFMS Funds Management Report which they had downloaded had a figure of ZWL$255 715 287 264 which was not agreeing with the figure on the submitted Appropriation Account. The Ministry downloaded another PFMS expenditure report on June 22, 2023, the expenditure figure had changed to ZWL$255 709 980 207.

The Ministry is conducting investigations to find out why the expenditure figures have kept changing.

A reconciliation of the variance between the PFMS expenditure report and the Sub-PMG Account has now been submitted.

Evaluation of Management Response

The management response is acknowledged. The reconciliation submitted still had an unexplained variance of ZWL$2 803 886 684.

(ii) Submission of Supporting Statements to the Appropriation Account

The Ministry did not submit the following Supporting statements for audit, contrary to the provisions of Treasury Circular Number 1 of 2023:

- Statement of Reconciliation between the Consolidated Revenue Fund (CRF) Main Paymaster General's Account and the Sub-PMG Account Transactions showing salaries and direct payments paid by Treasury not reflected on the PFMS Sub-PMG Transfer General Ledgers.
- Annual Closure Certificate which should be attached to the Statement of Appropriation Account and Statement of Revenue Received showing the General Ledgers for expenditure and revenue disclosed.

The supporting statements submitted for audit were incomplete, therefore, I could not validate whether the Ministry accounted for all the expenditure incurred and revenue received.

Risk/Implication

There may be a risk of material misstatement of the Appropriation Account due to incomplete supporting statements.

Recommendations

Management should always comply with Treasury circular on submission of returns by allocating the responsibility for the development of particular returns to certain individuals to avoid missing some.

The outstanding statement and certificate should be prepared and availed for audit.

Management Response

The observation is noted and acknowledged. We will prepare such returns and submit in future.

However, below are other issues noted during the audit;

1 GOVERNANCE ISSUES

1.1 Reconciliation of Compensation of Employees Costs

Finding

The Salary Services Bureau (SSB) record for employment costs had total expenditure of ZWL$223 404 240 718 whilst the Ministry's Public Finance Management System (PFMS) ledgers had expenditure amounting to ZWL$224 987 092 190 resulting in a variance of ZWL$1 582 851 472. There was no evidence that monthly reconciliations were performed and variances between SSB and the PFMS ledger figures investigated as required by Treasury Circular B/1/88 dated June 5, 2018. I therefore, could not confirm with certainty the accuracy of the disclosed compensation of employees costs.

Risk/Implication

The employment costs may be misstated and salaries may be paid for services not rendered if reconciliations are not done.

Recommendations

Management should put in place a proper supervision mechanism to ensure that employment costs billed by SSB are reconciled monthly against the employment cost figures shown in the PFMS ledgers and any variances are rectified.

Monthly reconciliation of compensation of employees costs should be availed for audit.

All costs incurred towards employment costs should be accounted for and reported accurately.

Management Response

The variance was as a result of payments made by the Ministry for salaries in kind, school fees allowances and internship/attaché allowances which do not appear on the SSB wage bill.

Evaluation of Management Response

The reconciliation statement submitted to support management response did not outline how much were salaries in kind, school fees and internship allowances.

1.2 Non-Submission of the Annual Report and Other Supporting Statements

Findings

A detailed Annual Report which covers the activities, outputs and outcomes of the entity was not prepared and submitted for audit. This was contrary to Section 32 (3) of the Public Finance Management Act [*Chapter 22:19*] which requires that such report be prepared and submitted for audit.

The Ministry did not submit the Statement of Development Partner-Funded Projects and the Arrear Payments Return contrary to the requirements of Treasury Circular Number 1 of 2023.

Risks/Implications

Non-disclosure of performance information and the non-submission of the Arrears payment return was a material omission of information which is key for decision makers.

If the funding received for the Development Partner-Funded Projects is not disclosed, this may result in loss of accountability and transparency in reporting the contributions by the development partners and Government of Zimbabwe.

Recommendations

The Annual Report that covers all the programmes, activities and outcomes should be produced for accountability of resources used.

Reported achievements should be supported by relevant evidence aligned to the performance indicators.

The outstanding statement and return should be prepared and availed for audit in compliance with regulations.

Management Response

The observation is noted. We have now submitted a quarterly report as we are still to get a comprehensive Annual Report from the Strategic Policy, Planning and Research Services Department.

The Statement of Development Partners Funded Projects was submitted to your Office, we are working to resubmit a copy to you.

The Arrears Payment return will be prepared and submitted in future.

Evaluation of Management Response

The evidence to support that the Statement of Development Partners Funded Projects was submitted for audit was not availed.

1.3 Travelling and Subsistence Allowances

Finding

There was no evidence of follow ups on submission of acquittals for foreign and domestic travel and subsistence advances amounting to US$14 006 and $15 491 001 issued between 2017 and 2022 financial years. At the time of audit in June 2023, the advances were still outstanding contrary to Section 65 (15) and (19) of the Public Finance Management (Treasury Instructions), 2019 which authorises the Accounting Officer to effect deductions from the salary to recover any outstanding advance not cleared within thirty (30) working days of travel.

Risks/Implications

Travel and Subsistence advances may be paid for business trips not undertaken.

The entity may fail to recover long outstanding advances.

Recommendation

Management should follow-up on all outstanding advance acquittals and in their absence effect deductions on the officers' salaries.

Management Response

The Curriculum Development Technical Service Department was given T&S allowances in December 2022 to carry out Radio Lessons programmes in Manicaland and other Provinces. The two (2) teams with a total of seven (7) members required a bigger vehicle to ferry them to the venues. The Ministry had no vehicles at that time to ferry seven (7) members at one time. The team therefore, visited only one Province during the year. That is the reason why the allowances were partially acquitted. The team went for the Provincial programme on May 28, 2023, as soon as they return, they will acquit the balance.

The Ministry introduced the Business Unit Section. The Section has three (3) members who were given T&S allowances so that they could go and sensitise the Ministry Stakeholders about the idea of the Business Unit Section. The team did not manage to go on that trip due to new developments that occurred at the Ministry during the days leading to the departure period. At the moment the team is working on the schedule to go for the business trip.

Some team members acquitted the allowances after the audit team had left the station while other members were requested to submit acquittals.

All the officers with foreign travel outstanding acquittals have been given written reminders.

Evaluation of Management Response

Where the trips have been cancelled, the advances issued should be returned for use in other programmes and activities.

1.4 Follow up on Recoveries of Disallowances and Departmental Surcharges

Findings

In my previous audit reports, I made mention of the Ministry's failure to recover long overdue disallowances dating back to 2009. The same persisted during the year ended December 31, 2022. The figure for disallowances rose from ZWL$5 991 910 in 2021 to ZWL$6 221 326 in 2022. This was contrary to Section 49(1) of the Public Finance Management (Treasury Instructions), 2019 which requires that adequate steps be taken to collect any sums due to Government.

In addition, the six (6) Provinces did not submit for consolidation, Disallowances raised during 2020, 2021 and 2022 financial years. I therefore, could not rely on the Disallowances figure disclosed on the submitted return. The returns were last updated as indicated on the table below.

Province	Date Last Updated
Masvingo	2019
Manicaland	2019
Mashonaland East	2019
Matabeleland South	2019
Bulawayo	2019
Harare	2020

The Outstanding Departmental Surcharges return for Bulawayo Province showed a balance of ZWL$150 775 whilst the consolidated return for the Ministry showed a balance of ZWL$490 993 resulting in a variance of ZWL$340 218. The figure on the Provincial return should agree with the figure on the consolidated return for the Ministry.

Risks/Implications

Failure to timeously recover outstanding Disallowances and Departmental Surcharges may render them irrecoverable.

Non-inclusion of Disallowances from the six (6) Provinces results in misstatement of the figure disclosed on the Disallowances return.

Outstanding Departmental Surcharges may be misstated if figures from provincial offices are incorrectly captured in the consolidated return for the Ministry.

Recommendations

The Ministry should institute effective recovery methods to ensure that outstanding Disallowances and Departmental Surcharges are recovered.

Management should reconcile and review Disallowances records from the Provinces to ensure that all the amounts are consolidated.

The Ministry should ensure that there is adequate supervision so that the consolidated return for Outstanding Surcharges is accurately prepared.

Management Response

Please take note, that most of the Disallowances and Surcharges were recovered through SSB and Pensions Office. Unfortunately, when the PFMS changed in 2018, the Ministry could not action these recoveries in the system as responsible personnel were not trained on how to use the new method of recovery. Efforts to engage the Projects Office by then proved fruitless, as they were still configuring the new ledgers to allow the Ministry to action the recoveries in the PFMS.

The new recovery method involved the change of General Ledger accounts, debtor creation, extension, invoicing and any other changes. This resulted in eight (8) Provinces failing to introduce new disallowances in the system for the mentioned years.

In December 2022 and February 2023 the Ministry managed to get all its Provinces and Head Office staff trained on the use of the new debtor recovery method. The Ministry believes the training will go a long way in actioning and clearing the outstanding disallowances and surcharges in the PFMS. We hope to complete the exercise by end of 2023.

1.5 Risk Management

Finding

There was no evidence that the Ministry conducted risk assessments during the year under review. This was contrary to Section 162(2) of the Public Finance Management (Treasury Instructions) 2019, which requires Accounting Officers to carry out a risk assessment of their operations on an annual basis.

Risks/Implications

Without an appointed Risk Management Committee, the entity may fail to carry out risk assessments.

Business and operational risks may not be identified and addressed in the absence of risk assessments.

Recommendations

A committee or an officer responsible for risk management should be appointed by the Accounting Officer.

Management should ensure that risk assessments are carried out annually and the process should be documented so that measures to mitigate the risks are put in place and implemented.

Management Response

The audit observation is noted. The Ministry is in the process of finalising the Risk Management policy and subsequent appointment of the committee members.

1.6 Internal Audit

Finding

I noted that the Internal Audit department did not conduct audit of Appropriation Account returns at Provincial and District Offices during the year under review to ensure that returns submitted to Head Office for consolidation were accurate.

Risk/Implication

The Ministry's internal control weaknesses may not be timely identified and rectified in the absence of internal audits.

Recommendations

The Internal Audit plan for the year should be reviewed to ensure that it includes audit of Appropriation Account returns.

The Internal Audit should carry out Provincial and District Offices audits to check on effectiveness of the internal controls and maintenance of appropriate records and reporting.

Management Response

The observation is acknowledged. The Internal Audit focus was mainly on procurement audit due diligence review of prices.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Contract Management - Delivery of Food Items and Sanitary Ware under Learner Support Services

Findings

The Ministry entered into a contract in October 2021 with Michmart Investments (Pvt) Ltd to supply and deliver food provisions for the National School Feeding Programme. The Ministry made an advance payment of ZWL$31 861 796 representing 15% of the total contract price for three (3) Provinces. An audit inspection in October 2022 revealed that 1.5% of the total consignment had been delivered at Mashonaland East Provincial Office. No delivery had been made to Manicaland and Midlands Provinces, nine (9) months after the payment was made despite the estimated delivery lead time having been two (2) weeks from the date of signing the contract which was October 21, 2021. Partial and non-delivery of procured items was due to ineffective contract management as there was no evidence that follow ups were made for the supply of outstanding food provisions. The table below refers:

Undelivered Food Provisions in the Three (3) Provinces

Item	Quantity Ordered	Quantity Delivered	Balance
50 kgs Maize	2 621	1 369	1 252
2kgs White Rice	15 759	-	15 759
2litres Cooking oil	59 007	-	59 007
1 kg Kapenta	9 252	-	9 252
2 kgs Salt	1 609	-	1 609
Total	**88 248**	**1 369**	**86 879**

Furthermore, the Ministry entered into a contract with West End Food World in October 2021 to supply and deliver Sanitary Ware to Mashonaland East and Manicaland Provinces. The Ministry also made an advance payment of ZWL$31 929 000 on April 04, 2022 representing 15% of the total contract price. However, in October 2022 the goods had not been delivered despite that the lead-time was two (2) weeks from the date of signing the contract on October 21, 2021.

Risks/Implications

If follow ups on outstanding deliveries are not done, suppliers may fail to deliver the food items and sanitary ware resulting in loss of public funds.

The Ministry may have to pay extra cost due to price variations if delivery of items is delayed.

Recommendations

Management should regularly follow up in writing on delivery of items paid for. If a supplier fails to deliver, contract provision on breach should be invoked.

The Ministry should formally engage the suppliers to deliver the items in terms of quantities paid for.

Management Response

Mashonaland East Province-The tender process and contract agreement was done centrally at the Ministry Head Office. The Province only paid the 15% advance payment to Michmart Investments upon an instruction from Head Office to enable the supplier to kick start the delivery. Management of contract and variation issues were being handled by Head Office.

The Head Office has been asking for reports of what was delivered and these have been submitted. Even though we do not have written follow-ups, we communicated with the supplier through telephone conversations on several occasions. The supplier was signalled issues of price variations which were being processed by Head Office.

Evaluation of Management Response

The Ministry Head Office did not give an update on the non-delivery of the goods.

2.2 Establishment of Procurement Management Units (PMUs) at Provincial Offices

Finding

The Ministry has a PMU Department which is only based at the Head Office despite having ten (10) Provinces which conduct procurement. At the time of conclusion of my audit in June 2023, the Ministry had not established PMUs at its Provincial Offices. As an interim measure, the Ministry was relying on the services of the Administration Department to carry out the procurement function since the enactment of the Public Procurement and Disposal of Public Assets Act (PPDPA) [*Chapter 22:23*]. This was contrary to Section 17(2) of the PPDPA [*Chapter 22:23*] which requires the Accounting Officer of a procuring entity to determine the size, location and structure of the entity's PMU, taking into account the entity's procurement requirements and availability of trained staff.

Risk/Implication

Mis-procurement and ineffective contract management may occur due to allocation of responsibilities to non-procurement professionals.

Recommendation

The Ministry should establish Procurement Management Units at its Provincial Offices and ensure that procurement functions are carried out by procurement professionals in line with regulations.

Management Responses

The Ministry will approach the Public Service Commission to request for the establishment of PMU at Provincial Offices. In the mean-time the Ministry has assigned Administration Officers at Provinces to carry out the duties of PMU.

PMU has a total establishment of sixteen (16) officers of which only eight (8) are in post. Treasury concurrence has not been obtained to recruit the other eight (8).

3 MANAGEMENT OF ASSETS

3.1 Master Assets Register

Findings

The Ministry did not submit a consolidated asset register with all the assets from the Provinces and the Head Office did not conduct a physical verification of assets in Provinces but relied on submissions made by the same. This was contrary to Section 100 (4) of the Public Finance Management (Treasury Instructions), 2019, which requires Accounting Officers to ensure that appropriate and up to date records for fixed assets are kept at Head Office and within Departments. I could not rely on the asset certificate submitted by the Ministry for the year ended December 31, 2022.

Furthermore, there was no evidence that the departmental registers were regularly reviewed by an independent senior official to ensure proper maintenance and that any changes were recorded.

Risk/Implication

Assets may be misappropriated or lost if they are not recorded in the respective registers.

Recommendations

The Ministry should ensure that records are properly maintained and that physical checks, of assets are done in compliance with the regulations to ensure proper accountability.

An independent senior official should regularly review the registers to ensure that they are updated.

Management Response

The observation is noted. The Ministry was affected by a lot of changes in its mandate and this is the register that has been subjected to audit over the years.

Efforts will be made to check the department in which the Master Assets Register resides for proper transfer of records and assets.

3.2 Record Maintenance

An asset verification exercise carried out at Nyuni Secondary School in Mwenezi District in October, 2022 revealed that twenty-eight (28) laptops which were received from Telone in August, 2021 were not individually recorded in the Master Assets Register. The asset register had a record of the total number of the laptops received without recording the serial numbers of each laptop as required by Section 100(4) of the Public Finance Management (Treasury Instructions), 2019.

Risk/Implication

In the event of theft, the school may fail to identify or recover the laptops due to the absence of serial numbers.

Recommendation

The school should record the serial numbers of each laptop in the Master Assets Register.

Management Response

The observation is noted. Training was conducted and a manual developed to help close such gaps. An improvement is envisaged going forward. Follow ups will be made through the Provincial Head as the Sub-Accounting Officer.

3.3 Missing Information Communication and Technology (ICT) Equipment

Finding

A physical asset count conducted at Tame Primary School in Matabeleland North Province in October, 2022 revealed that eight (8) Junior learner laptops and three (3) Infant learner Infinity tablets could not be accounted for. This was in contravention of Section 102(1) of the Public Finance Management (Treasury Instructions), 2019 which requires the Accounting Officer to institute adequate controls so as to safeguard assets against abuse and misappropriations. There was no evidence that the loss of the ICT equipment had been reported to the police nor investigations carried out.

Risk/Implication

The quality of the ICT lessons may be impacted on negatively as a result of the missing ICT equipment.

Recommendation

The school authorities should make a police report on the missing laptops and tablets to enable effective investigations to be made.

Management Response

The observation is noted. Follow ups will be made through the Provincial Head as the Sub-Accounting Officer.

4 SERVICE DELIVERY/ IMPLEMENTATION OF PROGRAMMES

4.1 Vacant Posts

Finding

The Ministry had 136 418 teachers and non-teaching staff in post against an establishment of 146 389 as at December 31, 2022. The difference meant that there was an understaffing of 9 971 comprising, 8 746 teachers and 1 225 non-teaching staff. This was contrary to Section 3(1) and (2) of the Statutory Instrument 2000 which requires the appointing authority to recruit suitable staff in order to promote effectiveness in the provision of services to the public.

Risks/Implications

Failure to recruit teachers may result in understaffing at schools and compromises the quality of education.

There may be a high teacher to student ratio due to non-availability of teachers at schools.

Recommendation

The Ministry should continue to lobby for the Treasury concurrence through the Public Service Commission and the Ministry of Finance and Economic Development for recruitment of none teaching staff.

Management Response

It is admitted that by December 31, 2022, the Ministry had an establishment of 146 389 with 136 418 in post. However, to-date the Ministry was given authority to recruit 7 000 teachers. In May 2023, 5000 teachers were recruited, 2000 will be recruited by September 2023 whilst 1300 were also recruited to fill vacancies left by promoted Deputy Heads.

Non-teaching staff vacancies that are more than a year old cannot be filled because there is no Treasury concurrence. Teaching posts are not affected by Treasury concurrence and they are filled as they occur and rarely spill into the next financial year. There is a massive exodus of teachers into the diaspora.

5 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make significant progress in addressing prior year audit findings. Out of four (4) findings, one (1) was addressed, one (1) was partially addressed and two (2) findings were not addressed as indicated below:

5.1 Compensation of Employees

The observation was not resolved. The Ministry did not reconcile employment costs figures reported in the PFMS ledgers and SSB records.

5.2 Expenditure Variances

The issue was not resolved. Variances between the Appropriation Account and PFMS expenditures were not cleared.

5.3 Expenditure Validation

The documents were availed.

5.4 Submission of Annual Report

The issue was partially addressed. The Ministry submitted a quarterly report for 2022. Paragraph 1.3 refers.

SCHOOL SERVICES FUND 2021

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 the Treasury.

Qualified Opinion

I have audited the financial statements of the School Services Fund. These financial statements comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies**.**

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

Statement of Comprehensive Income

Item	**Amount ZWL$**
Income	1 091 624 894
Expenditure	1 067 632 373
Surplus	**$23 992 521**

Statement of Financial Position

Item	**Assets ZWL$**	**Liabilities ZWL$**
Non-Current	5 169 599	-
Accumulated Fund	-	85 372 020
Current	413 049 703	332 847 282
Total	**$418 219 302**	**$418 219 302**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the School Services Fund as at December 31, 2021, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Maintenance of Accounting Records

Finding

The School Services Fund's management did not maintain the required ledger accounts during the year ended December 31, 2021. This was observed during my audit at eighteen (18) schools in six (6) Provinces. In the absence of ledgers and any other alternative sources of information, I could not verify the completeness and accuracy of income of ZWL$1 091 624 894, expenditure of ZWL$1 067 632 373 and assets amounting to ZWL$418 219 302 and liabilities figure of ZWL$332 847 281 disclosed in the financial statements. This was in contravention of Section 35(6) of the Public Finance Management Act [*Chapter* 22:19] which requires every accounting officer to keep proper records of accounts.

Risk/Implication

Without adequate accounting records, the financial statements may be materially misstated.

Recommendations

Management should supervise and monitor the work of junior officers and should ensure that the requisite ledger accounts for the Fund are maintained in compliance with the regulations.

Management Responses

The observation is noted. The absence of ledger cards has mainly been attributed to the absence of qualified accounting personnel in schools. However, during the year 2022, the Ministry, with the aid of its partner UNICEF, trained School Heads in financial management through a programme roll out on Finance for Non-Finance Managers. The programme targeted 5 000 School Heads nationwide and covered proper maintenance and recording of financial transactions.

In addition, a Finance handbook was updated and it is currently in the process of distribution.

(ii) Submission of financial statements

Finding

Kariba Heights Primary School did not submit for audit the financial statements of the School Services Fund for the year ended December 31, 2021. This was contrary to Section 32(1)(2) of the Public Finance Management Act [*Chapter* 22:19] which provides for the submission and audit of the annual financial statements. I could not ascertain the completeness of the consolidated financial statements of the Fund.

Risk/Implication

The financial statements submitted for audit may be incomplete resulting in misstatement of the consolidated financial statements.

Recommendation

Each station should prepare financial statements to account for resources allocated and used.

Management Response

The SSF financial statements for Kariba Heights Primary School were presented to the District Accountant for consolidation. However, at the time of the audit, the new bursar failed to locate the accounts.

However, below are other issues noted during the audit.

1 GOVERNANCE ISSUES

1.1 IT Disaster Recovery Plan

Finding

At the time of audit in October 2022, eighteen (18) schools that were visited did not have a Disaster Recovery Plan (DRP) on how to respond to loss of information due to unplanned incidents such as natural disasters, power outages, cyber-attacks and any other disruptive events. A case in point was observed at Ndarama High School where the laptop which had information relating to Accounts Receivables amounting to ZWL$1 656 172 crushed. Section 44 (1)(a)(i) of the Public Finance Management Act [*Chapter 22:19*] requires an accounting authority to establish and maintain an effective, efficient and transparent system of financial and risk management and internal controls.

Risk/Implication

Schools can be exposed to virus attacks and may lose data resulting in disruption of operations.

Recommendation

The Ministry should ensure that each school has a Disaster Recovery Plan in place to safeguard operations, resources and enable continuity of services in the event of a disaster.

Management Responses

The observation is acknowledged. Adherence to the audit recommendation will be done. The Ministry has an Information and Communication Technology (ICT) policy being spearheaded by the ICT department. More needs to be done to make all Ministry officials aware of the policy.

At Ndarama High School efforts to recover Accounts Receivable data has started. A service provider was contacted in connection with the recovery process. This will enable the school to update receipts issued in order to come up with a credible Accounts Receivable figure. Hard copies will be printed daily and back up is to be done daily on external hard drives.

1.2 Reconciliation of Expenditure

Finding

I noted a variance of ZWL$1 359 075 on expenditure amounts disclosed in the SSF Account of Mzilikazi High School and the total amount on the payment vouchers submitted for audit inspection. The SSF expenditure amount was ZWL$1 446 190 while payment vouchers had a total amount of ZWL$87 115. Ideally, the two amounts should be the same. No explanation was given for the variance and there was no evidence that reconciliations were done. I was therefore unable to ascertain the correctness of the expenditure reported.

Risk/Implication

If expenditure in the SSF account is at variance with the actual payment vouchers, expenditure may be misstated.

Recommendations

The School should reconcile and make necessary corrections to the financial statements.

The District Education Office should regularly support schools with training in accounting.

Management Response

The amount of money in question is still under investigation at Mzilikazi High School because the school does not have a capacity of raising the said amount out of ten (ZWL$10) tuition fees being collected at the institution. However, audit recommendations and advice will be complied with.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Income

Findings

Nemakonde Secondary School

I noted that the school's income from tuition fees amounting to ZWL$75 530 which was shown in the financial statements did not have supporting documents as there was no enrolment statistics for learners during the year ended December 31, 2021. As a result, I was not able to validate the total figure of tuition fees collected during the year under review.

Macheke Government Primary School

The school did not receipt income amounting to ZWL$148 972 which was paid directly into its SSF Account from July 25, 2019 to November 10, 2021. This was in contravention of Section 46 (17) of the Public Finance Management (Treasury Instructions), 2019 which stipulates that officers should immediately upon receiving money in their official capacity, issue an electronic receipt or license prescribed for the purpose, as appropriate.

Risks/Implications

Without an enrolment list for learners, the total income receivable disclosed in the financial statements may be materially misstated.

Failure to follow proper procedures in accounting for income may result in misappropriation of funds through theft or fraud.

Recommendations

The Ministry should ensure that schools prepare monthly enrolment returns that could then be used to calculate tuition fees.

Schools should adhere to Section 46(17) of the Public Finance Management (Treasury Instructions), 2019 by ensuring that all bank direct deposits are receipted timeously.

Management Responses

The observation is noted. It is shocking to hear that the school head does not have an enrolment register. Our school decisions are made basing on the enrolment of learners at a school. However, the Ministry will keep track of this through its regular Joint Monitoring Visits.

Nemakonde Secondary School shall prepare monthly enrolment returns to consolidate the figures to ease the calculation of tuition fees. The school has been using an enrolment summary from the registers.

Macheke Primary School should liaise with its bank regularly to identify the names and beneficiaries of the direct deposits made. The Ministry shall continue to lobby for resources in order to capacitate district office personnel [District Accountants and DSI`s] for them to carry out regular monitoring visits in their schools. Macheke Primary School made a follow up on parents whose children were in arrears to bring proof of payments so that the school could merge with the deposits not receipted. A written request for authority to receipt these unidentifiable deposits from the Ministry will be done as soon as possible as per recommendation.

Evaluation of Management Response

I was not furnished with evidence indicating that a follow up, on fees which were in arrears, was done.

2.2 Management of Debtors

Findings

The schedule of outstanding fees (debtors) for Nemakonde Secondary School, Kariba Heights Primary School and Amaveni Primary School as at December 31, 2021 showed balances of ZWL$57 362, ZWL$1 270 and ZWL$33 969 respectively which were not supported by invoices. This was contrary to Section 9.1 (a) of the School Services Fund Accounting Manual which states that at the end of every term invoices are supposed to be issued to parents/guardians indicating the fees for the ensuing term. This might have been caused by lack of supervision by the school head to ensure that this is done.

Victoria High School, Nemakonde Secondary School and Macheke Government Primary School did not have effective debt recovery systems in place. The financial statements disclosed debtors amounting to ZWL$1 924 452, ZWL$72 000 and ZWL$1 368 643 respectively. This was in contravention of Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 which requires Officers responsible for collecting debts to take adequate steps to collect any sums due to the Government. This was caused by school management’s failure to institute effective debt recovery systems.

Risks/Implications

Income may be incomplete and inaccurately accounted for if standard invoices are not issued.

Errors and omissions may go undetected.

Failure to institute effective recovery mechanisms results in loss of public funds as debts can become irrecoverable.

The much-needed financial resources will be tied up in receivables which will be continuously losing value due to inflation. The funds could have been used for the development of the school if they had been collected timeously.

Recommendations

All schools should ensure that students are issued with invoices for the ensuing term at the end of each term.

Schools should put in place effective debt recovery systems.

Victoria High School should investigate the variances on the debtors' balances to establish the correct figure.

Management Responses

The observation is acknowledged. The issue of untrained personnel continues to cost the Ministry. Updating of debtors' ledgers needs trained personnel. Management of debtors is a component in the Ministry`s manual on Finance for Non-Finance Managers. School heads are being trained in this regard through Finance for Non-Finance Managers training workshops. This is a stop gap measure taken to ensure that sanity prevails in the absence of Accounting Assistants in our Schools. The school heads are taught on methods of debt recovery like issuing learner`s statement of account and sending out reminder letters to parents and guardians.

Nemakonde High School has devised a method whereby streams of classes will be shared to reduce the workload. The school will continue to request for an Accounts Clerk to alleviate the shortage of manpower that the school has.

Kariba Heights Primary School was issuing invoices at the end of each term, combining both the School Development Committee (SDC) and School Services Fund (SSF) levies on the invoices. The school has since started to rectify the anomaly by way of issuing S.D.C and S.S.F invoices separately as well as maintaining ledger cards separately for the different accounts. However, the school wishes that authorities recruit an S.S.F accounts clerk to lessen the load on the S.D.C bursar.

Amaveni Primary School will ensure that invoices are issued to every student at the end of each term. Corrective measures in terms of updating of ledger cards are already in place. This will ensure that Debtors are not misstated.

Macheke Junior School shall from time to time issue follow up letters to debtors in order to expedite the recovery of outstanding debts. Previously, the Head used to follow up on debtors through phone calls.

The total debtors figure on the Victoria High School debtors' list had a typing error. The correct figure was supposed to be ZWL$1 205 770 made up of ZWL$6 700 tuition and ZWL$1 199 070 boarding fees. We had funds held in the SDA account by end of the year amounting to ZWL$718 682. This figure was not included on the debtors' list and also on notes, though it was on the Trial Balance. This has been corrected. Fees

will be recorded in Hostel and Class attendance registers in future and the IT system will be improved.

2.3 Maintenance of Cash Books

Finding

My examination of records at Ndarama and Chitakatira Government Secondary Schools on October 25, 2022 revealed that cashbooks were not up to date. This was in violation of Section 36(6) of the Public Finance Management (Treasury Instructions), 2019 which provides that for budget monitoring to be effective the Director of Finance is supposed to ensure that all books of accounts are up to date.

Risks/Implications

Bank reconciliations cannot be performed if the cash books are not up to date.

Errors may not be detected and corrected timeously.

Recommendation

All Government schools should ensure that their cashbooks are updated timeously.

Management Responses

Cash books were not updated due to shortage of requisite staff in the schools. The Ministry through its structures, shall continue to lobby for resources to enable regular monitoring of those trained and manning the offices of the Accounting Assistants.

The finding in respect of Chitakatira Secondary School is acknowledged. As a matter of fact, due to the triviality of the SSF fee of ZWL$5-00 per learner per term, the school had resorted to collecting the SSF fee through the SDC books together with the collection of SDC levies. This move was taken to avert the costs of collecting SSF which then exceeded the revenue collected thereto.

The finding that the cashbooks at Ndarama High School were not up to date is correct. Efforts are being made to ensure that cashbooks for the year ending December 31, 2022 will be updated by January 14, 2023.

3 MANAGEMENT OF ASSETS

3.1 Assets Registers

Findings

The following schools were not maintaining Assets Registers contrary to Section 100(1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to ensure that all assets which are under their control are recorded in the appropriate registers. The table below refers.

Schools that did not maintain Assets Registers

No.	Name of school	Number of assets not recorded
1	Mzilikazi High School	25 computers
		1 welding machine
2	Mutare Girls High School	44 computers – School Laboratory
		14 computers – Research Centre
		2 printers
		1 projector

Therefore, the validity of the Asset certificate submitted for consolidation could not be confirmed. I also could not establish whether all State property had been accounted for and safeguarded from theft and misappropriation.

There was no evidence of regular review of the register and spot checks of station assets at Ndarama High and Victoria Primary Schools as a form of internal control. This was contrary to Section 105(1) of Public Finance Management (Treasury Instructions), 2019.

I could not confirm the existence of a printer and a projector shown on an inventory sheet kept in the computer room at Ndarama High School. Inquiries with school administrators revealed that the assets had gone for repairs. I was not furnished with documentation to support the assets movement. This was in contravention of Section 102(4) of the Public Finance Management (Treasury Instructions), 2019 which requires the transfer of movable assets from one location to another to be accompanied by a movable asset advice.

The computer laboratory for Victoria Primary School, which had 34 computers on the date of audit inspection, was not adequately secured as it could easily be accessed.

Risks/Implications

Assets may be exposed to possible misuse and theft if Assets Registers are not maintained and computer rooms are not secured

Ndarama High School may lose its assets to service providers if requisite paperwork is not done prior to releasing the assets for repairs.

Recommendations

Mzilikazi and Mutare Girls High Schools should regularly review Assets Registers to ensure that all assets are recorded.

Ndarama High School authorities should record the movement of assets from the school.

The Computer laboratories should be well secured with screens on windows and doors to reduce vulnerability to theft.

Management Responses

The observations are acknowledged. Asset Management is a component in the trainings on Finance for Non-Finance Managers. School heads are being trained in this regard. Most Schools do not have Administration Officers which is a loophole in the system that needs to be plugged. However, constant monitoring visits by the Ministry through its structures, shall be put in place to avoid occurrence of similar observations in future.

Mzilikazi High School is already addressing the finding. The school has appointed one of its deputy heads to help develop a sound internal control system in all departments.

Mutare Girls High School has since opened a Master Assets Register to accommodate all the assets at the school. The computers observed above were at the time of audit recorded in the SDC asset register. However, all assets will immediately be recorded in the Assets Register. The audit recommendations will be implemented forthwith.

A follow-up on the printer with the supplier was done and the printer HP LaserJet P1102 Serial Number VNC-6127430 has since been returned to Ndarama High School. The Digital Led Projector Serial No ACTI-17214019826 was also found. The computer Laboratory will be secured in line with audit recommendations.

Victoria Junior School acknowledges the observation made. Tight security shall be enforced for the computer laboratory.

4 PROCUREMENT OF GOODS AND SERVICES

4.1 Supporting documents

Findings

At Victoria Primary School, there was no evidence that competitive quotations were sourced for the acquisition of farm produce made through payment vouchers: 52/2021, 60/2021, 69/2021, and 118/2021. No justification to support the direct procurement of the farm produce was availed for audit.

Furthermore, Macheke Primary School incurred expenditure amounting to ZWL$1 300 440 that was not supported by source documents such as requisitions, competitive quotations, procurement committee meeting minutes, invoices, receipts and goods received notes. This was contrary to Section 59(1) of Public Finance Management (Treasury Instructions), 2019 which governs expenditure documentation and validation. Consequently, I was unable to determine whether the expenditure incurred was a proper charge to the school.

Risks/Implications

Without competitive quotations, goods and services may not be purchased to the best advantage of the school.

If payments are processed without adequate source documents, fraudulent transactions may occur.

Recommendations

Victoria and Macheke Primary Schools should make use of competitive bidding when procuring goods and services to ensure transparency and fairness.

The schools should also ensure that supporting documents are attached to payment vouchers.

Management Responses

On Payment Voucher 118/2021 the comparative schedule and quotations were misplaced and the officer responsible at Victoria Primary School failed to locate it up to the day of the audit. Payment Vouchers 52/2021; 60/2021 and 69/2021 were made to Blephil Investments which is one of our reputable suppliers of farm produce. The shortage of vegetables in town at the time prompted us to buy without other quotations. However, the school commits to adhere to the audit recommendations.

For Macheke Primary School, procurement minutes are available. Some quotations were done online and could not be printed at the time of procurement due to unavailability of printing services. However, the procurement committee sat and made comparisons using soft copies which could not be retrieved from the phone when printing services were not available due to a technical fault. Invoices, receipts and goods received notes were collected and attached accordingly. We are still waiting for receipts for utility payments for electricity, telephone, internet and water. The school Head will continue to monitor and supervise the procurement process.

5 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in my previous audit report. Out of the four (4) findings, none was addressed as indicated below:

5.1 Maintenance of Accounting Records

The issue was not resolved as indicated in this report. All the schools which were visited in October 2022 were not maintaining ledger cards.

5.2 Levy Pending Transfer to School Development Committees

The issue was not resolved. As at December 31, 2021, ZWL$96 781 133 was due to be transferred to the School Development Committees.

5.3 Expenditure Control

The issue was not resolved as ZWL$536 066 632 which is more than 50% of the expenditure amount of ZWL$1 067 632 373 incurred by the Fund during the year, ZWL$536 066 632 was also spent on Institutional Provisions.

5.4 Accounts Receivable

The issue was not resolved as the Accounts receivable increased from ZWL$94 937 151 in 2020 to ZWL$202 323 793 in 2021.

VOTE 16.- HIGHER AND TERTIARY EDUCATION, INNOVATION, SCIENCE AND TECHNOLOGY DEVELOPMENT

APPROPRIATION ACCOUNT 2022

Mandate

The Ministry is responsible for the oversight, formulation and implementation of policies related to planning, training and development of human capital and the promotion of science, technology and innovation. It also facilitates cooperation in research and development, higher and tertiary education as well as in science and technology at local, regional and international levels.

Adverse Opinion

I have audited the financial statements for the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve Transfers ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$70 810 350 000	-	$70 810 350 000	$60 820 637 786	$9 989 712 214

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the Appropriation Account, Finance and Revenue statements and other supporting returns, do not present fairly the state of affairs of the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Adverse Opinion

(i) Sub PMG Reconciliation

Findings

The Appropriation Account had total expenditure of ZWL$60 820 637 786 whereas the Sub-Paymaster General's Account (Sub-PMG) reconciliation disclosed total expenditure payments of ZWL$37 017 693 362, resulting in an unreconciled variance of ZWL$23 802 944 424.

The year-end reconciliation also showed total releases from Treasury of ZWL$36 572 425 407 whereas the PFMS had a total of ZWL$61 248 104 258, giving an unexplained variance of ZWL$24 675 678 851. These uncorrected and unreconciled variances resulted in misstatement of the amounts reported on the return.

For the fourth year in succession, the Ministry did not prepare monthly reconciliations of the Sub-PMG Account and the PFMS cashbook. Monthly reconciliations would have enabled the Ministry to detect and correct any errors occurring.

Risk/Implication

Failure to perform monthly reconciliations might result in fraudulent transactions and errors going through the account undetected.

Recommendation

The Ministry should carry out monthly reconciliations so that any possible misstatements or errors are detected and corrected timeously.

Management Response

The observation is acknowledged. The variance was due to Covid 19 and several foreign payments of ZWL$18 190 588 164 and ZWL$377 174 439 respectively which did not pass through the bank. The balance is still to be fully unpacked and the Ministry will continue to work on clearing the full variance.

(ii) Misstatement of Appropriation Account Expenditure

Finding

The expenditure amount reported in the Appropriation Account was overstated by a net amount of ZWL$18 557 711, made up of ZWL$27 754 061 uncleared open items, overpayments to service providers of ZWL$2 189 690 and erroneous reversals of ZWL$11 386 040 effected at the beginning of the current year. The errors remained uncorrected.

Risk/Implication

The Ministry’s Appropriation Account was materially misstated and could mislead users in decision making.

Recommendation

The erroneous reversals should be corrected and the Appropriation Account adjusted so that it presents the correct state of affairs.

Management Response

The difference of ZWL$317 620 452 has been cleared and the Appropriation Account has been adjusted. The Appropriation Account and the PFMS now agree.

Evaluation of Management Response

Although the Appropriation Account was adjusted and resubmitted, a net misstatement of ZWL$18 557 711 remained outstanding.

(iii) Transfers of Money to Funds Accounts

The Ministry transferred a total of ZWL$790 861 780 from the Appropriation Account to the Industrial Training and Trade Testing Fund ZWL$21 102 000, the Vocational and Technical Examinations Fund ZWL$66 000 000 and Tertiary Fund $703 759 780. The budget estimates had no provision for such transfers as the Funds generate their own revenue. The Ministry could not provide evidence of how the transferred funds were utilized as the financial statements of the Funds to which the amounts were transferred to had not been compiled. The expenditure reported could therefore not be validated to confirm whether it was a proper charge to the Appropriation Account.

Risks/Implications

The funds could be misappropriated without trace and if still unused, could have lost value due to inflation.

Funds meant for planned programmes' activities could be diverted to meet unapproved expenditure.

Recommendation

The Ministry should comply with regulations on the use of public financial resources and should provide evidence on how the transferred funds were accounted for.

Management Response

The observation is acknowledged. The Ministry acknowledges transferring a total amount of ZWL$87 102 000 to the said Funds. Bank statements for the Funds have been attached for information on how the funds were used. However, the Ministry has since stopped the practice and will not repeat it in future.

The observation is acknowledged. The balance of current grants of ZWL$703 759 780 was for use by college to cover operational costs. In future it will be allocated to different colleges in advance.

Evaluation of Management Response

The expenses should have been paid for through the PFMS without transferring the funds and incurring costs. Further, bank statements do not give details of what was paid.

(iv) Unsupported Payment Vouchers

Finding

The Ministry processed and paid for expenditure worth ZWL$64 117 494 without supporting invoices, receipts, Delivery Notes (DN) and Goods Received Notes (GRN). I therefore could not validate whether the payments made were a proper charge against public funds. This was contrary to the provisions of section 59(2) (c) of the Public Finance Management (Treasury Instructions), 2019 which does not allow expenditure to be incurred based on quotations only.

Risk/Implication

Fraudulent and dual payments may be processed.

Recommendation

The Ministry should ensure that all payment vouchers are adequately supported and availed for audit examination.

Management Response

The observation is acknowledged. The Ministry faced challenges with hotels and lodges which were reluctant to issue fiscalised invoices since they attract tax remittances immediately to ZIMRA. However, nearly all outstanding invoices have been accounted for.

Evaluation of Management Response

Out of the original figure of ZWL$393 575 325, an amount of ZWL$64 117 494 remained uncleared as supporting documents could not be availed.

(v) Compensation of Employees

Finding

The Salary Service Bureau (SSB) records on Compensation of Employees for the Ministry had total expenditure of ZWL$14 386 924 951 while the Ministry's Public Finance Management System (PFMS) ledgers had an amount of ZWL$14 531 473 201 resulting in a variance of ZWL$144 548 250. There was no evidence that monthly reconciliations were done in compliance with the Treasury Circular in order to validate the correctness of the salary payments. Treasury Circular B/1/88 dated June 5 2018 requires Ministries to perform monthly reconciliations of billed amounts by the Salary Service Bureau (SSB) against Compensation of Employees expenditure shown in the PFMS ledgers.

Risks/Implications

The employment costs reported for the financial year under review may be misstated and salaries and allowances may be paid for services not rendered.

Recommendations

The Ministry should ensure that Compensation of Employees costs billed by the SSB are reconciled monthly against the Compensation of Employees cost figures shown in the PFMS ledgers so that any variances are investigated, traced and cleared in time in order to safeguard the public financial resources.

Management Response

The observation is acknowledged. Reconciliations were done from January to December and the anomaly only arose in December. The variance emanated from Senior Officers' bonus and student teachers' Covid allowances wage bill which were introduced in the PFMS in 2022 but were only included in 2023 SSB wage bill. SSB

could not run a bill twice in a month. The two add up to the amount in question of ZWL$144 082 433.

Evaluation of Management Response

Reconciliations of wage bills and payments made were still not produced. Regarding variances, these were noted during the months of February, May, September, November and December 2022.

(vi) Misstatement of Current Grants

Finding

Current grants transfers in the Public Finance Management System (PFMS) and reported in the Appropriation Account amounted to ZWL$36 662 120 940 while the respective grant aided institutions confirmed having received a total amount of ZWL$32 267 472 507. There was an unreconciled variance of ZWL$4 394 648 433. I could therefore, not validate whether the expenditure disclosed in the Appropriation Account was correct in the absence of reconciliations explaining the variance.

Risks/Implications

Current grant transfers in the Appropriation Account were misstated and may mislead users.

Fraudulent transfers could have been made.

Recommendation

The Ministry should investigate the variances and ensure that all transfers are properly accounted for.

Management Response

The Ministry extended current grants to institutions for them to adequately prepare for the launch of their products. The current grants were added to the capital grants so as to keep the projects' investment demands sustainable. As a result, it was impossible to strictly keep the grants as capital grants. The amounts of current grants would be evident if the Ministry would disclose the total amount of current and capital grants.

Evaluation of Management Response

The response did not address the finding; the variance was not reconciled nor explained. Further, there were no variances on capital transfers to the various institutions.

(vii) Irregular Travelling and Subsistence Advances

Findings

Travelling and subsistence advances amounting to ZWL$43 871 831 issued during the year and disclosed as outstanding on the domestic travel and subsistence advances return were not acquitted. Some of the advances were dating as far back as 2021 without claims being submitted. I could therefore not validate whether the trips were undertaken and whether the amount was a proper charge to public funds. Section 65(15) of the Public Finance

Management (Treasury Instructions), 2019 requires that advances be acquitted within thirty (30) working days of return to home station.

The Ministry paid multiple advances totalling ZWL$9 688 396 to its staff for trips with overlapping dates resulting in dual claims for the same days. Section 65(7)(c) of the Public Finance Management (Treasury Instructions), 2019 prohibits issuing of a new advance before the existing one is cleared. The Ministry also made double payments of advances to members of staff amounting to ZWL$7 545 022. There was no evidence that the amounts were recovered from the individual members. The overpayments distorted the correctness of supporting returns to the financial statements.

Outstanding advances amounting to ZWL$14 180 744 were omitted from the return submitted for audit. Furthermore, opening balances amounting to ZWL$3 093 132 were not carried forward in violation of Section 65 (21) of the Public Finance Management (Treasury Instructions), 2019.

Risks/Implications

Fraudulent travelling and subsistence advances may have been issued. If acquittals are not done, it is difficult to determine whether advances issued were used for the purpose intended.

Officers may be paid travel and subsistence advances or claims for trips which were not undertaken and the advances could be soft loans.

The return for travelling and subsistence advances may be misstated and hence less useful to users.

Recommendations

There is urgent need for the Ministry to improve controls and management of Travelling and Subsistence Advances to avoid issuing out soft loans in the form of advances.

The Accounting Officer should consider assigning Internal Audit to carry out an investigation on the outstanding advances that were not acquitted as there could be fraudulent advances.

The Ministry should investigate the irregular payments and ensure that recoveries are made. No officer should be issued with a new advance before clearing prior outstanding advance.

All outstanding advances should be disclosed.

Management Response

The overlaps in time for deductions was observed in the closing months of the year when we had three colleges and university graduations in one week. With proper rescheduling of the graduations calendar we will avoid the overlaps.

The double payments were due to running a pay run twice. The deductions were effected on future travel and subsistence amounts due against the prepayments made.

The opening and closing balances on the outstanding return are noted. However, a new return was re-submitted.

Evaluation of Management Response

No deduction schedules were provided to substantiate that deductions had already begun. Travel and subsistence allowances paid to an officer and not used for the intended purpose are not supposed to be deducted from future travels but paid back, or deductions should be effected on the pay sheets.

The Ministry did not respond to the issue of improper claims for days when the members had returned to home stations.

No officer should be issued with a new advance before clearing prior outstanding advance. Un necessary trips may be created in order to clear prior advances.

A new return was not submitted for audit.

(viii) Misstatement of Revenue Received

Findings

The Ministry disclosed total revenue received amounting to ZWL$5 241 771 while transfers to the Main Exchequer account PFMS general ledger had a total of ZWL$545 452 893 resulting in unreconciled variance of ZWL$540 211 122. In addition, departmental surcharge raised amounting to ZWL$2 644 975 and disallowances of ZWL$882 500 were erroneously included as revenue received.

Furthermore, an amount of ZWL$3 567 593 was posted to the Revenue Received General Ledger for Surcharges without supporting receipts, journal vouchers or deduction schedules to support the amount posted. I was unable to validate the accuracy of the reported revenue received.

Risks/Implications

The Revenue Received was misstated.

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

Recommendations

The Ministry should ensure that there is adequate supervision in the processing of Revenue Received and in the preparation of the Revenue Received return.

The return should be corrected and resubmitted.

The different revenue balances of ZWL$545 452 893 and ZWL$5 241 771 should be reconciled and all supporting documentation availed for audit verification.

Management Response

The Ministry staff needs some training on how to account for the disallowances and surcharges and we will consider that. Some journal vouchers have been put through to correct the errors and to account for some situations that do not arise in the course of preparation of accounts.

Evaluation of Management Response

The Ministry did not prepare and submit an adjusted Statement of Revenue Received return.

However, the following were other issues arising from the audit:

1. GOVERNANCE ISSUES

1.1 Classification of Expenditure

Finding

As reported in the 2019 to 2021 reports, the Ministry continued to process payments in incorrect ledgers thereby misclassifying expenditure. A sample of transactions examined revealed that expenditure worth ZWL$297 725 714 was misclassified. This was done to circumvent virement procedures. Section 54 (1) of the Public Finance Management (Treasury Instructions), 2019 requires that all expenditure on voted services be classified under the appropriate sub-heads and items as shown in the Estimates of Expenditure and as directed by Treasury.

Risk/Implication

Inaccurate information is reported which could be misleading and this also affects future budgeting decisions.

Recommendation

The Ministry should ensure that all expenditure is properly classified as provided for in the budget estimates.

Management Response

The finding is acknowledged and a journal has been attached addressing the anomaly.

Evaluation of Management Response

The journal did not address all the misclassifications. From the original total of ZWL$324 332 174, a total of ZWL$297 725 714 remained misclassified.

1.2 Statement of Payment Arrears

Finding

The Ministry did not avail creditors’ ledgers, invoices, periodic reports and age analysis of payments in arrears. This limited the scope of my audit as I was unable to verify the accuracy of the amount of $227 370 616 disclosed on the Statement of Payment Arrears.

Risk/Implication

The accumulation of arrears if left undocumented and unattended to, undermines the future administration and management of creditors.

Recommendation

The Ministry should ensure that creditors' ledgers, invoices, the Ministry's periodic reports to the Ministry of Finance and schedule of accounts payables together with age analysis of payments in arrears are updated and availed for audit verification.

Management Response

The observation is acknowledged. The statement of payment arrears with respect to Government agencies like TelOne, CMED, ZETDC and ZINWA among others was not available and in future we will make efforts to prepare them.

1.3 Accounting for Advances

Findings

The Ministry incurred total expenditure of ZWL$806 071 324 in travelling and subsistence allowances paid as advances to members of staff. However, the Ministry did not keep either a register of the advances or debtor's ledgers for the individual staff members. This was contrary to provisions of section 65 (22) of the Public Finance Management (Treasury Instructions), 2019 which requires records of travelling and subsistence advances to be maintained. It was therefore difficult to ascertain whether the advances were used for the intended purposes and properly accounted for.

The Ministry did not keep registers to account for time and attendances at workshops and out of office activities. A sample of advances issued revealed that travel and subsistence advances amounting to ZWL$8 808 786 were paid to officers whose lines of duty were not related to the purposes for which the trips were undertaken, thus increasing chances that public resources may not have been used transparently, prudently, economically and efficiently. Furthermore**,** an analysis of individual PFMS vendor accounts revealed sixteen (16) staff members getting as much as ZWL$73 097 727 in travelling and subsistence allowances during the year.

Travel and subsistence advances and claims amounting to ZWL$10 497 580 were paid to Drivers, Security Aide, and Personal Assistant between the period January 2022 and September 2022 for visits to Chipinge Central Constituency. There was no evidence that the visits had anything to do with fulfilment of the Ministry's mandate, hence this was wasteful expenditure.

Risks/Implications

The Ministry may not be able to hold members to account for advances made in the absence of accounting records. Fruitless expenditure may be incurred.

There is possible misuse of public resources through workshops.

Recommendations

Management should ensure that the Ministry maintains proper accounting records for advances including registers for proper accountability. Outstanding balances should be carried forward into the new period as required by the Treasury Instructions for transparency and accountability.

Advances should be paid for trips supporting the business of the Ministry.

Management Response

The observations are acknowledged. The Ministry keeps a register to account for time and attendance at workshops. The registers were availed. In some instances, the support departments would need to be skilled by getting modules which specifically relate to them.

Constituency visits are catered for by Parliament. The Ministry takes care of support staff with regard to travelling and subsistence allowances.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Statement of Receipts and Disbursements

Findings

The Ministry collected and deposited revenue and other public moneys amounting to ZWL$8 422 768 into the Sub-Paymaster General's Account instead of the Sub-Exchequer Account. The amount remained in the Sub-Paymaster General's Account up to the end of the year. Section 48(3) of the Public Finance Management (Treasury Instructions), 2019 requires all revenues and other public moneys received by collectors of revenue received to be deposited daily in the local bank for the credit of the Exchequer Account.

The Ministry proceeded to disclose the ZWL$8 422 768 on the Statement of Receipts and Disbursements as at December 31, 2022 as disbursed to the Main Exchequer Account thereby overstating the Statement by the same amount.

Risk/Implication

The money deposited in the Sub-Paymaster General's bank account instead of the Exchequer Account may be used to incur expenditure without Parliamentary approval.

Recommendation

Revenue and other public moneys due to the Exchequer should be deposited into the Ministry's Sub-Exchequer Account.

Management Response

The observation is acknowledged. The Ministry has finally obtained correspondence from SSB that they will desist from crediting the Sub-PMG but use the correct code to credit the Sub-Exchequer thereafter.

The Ministry will improve on supervising the subordinates in the preparation of these statements of accounts.

3. PROCUREMENT OF GOODS AND SERVICES

3.1 Undelivered Assets

Findings

For the second year in succession I observed that the Ministry had not taken delivery of thirty-nine (39) desktop computers valued at ZWL$4 359 157 from Latmark Supply Chain and eleven (11) vacuum cleaners valued at ZWL$191 829 from OK Mart that were acquired on September 2, 2021 and August 4, 2021 respectively.

Risks/Implications

The Ministry is deprived the use of the assets and this may affect service delivery.

Public resources may have been lost.

Recommendation

The Ministry should follow up on the assets paid for so that they are delivered.

Management Response

The Ministry has not yet received the balance of the desktop computers. It must be recognised that the Ministry succeeded in securing a debarment order for six (6) months against Latmark Supply Chain. The matter is now in the hands of PRAZ.

The Ministry is still pursuing the matter of the delivery of eleven vacuum cleaners and we have handed over the matter to the Ministry's legal advisor.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Ministry did not make much progress in addressing prior year audit findings. Out of a total of nine (9) issues raised three (3) were addressed, and six (6) were not addressed as indicated below:

4.1 Overstatement of Expenditure

The issue was not addressed as documentation was not provided to support the reported expenditure. The issue recurred in the current year.

4.2 Unsupported expenditure

There was no improvement in the area. Unsupported expenditure was noted during the current audit as well.

4.3 Statement of Receipts and Disbursements

The Ministry deposited revenue collected into the Sub-PMG instead of the Sub-Exchequer Account. The amount so deposited was disclosed in the receipts and Disbursements as collections. The matter was not addressed.

4.4 Travel and Subsistence Advances

There was partial addressing of the finding as some acquittals were availed while others were not.

4.5 Classification of Expenditure

The matter was not addressed as there was recurrence of misclassification of expenditure during the financial year under review.

4.6 Unauthorised Payment Vouchers

There was improvement in this area during the year as payment vouchers reviewed were duly authorised.

4.7 Sub-Paymaster General's Account Reconciliation

There was no progress made on this issue. Sub-PMG Account reconciliations were not done.

4.8 Winding up of Retention Funds

The matter of winding up Retention Funds remained unaddressed, the Retention Funds were still operational.

4.9 Undelivered Assets

The issue was partially addressed. The Ministry took delivery of the outstanding vehicles. Office equipment remained undelivered.

TERTIARY EDUCATION AND TRAINING DEVELOPMENT FUND 2019

Objectives of the Fund

The objectives of the Fund are to collect and administer fees for the purposes of supplementing the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development's budget (both capital and recurrent), for the development and maintenance of services, programmes and activities at tertiary institutions.

Disclaimer of Opinion

I am required to audit the financial statements of the Tertiary Education and Training Development Fund, which comprise the statement of financial position as at December 31, 2019, the statement of Comprehensive Income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	51 508 062
Expenditure	54 937 058
Deficit	**($3 428 996)**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current Assets	15 006 583	-
Current	40 737 144	13 495 838
Accumulated Fund	-	42 247 889
Total	**$55 743 727**	**$55 743 727**

I do not express an opinion on the financial statements of the Tertiary Education and Training Development Fund. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Absence of Chart of Accounts

Finding

The absence of a documented chart of accounts for the Fund made it difficult for uniform financial statements to be produced by the tertiary institutions. Resultantly, the consolidated financial statements produced had material misstatements. In preparing notes to the account balances, the Ministry used a breakdown of institutions from where the balances originated from instead of a breakdown of ledger balances due to the different chart of accounts used by the various institutions. For example, what constituted goods and services, other expenses, revenue and other revenue differed from one institution to another. I could therefore not verify the accuracy of the consolidated financial statements and this limited the scope of my audit.

Risk/Implication

The consolidated financial statements may be materially misstated due to inconsistent accounting for transactions, rendering them less useful to users.

Recommendations

The Ministry should develop a chart of accounts as guidance on accounting and preparation of financial statements.

The Ministry may also consider adopting the Government chart of accounts for use by every tertiary institution to ensure production of uniform financial statements.

Management Response

Management did not respond.

(ii) Unsupported Figures

Finding

The accumulated fund includes the unsupported prior year adjustments amounting to ZWL$16 102 616. Documentary evidence to support the figures remained outstanding hence this affected the accuracy of the current financial year statements. Further, an unexplained retained income amount of ZWL$477 685 was disclosed in the financial statements and the source of the amount could not be explained.

Risk/Implication

The financial statements are materially misstated making them less useful to users.

Recommendation

The adjustments should be investigated and supported by the related documentary evidence.

Management Response

Management did not respond.

(iii) Imbalance on the Statement of Financial Position

Finding

The statement of financial position submitted for audit was not balancing. Total assets amounted to ZWL$55 743 727 while total Reserves and liabilities added up to ZWL$58 420 395 resulting in an imbalance of ZWL$2 676 668 which was not investigated and corrected.

Further an amount of ZWL$890 601 was shown as suspense account under current liabilities and this was also not explained.

Risk/Implication

The imbalances resulted in the consolidated financial statements being materially misstated.

Recommendation

The Ministry should investigate the imbalance and take corrective action.

Management Response

Management did not respond.

(iv) Consolidated Financial Statements Compared with Underlying Records

Finding

The amounts disclosed in the consolidated statement of financial position and statement of comprehensive income were different from amounts in the individual financial statements submitted by institutions. The consolidated financial statement amounts are supposed to be a summation of the individual items in the respective institutions' financial statements. There was a net variance of ZWL$2 517 014 between the consolidated financial statement amounts and the total from individual financial statement amounts. In the prior year, the net difference was ZWL$11 985 829 which remained uncorrected and affected the 2019 opening balances. I could therefore not rely on the consolidated financial statements submitted for audit by the Ministry as they were materially misstated.

Risk/Implication

The consolidated financial statements could ben materially misstated. I could not therefore rely on the financial statements submitted for audit by the Ministry.

Recommendations

There is a need to investigate the variance and take action to correct the financial statements.

Financial statements for individual tertiary institutions should be combined to come up with consolidated financial statements of the fund.

Management Response

Management did not respond.

(v) Differences in Individual Institutions' Financial Statements

Finding

Total balances in training institutions' individual financial statements compared to the notes supporting them had net variances of ZWL$2 024 262 which were not reconciled. These institutions' individual financial statements balances were summed up to come up with the consolidated financial statement balances. There was no evidence that effective checking and supervision in the preparation of financial statements had been done hence the numerous differences. The following table shows the net variance:

Risk/Implication

The accuracy of the consolidated financial statements was affected by the different individual financial statement balances hence they are materially misstated.

Recommendation

The Ministry should ensure that there is adequate checks and balances and supervision in the preparation of financial statements.

Management Response

Management did not respond.

(vi) Preparation of the Statement of Cash Flows

Finding

The Ministry did not prepare the consolidated statement of cash flows as part of its financial statements although individual colleges prepared the statements of cash flows. This was contrary to the provisions of Section 35(6) of the Public Finance Management Act [*Chapter 22:*19] which requires the Accounting officer to submit for audit a set of financial statements that include a statement of cash flows.

Risk/Implication

The consolidated statement of cash flows could be materially misstated

Recommendation

The Ministry should prepare and submit the consolidated statement of cash flows as part of the financial statements.

Management Response

Management did not respond.

1 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of the eleven (11) findings raised during the 2018 financial year, the Ministry did not make much progress in addressing the findings. Only one (1) finding was partially addressed while the rest remained outstanding as indicated below:

1.1 Absence of Chart of Accounts

There was still no documented chart of accounts for the Fund as well as an updated Financial and Accounting Manual making it difficult for the tertiary institutions to produce uniform financial statements.

The Ministry took steps to correct the anomaly by coming up with a chart of accounts which is yet to be implemented.

1.2 Prior Year Adjustments to the Accumulated Fund

The consolidated financial statements had two unsupported prior year adjustments to the accumulated fund totalling ZWL$9 961 173 and ZWL$6 141 443 resulting in a total of ZWL$16 102 616. Evidence to support the adjustments was not availed hence the issue affected opening balances for the current financial year.

1.3 Account Balances and Accompanying Notes

The issue of the net difference of ZWL$13 680 288 between the figures for various items disclosed in the financial statements and the accompanying notes remained unresolved.

1.4 Consolidated Financial Statement Balances Compared with Underlying Records

The figures disclosed in the statement of financial position and statement of comprehensive income for the consolidated accounts were different from figures in the individual financial statements submitted by institutions by a net variance of ZWL$11 985 829. The variance was not corrected and the issue recurred during the financial year under audit.

1.5 Variances Between Pastel Accounting Ledger Balances and Financial Statements

The pastel accounting ledgers for property, plant and equipment, inventory, debtors, creditors, revenue, other income and various expense items had a net variance of ZWL$5 624 096 when compared with balances in the financial statements. Masvingo Teachers College, Mutare Polytechnic, Msasa Industrial Training College and Bulawayo Polytechnic accounting records and financial statement balances contributed to the net variance. The variances were not reconciled.

1.6 Unvouched Expenditure

Financial statements for Bulawayo Polytechnic had expenditure of ZWL$1 477 653 which had no supporting documentation.

1.7 Accounting for Revenue

The statement of comprehensive income for Mutare Polytechnic included ZWL$1 240 883 which was in respect of fees outstanding from the previous year for students on the Cadetship Scheme.

Masvingo Teachers' College collected an amount of ZWL$125 326 on behalf of the University of Zimbabwe as examination fees and recognized it as revenue accruing to the institution thereby overstating the revenue figure in the consolidated financial statements for the year under review. No corrective action was taken.

1.8 Property, Plant and Equipment

Mutare Polytechnic had vehicles with a total historical value of ZWL$300 203 which had nil book values. The vehicles were still in good working condition and the institution was thus still deriving economic benefits from their use. The revaluations were not carried out and hence the value of vehicles reported remained understated.

1.9 Depreciation Expense

A re-calculation of depreciation for Mutare Polytechnic and Msasa Industrial Training College revealed that depreciation expense had been understated by amounts of ZWL$124 984 and $2 993 respectively. The issue remained outstanding as no corrective action was taken.

1.10 Statement of Cash Flows

The Ministry did not prepare the consolidated statement of cash flows as part of its financial statements although individual colleges prepared the statements of cash flows. This was contrary to the provisions of Section 35(6) of the Public Finance Management Act [*Chapter 22:*19] which requires the Accounting officer to submit for audit a set of financial statements that include a statement of cash flows. There was no improvement during the financial year under review as the issue recurred.

1.11 Accounts Receivable

Accounts Receivable ledgers and other registers at Bulawayo Polytechnic revealed that an amount of ZWL$61 605 was omitted from the Accounts Receivable balance disclosed in the financial statements. Sixty-five (65) students were not invoiced for Tuition Fees contrary to the provisions of Section 16.0 of the Fund’s Financial and Accounting Manual. No corrective action was taken.

VOCATIONAL AND TECHNICAL EXAMINATIONS FUND 2020 AND 2021

Objectives of the Fund

The objectives of the Fund are to receive and apply financial resources meant for the development and maintenance of services and programmes relating to National Examinations, Curriculum Research and Development to enable Zimbabwe's Vocational and Technical Examinations to meet internationally recognised standards.

Disclaimer of Opinion

I am required to audit the financial statements of the Vocational and Technical Examinations Fund for the years 2020 and 2021. These financial statements comprise the statement of financial position as at December 31, 2021 and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

Below is a summary of the Statement of Comprehensive Income and Statement of Financial position for the year 2021:

Statement of Comprehensive Income

Item	Amount ZWL$
Income	134 632 411
Expenditure	131 643 950
Surplus	**$2 988 461**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current	78 702	-
Current	19 837 516	5 576 010
Accumulated Fund	-	14 340 208
Total	**$19 916 218**	**$19 916 218**

I do not express an opinion on the financial statements of the Vocational and Technical Examinations Fund. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Maintenance of Accounting Ledgers

Finding

The Ministry did not avail for audit examination accounting ledgers, receipt and cash books and bank statements used for the preparation of the Vocational and Technical Examinations Fund financial statements for the year ended December 31, 2021. The failure to avail accounting records limited the scope of my audit as I was not able to gather sufficient and appropriate evidence to enable me to validate transactions and express an appropriate audit opinion on the financial statements.

Risk/Implication

Transparency and accountability in management of public financial resources may be compromised.

Recommendation

The Ministry should timeously avail accounting records underlying the financial statements submitted for audit.

Management Response

The observation is noted. We had a pastel system breakdown before and during audit period. We sought assistance of a pastel IT consultant to help us with the configuration challenges because the balances in the ledger accounts were not the same as the balances in our trial balance.

(ii) Discrepancies between Financial Statement balances and ledgers

Finding

Figures disclosed in the 2020 financial statements did not agree with balances extracted from the specific general ledgers in the Pastel Accounting System. Pastel ledgers showed that trade payables were ZWL$3 200 131 while an amount of ZWL$383 990 was disclosed in the financial statements thereby leaving a variance of ZWL$2 816 141.

The amount of cash and cash equivalents in the Pastel cashbook was ZWL$12 786 089 while the financial statements disclosed a balance of ZWL$13 586 843 leaving a variance of ZWL$800 754. Therefore, I could not place reliance on the amounts disclosed in the financial statements since the variances were material and unexplained.

Risk/Implication

The financial statements may be misstated and may mislead users thereof.

Recommendations

Management should ensure that accounting records are properly maintained and financial statements should be prepared from the underlying records.

Management should supervise staff to ensure that an up to date cashbook is maintained and bank reconciliations are done.

Management Response

The observation is noted. The pastel ledger for accounts payable and cash and cash equivalents variances were caused by configuration challenges. On accounts payable, a list of unreceipted direct deposits is attached to support the $383 990. The ZWL$13 586 843 is the correct amount for cash and cash equivalents and the certificate from the bank can confirm that.

Evaluation of management response

The response provided did not address the issue of variances noted. Furthermore, there was no list of unreceipted direct deposits attached as mentioned in the response.

(iii) Overstatement of Income

Finding

The Fund received reimbursements worth ZWL$4 166 390 from the Appropriation account for expenses paid on its behalf. The reimbursements were accounted for as grants thereby overstating the Fund's income for the 2020 period by the same amount. There was no evidence that maintenance of books of accounts and the subsequent preparation of financial statements were monitored, which resulted in the anomaly.

Risk/Implication

The financial statements were materially misstated and may mislead users thereof.

Recommendation

Management should ensure accounting staff is supervised and financial records reviewed for accuracy.

Management Response

The observation is noted; corrections will be made in the year 2023.

(iv) Accounts Receivable

Finding

The Ministry did not produce individual debtors' records for the outstanding amount of ZWL$14 231 026 disclosed in the 2020 financial statements. I could therefore not validate the outstanding amount as well as analyse the periods that the amounts had been outstanding. The non-maintenance of individual ledgers was in violation of section 35(6)(a) of the Public Finance Management Act (Chapter 22:19) which requires Accounting Officers to keep or cause to be kept proper records of account.

Risk/Implication

Debts might become irrecoverable if they remain uncollected for a long time which might impact negatively on the operations of the Fund.

Recommendation

Management should take appropriate measures to safeguard the resources of the Fund by recovering debts timeously.

Management Response

The observation is noted, however, Polytechnics who owed examination fees remitted the amounts to Head office in 2021. In future, examination fees will be remitted to Head Office timeously.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Payment vouchers not availed for audit examination

Finding

Payment vouchers with a cumulative amount of ZWL$3 808 155 relating to the 2020 financial year were not provided for audit examination. I was thus unable to determine whether the expenditure was a proper charge against public financial resources.

Risk/Implication

Fraudulent payments may be processed.

Recommendation

The Ministry should ensure that there is adequate supervision in the maintenance of accounting records and ensure that the payment vouchers are availed for audit examination.

Management Response

The observation is noted, the outstanding payment vouchers in question have since been forwarded for audit verification.

Evaluation of management response

The vouchers submitted reduced the original amount from ZWL$12 524 649 to ZWL$3 808 155 whose vouchers have not been availed.

1.2 Unsupported expenditure

Finding

Expenditure amounting to ZWL$107 450 was processed and paid during the 2020 financial year without supporting documents such as invoices, receipts, Delivery Notes (DN) and Goods Received Notes (GRN) contrary to the provisions of Section 59(14) of the Public Finance Management (Treasury Instructions), 2019. Consequently, the nature of the expenditure incurred and whether it was a proper charge to public financial resources could not be validated.

Risk/Implication

Fraudulent payments may be processed.

Recommendation

The Ministry should ensure that payment vouchers are “certified correct”, “certified not previously paid” and “passed for payment” before any payment is processed.

Management Response

The observation is noted. The receipts have been attached to the vouchers save for

OK Zimbabwe and R. Mapfumo with amounts of ZWL$4 500 and ZWL$1 200 respectively.

Evaluation of management response

An amount of ZWL$107 450 remains unsupported. The receipt for ZWL$100 000 was date stamped July 10, 2022 but then altered to read July 15, 2020. It did not have details of what was being paid for. Therefore, it was not considered as authentic supporting evidence.

1.3 Outstanding Travel and subsistence advances

Finding

Travel and subsistence advances amounting to ZWL$282 370 for the 2020 financial year had not been acquitted at the end of the year and the respective expenditure was excluded from the financial statements. The Accounts receivable were also understated by the same amount. The non-recovery of the outstanding amount was in violation of section 64 (5) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to recover the advances issued upon the officers' return to their home stations.

Risks/Implications

Travel and subsistence advances may not be properly accounted for or recovered.

Financial statements may be misleading to users.

Recommendations

Travel and subsistence advances should be acquitted within thirty (30) days upon Officers' return to their work stations.

Staff debtors' ledgers should be opened in respect of travel and subsistence advances.

Management Response

The observation is noted. Please be advised that all outstanding acquittals for period ending December 31, 2020 were included in the accounts receivable figure of ZWL$14 231 027. Staff ledgers have since been opened.

Evaluation of management response

The response did not address the issue of non-acquittals raised.

PROCUREMENT OF GOODS AND SERVICES

2.1 Service Level Agreements/Contracts

Finding

The Ministry engaged Chips Enterprises Solutions for Pastel Accounting license without entering into valid contracts or service level agreements. A total of ZWL$148 392 was paid for the services during the year ended December 31, 2020. The software was meant for the recording of financial transactions and the generation of financial statements for the Fund. Section 81 (1) of the Public Finance Management (Treasury Instructions), 2019 places the responsibility for signing contracts with the Accounting Officers or persons delegated by them in writing.

Risk/Implication

It will be difficult to monitor or enforce performance in the absence of valid service level agreements / contracts.

Recommendation

The Ministry should have valid contracts with the service providers against which performance will be monitored.

Management Response

The observation is noted. The Ministry is in the process of regularising the contract.

2.2 Unauthorized expenditure

Finding

Payment vouchers amounting to ZWL$1 124 315 were processed and paid during the year ended December 31, 2020 without the payment vouchers being properly certified correct, certified not previously paid and passed for payment contrary to the provisions of Section 59 (14) of the Public Finance Management (Treasury Instructions), 2019.

Risk/Implication

Fraudulent payments may be processed.

Recommendation

The Ministry should ensure that payment vouchers are "certified correct", "certified not previously paid" and "passed for payment" before any payment is processed.

Management Response

Management did not respond.

3 PROGRESS MADE IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The two (2) findings raised in my previous report had not been addressed as indicated below.

3.1 Government Grant

The finding had not been addressed as the opening balances in the current year included the overstated revenue from the previous year.

3.2 Accounts Receivable

The finding had not been addressed as the accounts receivable balance remained long outstanding.

VOTE 17.- WOMEN AFFAIRS, COMMUNITY, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

APPROPRIATION ACCOUNT 2022

Mandate

The mandate of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development is to promote women empowerment, gender equality and equity, community and cooperative development as well as promote small and medium enterprises development.

Opinion

I have audited the financial statements of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Under spending ZWL$
$7 873 457 000	-	$7 873 457 000	$7 651 341 573	$222 115 427

In my opinion, the financial statements present fairly the state of affairs of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Key Vacant Posts

Finding

I noted that the Ministry operated without key personnel as outlined on the organogram. The positions listed below are vital in the strategic and operational processes of the Ministry so as to achieve its mandate.

Vacant Posts in the Ministry

Position
Director Human Resources
Provincial Development Officer – Manicaland
Chief Internal Auditor
Deputy Director Women Empowerment
Deputy Director Programmes and Coordination
Deputy Director Women Affairs

Risk/Implication

Key vacant posts may affect service delivery in the Ministry.

Recommendation

The Ministry should seek authority from Public Service Commission to ensure that key personnel are appointed in order to meet set objectives.

Management Response

The Ministry is working with the Public Service Commission to fill the vacant promotional posts.

1.2 Segregation of Duties

Finding

I noted that most of the administration and accounting activities had been devolved from the Head Office to Provinces in line with Government devolution policies. However, I noted the overwhelming activities that were being carried out by the few officers as there was no segregation of duties. At the Mashonaland East Provincial office, a Human resources officer carried out the duties of an Accountant, Administration officer as well as those of the Procurement officer. The same was pertaining at the Midlands Provincial offices. The situation came about because the positions had been previously abolished in the organogram at Provincial level. This was against requirements of the Public Finance Management (Treasury Instructions), 2019 Section 95(7) which requires Accounting Officers to ensure segregation of duties.

Risk/Implication

Errors and fraud may go undetected if there is no segregation of duties.

Recommendation

The Ministry should follow up with Public Service Commission to ensure that key personnel are appointed so as to enhance segregation of duties.

Management Response

The Ministry budgeted for the post of Accountant and Administration officer for all provinces in the year 2022. However, the same posts could not be filled because members who were referred by the Public Service Commission for interviewing were already engaged somewhere. We received two separate sets of referrals but candidates did not turn up for the interviews.

However, the posts were budgeted for in the year 2023. We have since written to the Public Service Commission to expedite the filling of posts since they are now responsible for the filling of all generic posts in line ministries.

The Accountant and Administration officer for Midlands Province have already assumed duty as at May 02, 2023.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Price Variations

Finding

The Ministry paid a total amount of ZWL$33 108 582 instead of ZWL$11 390 199 without carrying out due diligence on price variations. The Ministry failed to make payments to suppliers on time resulting in price changes. This was contrary to Section 95(6) of the Public Finance Management (Treasury Instructions), 2019 which does not allow price variations on delivery of goods as the invoice price must be matched with the purchase order.

Risk/Implication

Procurement of goods or services may not be done to the best advantage.

Recommendation

If financial resources become available after the validity of quotations has lapsed and there is a change in pricing, the Ministry should seek new quotations in order to procure to the best advantage.

Management Response

The observation is noted. Going forward we have put procedures of redoing the whole process.

3 PROGRESS IN ADRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing audit findings raised in my previous audit report. Out of the four (4) findings, two (2) were partially addressed while the other two (2) were addressed as indicated below:

3.1 Risk Management Policy

The Ministry has made progress in the preparation of the Risk Management Policy as a draft document is now in place.

3.2 Internal Audit

The issue is almost resolved as the sub programme now has six staff members out of the seven on the staff establishment.

3.3 Procurement of Motor Vehicles

The issue of outstanding motor vehicles was settled as the four (4) vehicles were delivered to the Ministry.

3.4 Procurement of Laptops

The Ministry has now received the sixty-four (64) laptops that had not been delivered because of specification issues.

SMALL AND MEDIUM ENTERPRISES REVOLVING FUND 2020 AND 2021

Objective of the Fund

The Fund was established for the purpose of providing interest bearing loans to micro, small and medium enterprises to make a meaningful contribution to economic growth and development.

Qualified Opinion

I have audited the financial statements of the Small and Medium Enterprises Revolving Fund for the years 2020 and 2021. These financial statements comprise the statement of financial position as at December 31, and the statement of comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year 2021:

Statement of Comprehensive Income

Item	Amount ZWL$
Income	506 250 000
Expenditure	18 819
Surplus	**$506 231 181**

Statement of Financial Position

Item	Asset ZWL$	Liabilities ZWL$
Accumulated Fund	-	784 039 017
Current	784 039 017	-
Totals	**$784 039 017**	**$784 039 017**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Small and Medium Enterprises Revolving Fund as at December 31, 2021, its financial performance and its cash flows for the year then ended, in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Balances Brought Forward

Finding

The 2019 financial statements were issued a disclaimer of opinion, due to absence of accounting records to support the closing balance on debtors amounting to ZWL$65 882 744. Resultantly, the 2020 and 2021 debtors balances brought forward were affected by the same.

Risk/Implication

The financial statements are materially misstated as a result of inaccurate balances brought forward from the previous year.

Recommendation

The Ministry should ensure that accounting records are availed for audit in compliance with the standing regulations.

Management Response

The Ministry was severely affected on accounting records when it moved from Ministry of Small and Medium Enterprises to Ministry of Industry then to Ministry of Women Affairs, Community, Small and Medium Enterprises Development, because some source documents were not located for use in the preparation of financial statements.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Long Outstanding Debtors

Finding

At the time of concluding the audit, an amount of ZWL$784 047 319 which was more than one-year-old was owing to the Fund in respect of loans and interest charges advanced to Small and Medium Enterprises Development Corporation (SMEDCO). There was no evidence that the Ministry was making an effort to recover the amount outstanding. Article III of the memorandum of understanding between the Ministry and the SMEDCO states that the capital advanced should be paid back in the following financial year.

Risk/Implication

There is risk that the capital disbursement and the interest owing from the SMEDCO may not be recovered and the Fund may fail to meet its objectives.

Recommendation

The Ministry should recover the amounts owed as agreed in the Memorandum of Understanding.

Management Response

We wrote a letter to Small and Medium Enterprises Development Cooperation requesting for payments and asking why they have not yet paid back anything and we are still waiting for the response from the Chief Executive Officer.

2. PROGRESS MADE IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in my previous audit report. Out of the two (2) findings none was addressed as indicated below:

2.1 Maintenance of Accounting Records

The Fund accounting records were not in place.

2.2 Take on Balances

The Fund had incorrect take on balances in 2019 which had an adverse bearing on the 2020 and the 2021 financial statements. The Accumulated Fund in 2019 had a variance of ZWL$21 709 184 which was not cleared at the time of the audit.

WOMEN'S DEVELOPMENT FUND 2020

Objective of the Fund

The Fund was established to provide interest bearing loans to women groups for developmental projects such as bakeries, uniform making, crafts, agriculture, mining, trading, training and enterprise programmes.

Qualified Opinion

I have audited the financial statements of the Women's Development Fund. These financial statements comprise the statement of financial position as at December 31, 2020, statement of comprehensive income, and statement of cash flows for the year then ended and notes to the financial statements a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	20 608 642
Expenditure	3 795 503
Surplus	**$16 813 139**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current	405 202	-
Accumulated Fund	-	20 759 604
Revaluation Reserve	-	39 400
Current	20 393 812	10
Total	**$20 799 014**	**$20 799 014**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Women Development Fund as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Maintenance of records

Finding

The Fund did not maintain proper books of accounts such as a journal book, asset register, advances register and nominal ledgers to record transactions and for correcting errors. This was contrary to Section 119(2) of the Public Finance Management (Treasury Instructions), 2019 which requires that a minimum set of books be maintained. As a result, I could not ascertain the completeness and accuracy of amounts disclosed in the financial statements.

Risk/Implication

Completeness of the financial statements is not guaranteed if proper books of accounts are not maintained.

Recommendation

Management should ensure that proper accounting records are maintained in compliance with regulations in order to improve on the internal control system.

Management Response

Management has not yet responded

However, below is another issue noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Advances to the Appropriation Account

Findings

The Ministry used an amount of ZWL$6 661 814 meant for Women's Development Fund to meet Appropriation Account expenses without Treasury authority. This contravened the requirements of Section 116(6) of the Public Finance Management (Treasury Instructions), 2019 which prohibit the use of Fund monies to meet Appropriation expenses without Treasury approval.

I also noted that, the outstanding advances balance increased by approximately 355% from ZWL$1 878 886 (2019) to ZWL$6 661 814 (2020).

Risk/Implication

The fund may fail to meet its objectives if resources are used to meet appropriation account expenses.

Recommendations

Management should utilize resources to meet the objectives stated in the constitution of the Fund.

Treasury authority should be sought before funds can be advanced towards Appropriation Account expenses.

Management Response

The funds borrowed from the Fund amount to ZWL$7 369 795, these will be reimbursed as soon as the Ministry receives funds from Treasury.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Fund did not make any progress in addressing the audit finding raised in my previous audit report, as detailed below:

2.1 Accounting system

The use of the manual accounting system continued. During the period under review transactions for the Fund were not processed through the Public Finance Management System.

ZIMBABWE COMMUNITY DEVELOPMENT FUND 2020

Objective of the Fund

The Fund was established to provide grants and/or interest bearing loans to community groups for infrastructural development and working capital.

Disclaimer of Opinion

I am required to audit the financial statements of the Zimbabwe Community Development Fund, which comprise the statement of financial position as at December 31, 2020, statement of comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	16 924 198
Expenditure	3 953 891
Surplus	**$12 970 307**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current	1 604 804	-
Current	12 256 292	-
Suspense	-	42 468
Accumulated Fund	-	13 818 628
Total	**$13 861 096**	**$13 861 096**

I do not express an opinion on the financial statements of the Zimbabwe Community Development Fund. Because of the significance of the matters described in the Basis for Disclaimer of opinion section of my report. I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Maintenance of Accounting Records

Finding

The Fund did not maintain general ledger accounts during the year ending December 31, 2020. Financial statements were prepared from cashbook and bank statements. This was contrary to the provisions of section 119(2) of the Public Finance Management (Treasury Instructions), 2019 which requires a minimum set of books to be maintained and full and proper accounts to be kept. As a result, I could not validate the completeness and accuracy of the figures disclosed in the financial statements.

Risks/Implications

Failure to maintain ledger accounts compromises the reliability of financial information.

Financial statements may be materially misstated.

Recommendation

The Ministry should ensure that proper books of accounts are maintained for accountability and reliability of financial statements.

Management Response

The finding is acknowledged and going forward all journal books including those for recording non cash transactions and correction of errors will be maintained.

However, below is another issue noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Receipting and Recording of Loans Repaid

Finding

Upon examination of the cash book for the period ending December 31, 2020, I observed that, no receipts were issued to beneficiaries for loan repayments amounting to ZWL$303 271. Further analysis of the cash book revealed that an amount of ZWL$71 640 recorded as loan repayments had no details of the payee. This was in contravention with section 42(1) of the Public Finance Management (Treasury Instructions), 2019 which requires Ministries to ensure that there are adequate systems put in place for the proper management of public funds.

Risk/Implication

Material errors may not be detected and corrected if the Ministry does not have adequate internal controls on receipts management.

Recommendation

The Ministry should comply with Section 42 of the Public Finance Management (Treasury Instructions), 2019 to ensure that public funds are properly accounted for.

Management Response

The Ministry will comply with relevant regulations to ensure that public funds are accounted for. The Ministry requested the Procurement Management Unit (PMU) to purchase receipt books and loan repayments receipting started from January 2023.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in my previous audit report. All the three (3) findings were not addressed as indicated below;

2.1 Maintenance of Accounting Records

The Ministry did not keep and maintain proper books of accounts for the Fund as indicated on paragraph (i).

2.2 Loan Disbursements

The finding was not addressed as the loan agreement forms signed between the Ministry and the beneficiaries were not availed for my at examination.

2.3 Property, Plant and Equipment

Existence of assets worth ZWL$117 873 could still not be established as assets records were not maintained.

VOTE 18.- HOME AFFAIRS AND CULTURAL HERITAGE

APPROPRIATION ACCOUNT 2022

Mandate

The Ministry is responsible for promoting a secure and conducive environment through maintenance of law and order, migration management, timely registration and issuance of secure identification documents, regulation of gaming board and entertainment activities and provision of forensic science services.

Qualified Opinion

I have audited the Appropriation Account for the Ministry of Home Affairs and Cultural Heritage for the financial year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns**.**

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total ZWL$	Expenditure ZWL$	Net Under Spending ZWL$
$110 494 678 000	$28 445 433 719	$138 940 111 719	$122 532 556 035	$16 407 555 684

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements fairly present the state of affairs of the Ministry of Home Affairs and Cultural Heritage as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Direct Payments

Findings

Payment vouchers worth ZWL$60 039 859 948 were inadequately supported as they did not have receipts as confirmation that the service providers or suppliers received the money. The expenditure was incurred through direct foreign payments made by Treasury on behalf of the Ministry to different service providers and suppliers. I therefore, could not confirm whether the payments were received by the service providers and that it was a proper charge to the vote.

Risks/Implications

Improper payments may not be detected due to the absence of adequately supported payment vouchers.

The Appropriation Account may be materially misstated.

Recommendation

The Ministry should ensure that expenditure is supported by all necessary documents and all receipts for the direct payments made on its behalf by Treasury should be obtained.

Management Response

The observation was noted. The figure of ZWL$60 039 859 948 on direct payments included salaries paid in USD to SSB by Treasury on behalf of the Ministry. The compensation of employees of ZWL$48 741 166 342 was not receipted by SSB hence there were no receipts. The remaining ZWL$11 298 693 606 were direct payments made to foreign companies by Treasury on behalf of the Ministry. The receipts can be obtained from the Departments.

Evaluation of Management Response

The receipts for the remaining direct payments amounting to ZWL$11 298 693 606 were not availed for audit inspection.

(ii) Appropriation Account Expenditure Variances

Findings

The Statement of Reconciliation between the Consolidated Revenue Fund and the Sub-Paymaster General's Account revealed transfers from Treasury of ZWL$126 815 465 931, while total expenditure as per submitted Appropriation Account was ZWL$122 532 556 035 leaving an unreconciled variance of ZWL$4 282 909 896. The variance emanated from exchange rate fluctuations due to timing differences between the Ministry and Treasury payment dates for the United States Dollar (USD) component of compensation of employees and direct payments made to foreign companies. These variances arising from exchange rate fluctuations were excluded from the expenditure in the Appropriation Account resulting in an understatement of the reported expenditure.

Risk/Implication

The Appropriation Account may be materially misstated.

Recommendation

The Ministry should liaise with Treasury to ensure that all expenditure is validated and disclosed in the year that it is incurred.

Management Response

The Ministry is still working on tracing the difference between the Consolidated Revenue Fund and Sub-Paymaster General's Account. The payments made by Treasury are yet to be introduced hence the difference of ZWL$4 282 909 896.

(iii) Unallocated Reserve Transfers

Finding

The Ministry accounted for Unallocated Reserve Transfers amounting to ZWL$33 444 433 719 in the Appropriation Account whereas Treasury letters had a total amount of ZWL$28 445 433 719 resulting in a variance of ZWL$4 999 000 000. Up to the time of concluding the audit, the variance had not been cleared with Treasury.

The Ministry did not also submit for audit examination confirmation letters from Treasury authenticating the figure of unallocated reserve transfers reported in the Appropriation Account for the year under review.

Risk/Implication

The Ministry might incur excess expenditure if amounts transferred are not supported by transfer letters.

Recommendation

The Ministry should engage Treasury to establish source of the variance so that correct amounts are accounted for and reported.

Management Response

The observation was noted. The mobile registration exercise was not allocated a budget in the 2022 Budget estimates. Treasury later allocated a budget of ZWL$4 999 000 000 for the mobile registration exercise from Unallocated Reserves. Treasury did not avail to the Ministry, confirmation letters for all the Unallocated Reserve transfers despite several requests to Treasury to provide the confirmation letters. Treasury finally provided a letter listing Unallocated Reserves for the year 2022, but in that letter did not include ZWL$4 999 000 000 for mobile registration.

(iv) Revenue Received

Findings

There was a variance of ZWL$2 537 564 368 between revenue disclosed on the Revenue Received return of ZWL$13 662 503 648 and revenue disclosed per Programme returns of ZWL$11 124 939 279. The variance was attributed to the non-performance of reconciliations between Head Office and Programmes figures.

I further noted that the Ministry's daily receipting cash book figures for other fees were at variance with the main cash book and general ledger. The daily cashbook had a total credit balance of ZWL$7 173 542 693, the main cash book had ZWL$10 573 043 164 and the general ledger had a figure of ZWL$66 208 310. There was no evidence that monthly reconciliations between the bank, the actual receipts and the SAP balances were being performed by the respective Programmes.

I was therefore not able to ascertain whether the disclosed revenue received showed a true and fair view of the transactions that occurred during the year and that all collections had been properly accounted for. This was contrary to good accounting practice.

Risk/Implication

Errors, omissions and fraud may occur without detection if reconciliations are not performed.

Recommendations

The Ministry should ensure that reconciliations of figures between Head Office and Programmes is done to facilitate reporting of accurate information.

Monthly bank reconciliations should be carried out to ensure that revenue collections are properly accounted for.

Management Response

The observations have been noted. The reconciliations are done but due to the volume of work, the reconciliations were lagging behind.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Departmental Assets: Computerised Master Assets Register

Finding

For the third (3rd) consecutive year, I have to report that the Ministry's assets were not captured in the Public Financial Management (PFMS) system. Section 100(1) of the Public Finance Management (Treasury Instructions), 2019, requires Accounting Officers to ensure that all public assets under their control are recorded promptly and accurately in the appropriate manual registers. The assets should also be captured immediately on the PFM system.

Risk/Implication

Failure to capture the Ministry's assets in the Public Financial Management (PFMS) system compromises full accountability for non-current assets as they may be exposed to misappropriation.

Recommendation

Management should ensure that all assets are captured in the PFM system in compliance with Treasury Instructions.

Management Response

The Ministry is almost done with the preparations for the training of all the officers involved in the Computerised Master Assets Register training. Treasury has since availed us with two trainers to assist with the training. As Head Office we have since coordinated with other Ministry Departments/ Programmes so that the training can be done at once. The Ministry has already secured the venue for training.

1.2 Travelling and Subsistence Advances and Disallowances

Findings

Travelling and subsistence advances amounting to ZWL$29 486 825 were outstanding for over a month from Policy and Administration and Police Services as indicated below:

Programme	**Amount ZWL$**
Policy and Administration	11 557 586
Police Services	17 929 239
Total	**$29 486 825**

Some of the advances issued as far back as April 2022 were said to be awaiting submission of claim forms at the time of audit in May 2023. The delay in acquittal of the advances was contrary to section 65(15) of the Public Finance Management (Treasury Instructions), 2019, which requires travelling and subsistence advances to be acquitted within thirty (30) working days of return to home station.

Furthermore, the Police Services had long outstanding disallowances amounting to ZWL$3 528 769 (2021: ZWL$620 712) which were owed by former members or officers and these had not been recovered through the Pensions Office. The disallowances were mainly due to late notification of termination of employment to SSB and some of them dated as far back as 2021. Non-recovery of the disallowances was in contravention of section 66(1)(10) of the Public Finance Management (Treasury Instructions), 2019 which stipulates that accounting officers are responsible for the recovery of and adjustment of disallowances and shall ensure that this is done as soon as possible.

Risks/Implications

Expenditure remains unallocated if the advances are not acquitted.

Financial prejudice to the State might result as some of the advances and disallowances might become irrecoverable.

Recommendations

The Ministry should recover outstanding Travelling and Subsistence Allowances timeously by effecting deductions on the pay sheets as required by Treasury Instructions in order to safeguard public resources.

The Ministry should also ensure that the Police Service makes timely follow-ups with Pension Office to facilitate recovery of disallowances.

Management Response

Police Services had ZWL$17 929 239 being total amount of advances outstanding as at December 31, 2022. The amount included Travelling and Subsistence Advances paid in the month of December 2022 which by December 31, 2022 were still within the clearing window. As at December 31, 2022 clearance forms were still being received from members/officers throughout the country. The relevant clearance forms to clear the outstanding advances have been received.

Travelling and Subsistence Advances paid before November 1, 2022 where being recovered through deductions from salaries as indicated on the return submitted for audit.

Recovery of outstanding advances from members and officers is being done on a monthly basis. The challenge being faced is continued rejection of some of the deductions through Salary Service Bureau (SSB) due to insufficient balances on individual members' salaries.

The observation was also noted at Policy and Administration. The outstanding amount for Policy and Administration as at December 2022 has been reduced to ZWL$705 063.

On long outstanding Disallowances, Police Services was facing challenges in recovering outstanding disallowances dating back to the year 2015. The

disallowances were related mainly to members who deserted and those discharged as unsuitable for Police duties. The deserters did not complete pension forms which are a prerequisite for accessing pensions, hence recoveries from pensions will be impossible. In some instances, the funds at SSB upon retirement would be insufficient to cater for all disallowances.

Currently attempts to recover through legal route were futile. The pensions Department was engaged and they indicated that they were not in receipt of information on the members who left service. The Police Service was advised to engage SSB for the relevant information.

2 PROCUREMENT

2.1 Vehicle Procurement Contract

Findings

The Ministry entered into a contract in February 2022 with Faramatsi Motors for the supply of thirty-five (35) vehicles. The contract price was ZWL$182 621 960. The Ministry was supposed to pay 50% of the contract price before Faramatsi Motors could supply the vehicles within four weeks. The Ministry instead paid ZWL$175 000 000 before the supply of the said vehicles. The contractor supplied eleven (11) vehicles leaving a balance of twenty-four (24). The remaining vehicles had not been supplied at the time of concluding the audit in May 2023. The Ministry has been following up the issue with the supplier.

However, the Ministry had not enforced the remedy for unjustifiable delay by the Contractor in the performance of its delivery obligation as stated in Clause 5.2 of the contract which has the following sanctions:

a) Forfeiture of performance security
b) Imposition of liquidated damages
c) Termination of the contract.

The breach was in contravention of sections 82 (1),87 and 89 of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Risks/Implications

The Ministry may not realise value for money should the supplier fail to fulfil the terms of the contract.

The violation of the contract clause which required the Ministry to pay 50% and instead paid 95.83% may result in loss to the Government if the contractor does not meet his side of the bargain.

Recommendations

The Ministry should consider enforcing the requirements of clause 5.2 of the contract and in future this should be done timeously.

The Ministry, going forward needs to tighten the contract provisions in order to protect Government against losses due to failure to deliver by the supplier.

Management Responses

The observation is noted.

Several communications were made to the supplier reminding him of his contractual obligation. Several meetings were also held with the supplier in which he promised to deliver the said vehicles in four weeks' time but nothing was fulfilled.

Management also wrote to the supplier advising him of its intention to initiate the debarment process following some empty promises made by the supplier and is committed to invoke clause 5.2 of the contract if the supplier fails to perform his obligation.

2.2 Possible Misuse of the Pre-Loaded Purchase Card (OK Mart Card)

Findings

The Ministry's Internal Audit, in their report dated July 21, 2022, noted that the Ministry's OK Mart Shop Easy Card may have been used to purchase goods worth ZWL$2 250 041 which were not in line with its operations during the period 2020 to 2022. There was no evidence from the records to show that the expenditure was authorised and was a proper charged to the vote. Section 10(3) of the Public Finance Management Act [*Chapter 22:19*] requires Accounting Officers to comply with the Act and all instructions given by the Accountant-General in respect of custody and handling of public resources, public stores, negotiable instruments and securities among other things.

Internal Audit was not furnished with the registers of goods that were procured during the period 2020 to 2022 using the Ministry's "OK Mart Shop Easy Card.

Internal Audit recommended the appointment of an Investigation Committee to verify whether any public funds were misappropriated, identify the responsible officials and take corrective disciplinary measures. At the time of concluding my audit on May 19, 2023 the recommended course of action had not been implemented.

In addition, Section 158(5) of the Public Finance Management (Treasury Instructions), 2019, directs that whenever Accounting Officers have any suspicion that acts have been or are being performed involving public moneys or state property which may involve dishonesty, criminal intent, or corruption the Head of Office shall immediately report the matter to the Police and Anti-Corruption Commission. The matter has taken too long to be investigated, urgent action is required to be taken.

Risks/Implications

The Pre-Paid Shop Easy card may have been used to abuse public resources.

The system of competitive buying may be circumvented due to use of pre-paid shop card.

Recommendations

The Ministry should at all times, take appropriate measures to safeguard public resources.

There is a need to conduct investigations into the possible misuse of the Pre-Loaded Shop-Easy card.

Management Response

The recommendation has been noted and the matter is being looked into by our Human Resources Department.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Outstanding Revenue

Findings

The Ministry had long outstanding Surcharges and Treasury Orders amounting to ZWL$469 878 and ZWL$978 175 respectively owed by former members or officers and these had not been recovered through the Pensions Office. The surcharges were mainly due to late notification of termination of employment to SSB and some of them dated as far back as 2015.
Furthermore, the Ministry submitted for audit a Consolidated Statement of Outstanding Revenue reflecting a nil balance. However, I noted that the Ministry had outstanding revenue amounting to ZWL$55 500 122 broken down as shown in table below:

Consolidated Outstanding Revenue

Programme	Nature of Revenue Not Disclosed on Return	Amount ZWL$
Migration Management	Plumtree Visa fees	49 991 206
Migration Management	Plumtree Visa Fees	4 060 863
Police Services	Surcharges	469 878
Police Services	Treasury Orders	978 175
Total		**$55 500 122**

Risks/Implications

Without a consolidated record of outstanding revenue, follow ups on recovery may not be done.

Financial prejudice to the State may occur in case some Surcharges and Treasury Orders might become irrecoverable due to delayed recovery.

Recommendations

The Ministry should make follow ups with SSB and Pensions Office for the recovery of the Surcharges and Treasury Orders from the former members.

A consolidated return showing total revenue outstanding should be compiled for use in monitoring revenue collections and for audit purposes.

Management Response

Police Services was facing challenges in recovering outstanding surcharges dating back to the year 2015. The surcharges related mainly to members who deserted and those discharged as unsuitable for Police duties. The deserters did not complete pension forms which are a prerequisite for accessing pensions, hence recoveries from pensions would be impossible. In some instances, the funds at SSB upon retirement would be insufficient to cater for all surcharges.

Currently attempts to recover through legal route were futile. The pensions Department was engaged and recommendations were made to engage SSB for the supply of information on terminal benefits.

3.2. E-passport Fees

Findings

The Ministry implemented an e-passport system based on biometric technology during the year under review. The cost of the ordinary passport was US$100 and express passport US$200. However, the Ministry did not disclose the revenue collected from the e-passports.

Furthermore, the Ministry did not submit the statistics of the ordinary and express passports produced during the year under review. I was therefore, not able to ascertain and validate the accuracy of ZWL$3 099 645 and ZWL$2 543 381 322 disclosed as the Revenue Received and receipts in the Receipts and Disbursements Returns respectively.

The Ministry did not also avail the general ledgers for the USD and Rand accounts in respect of Programme 2 - Civil Registration for the year under review. I was therefore, not able to verify the amount of administration fees collected.

Risk/Implication

The Revenue Received account may be materially misstated.

Recommendation

The Ministry should ensure that all the passport fees have been properly accounted for.

Reconciliations should be carried out on a monthly basis.

Management Response

The observation is noted. The sharing of the revenue is done automatically from the main receiving account at CBZ. Government`s share is swept automatically into Treasury`s Main Exchequer Account. However, what remains is for Civil Registration to do a master receipt and introduce the revenue into the SAP system. Civil Registration is expected to conduct reconciliations on a weekly basis to ensure that the sharing conforms to the 60:40 sharing ratio as agreed on in the contract and Government is not prejudiced.

Evaluation of Management Response

The Ministry did not address the issue of number of passport produced and the maintenance of the general ledgers of the USD and Rand accounts.

3.3 Receipts and Disbursements-Visas and Permits

Finding

Migration Management Department collected administrative fees for visas and permits amounting to ZWL$10 942 671 234 during the year under review. However, fees amounting to ZWL$49 991 206 collected at Plumtree Border Post had not been transferred to the Main Exchequer Account at the time of completing the audit, on May 16, 2023. Plumtree Boarder Post banked cash into an account that was not for the Ministry thereby delaying the remittance to the Main Exchequer Account.

Risk/Implication

The Revenue Received may be materially misstated due to errors and omissions.

Recommendation

The Ministry should ensure that a new account for the Plumtree Border Post has been opened whilst ensuring that the old one has been audited and closed.

Management Response

It is indeed true that the Department of Migration Management submitted a Receipts and Disbursements return showing an amount of ZWL$10 942 671 234 during the period under review. During the time of audit an amount of ZWL$49 991 206 for Plumtree Border Post fees had not been transferred to the Main Exchequer Account because the Department did not have access to the Plumtree Border Post ZB Account. That Account was still being administered at Ministry of Finance and Economic Development as they were the signatories.

During the year 2022, Ministry of Finance and Economic Development engaged Ministry of Home Affairs and Cultural Heritage to do a reconciliation process in preparation for hand over and takeover of the ZB Account and this was done and we await further developments.

Furthermore, there was a variance in figures disclosed between the Ministry's Consolidated Receipts and Disbursements Return and Migration Management Return of ZWL$4 060 863 due to the fact that the return was submitted to the Ministry before finalisation of certain figures.

The Department acknowledged and took note of the observation and will ensure monthly reconciliations are carried out with the Ministry's Head Office.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make progress in addressing audit findings raised in my previous audit report. Out of the seven (7) findings, one (1) was addressed, one (1) was partially addressed while the other five (5) were not addressed as indicated below:

4.1 Direct Payments

The audit finding was not addressed. The same issue was noted during the year under review.

4.2 Departmental Assets: Computerised Master Assets Register

The assets of the Ministry are still to be branded and captured in the PFMS.

4.3 Late Processing of the Wage Bill

The Wage Bills were now being timeously processed.

4.4 Receipting of Revenue

The Ministry's Departments were still receipting revenues outside the SAP system. The Ministry had not cleared open items amounting to ZWL$436 465 239 in the SAP system.

4.5 Transfers into the Main Exchequer Account

There was no improvement on the issue of transferring moneys to the Main Exchequer Account. Paragraph 3.3 above refers.

4.6 Long Outstanding Travelling and Subsistence Advances and Disallowances

The Ministry did not address the issue of recovering outstanding advances. The Advances increased from ZWL$17 759 924 for the financial year 2021 to ZWL$29 487 565 for the year 2022.

The Police Services had long outstanding disallowances amounting to ZWL$3 528 769 owed by former members or officers and were not recovered.

4.7 Risk Assessment

The Ministry did not carry out risk assessment processes in 2022. However, the Ministry managed to develop a Risk Management Policy which was now in place. The fraud and corruption control framework had not been put in place.

REGISTRAR-GENERAL RETENTION FUND 2020

Objective of the Fund

The Fund was established to provide additional resources for all vital registration exercises, staff development and retention programmes and to finance the information dissemination activities of the Registrar-General's Department.

Adverse Opinion

I have audited the financial statements of the Registrar-General Retention Fund. These financial statements comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, and statement of cash flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	492 149 144
Expenditure	61 100 972
Surplus	**$431 048 172**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current Assets	31 251 160	-
Current	113 525 003	-
Accumulated Fund	-	144 776 163
Total	**$144 776 163**	**$144 776 163**

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Registrar-General Retention Fund as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Adverse Opinion

(i) Accounting for Retained Funds

Finding

The Fund did not maintain a cashbook and ledgers for fees that were collected in United States Dollars and in Rand currencies. I was therefore not able to determine whether the Fund had fully accounted for all the revenues collected during the year under review. This was contrary to Section 119 (2) of the Public Finance Management (Treasury Instructions), 2019 which requires such collections to be recorded in the cashbook and general ledger for accountability of all the revenues collected.

Receipting for all the various revenue heads was done outside the PFMS. The total revenue collections amounted to ZWL$492 149 144 including the USD and Rand. Receipting through the PFMS enables monitoring by the Department, Ministry Head Office and Treasury. However, the Zimbabwean dollar receipts were captured later on in April 2022 in the PFMS. This was contrary to Section 119(1) of the Public Finance Management (Treasury Instructions), 2019 which requires all financial management transactions relating to Funds to be accounted for through the Public Financial Management System (PFMS), unless the Accountant-General has authorised the Fund to operate an independent accounting package for good accounting purposes.

Risks/Implications

In the absence of a cash book, it would not be possible to determine the Fund's cash position and it would be difficult to perform bank reconciliations.

Without complete and accurate ledgers, the financial statements prepared may be incomplete or inaccurate. This could lead to incorrect conclusions being drawn by those who rely on the financial statements.

Recommendation

The Department should ensure that the Fund's cashbook and general ledger are prepared as required by Treasury Instructions.

Management Response

The delay in capturing the revenue on the PFM System was caused by technical challenges with the system during the period under review. However, the Department is currently working with the PFMS Unit on capturing USD and ZAR revenue onto the PFM System in retrospect.

(ii) Suspense Account

Finding

There was an imbalance of ZWL$3 579 431 disclosed in the statement of cash flows which was not explained. The reliability of the financial statements was in doubt as the imbalance was not reconciled and cleared. There was no evidence to show that the Fund was clearing the suspense account in line with Treasury requirements. This resulted in the misstatement of the cash flow balances recorded in the financial statements.

Risks/Implications

The financial statements may be materially misstated.

Fraud may have been perpetrated.

Recommendation

The Department should ensure that the suspense account or imbalance has been investigated with the objective of clearing it.

Management Response

The imbalance of ZWL$3 579 431 disclosed in the statement of cash flows is attributable to the on-going court case of cashiers and chief cashiers whose determination will be given at the end of the trial. There are indications from the National Prosecuting Authority (NPA) that the fraud was perpetrated through collusion.

(iii) **Income**

Finding

There was a variance of ZWL$30 365 393 between the fees that were reported in the Statement of Comprehensive Income and those reported in the Ministry's Consolidated Revenue Return. The Statement of Comprehensive Income had ZWL$492 149 144 whilst the Consolidated Revenue Return had a figure of ZWL$461 783 751. Reconciliations were not done and ledgers were not maintained to ensure that the financial statements figures were complete and accurate. The anomaly was also caused by failure to reconcile figures between the Civil Registration Department and Head Office when preparing returns. I could therefore not rely on the financial statements.

Risks/Implications

Errors, fraud and omissions may not be detected on time.

The Fund's financial statements may be materially misstated.

Recommendations

The cashbook and ledgers should be maintained to ensure that errors and omissions are corrected.

The Department should ensure that the discrepancies on the revenue fees are corrected timeously.

Management Response

The consolidated figure is measured at the amount banked on the cut-off date of each month whereas the Civil Registry revenue is measured after the consolidation processes from sub office level to district level then followed by provincial level then followed by Central Registry level then followed by Head Office level. The figure in the Statement of Income is the actual revenue received although the money may not have been banked by the last day of the month due to long distances to the nearest bank in a particular location especially sub-offices in remote areas.

(iv) Motor Vehicles

Finding

The Fund's master asset register had 185 motor vehicles which had outlived their expected useful lives of five years having been depreciated at 20% per annum. Out of these motor vehicles, twenty-five (25) were non-runners. The Fund did not dispose the motor vehicles which had become redundant, obsolete or costly to maintain at the end of their useful lives.

Risks/Implications

The vehicles may become costly to maintain.

The disposal value of these motor vehicles may be eroded.

Assets may be misappropriated if not properly managed.

Recommendation

The Fund should dispose motor vehicles which have outlived their useful lives.

Management Response

The Department did not have a disposal committee to deal with issues on disposal of public assets during the period under review. However, a disposal committee is now in place to deal with such issues. The process of identifying disposable and unserviceable assets is currently underway.

(v) Valuation of Assets

Finding

The general ledgers for property, plant and equipment were not maintained to support the cost, carrying amounts and depreciation amounts. For the sixth year in succession, I was not able to verify with reasonable accuracy the value of property, plant and equipment amounting to ZWL$31 251 160 disclosed in the financial statements.

Risk/Implication

The account balances in the financial statements could be materially misstated.

Recommendation

The figures disclosed in the financial statements should be supported by ledgers or accounting records.

Management Response

Following the crashing of the computer which the Department used to keep its asset register using the Sage Pastel software, the Department could not maintain asset ledgers in the PFM System because the PFM System did not have the asset module ready for use.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Expenditure

Finding

Variances were noted between the financial statements expenditure figures and the general ledger balances. The financial statements figure was ZWL$31 817 095 whilst the general ledger figure was ZWL$105 973 407 resulting in a variance of ZWL$74 156 312. Reconciliations were not done.

Risks/Implications

Financial statements may be materially misstated.

Fraudulent activities may occur in the procurement process without being noticed.

Recommendation

Reconciliations should be done on a monthly basis to ensure that correct transactions are posted to the ledgers and financial statements.

Management Response

The Department is currently working on the errors and reversals with assistance from the Government Accounting Services (GAS) to ensure that all ledgers balance.

1.2 Submission of Financial Statements

Finding

The Fund's 2020 financial statements were submitted on February 1, 2022, that is twelve (12) months after the statutory deadline. This was contrary to Section 35 (6)(b)(i) of the Public Finance Management Act [*Chapter 22:19*] which requires financial statements to be submitted for audit within sixty days of the end of the financial year.

Risks/Implication

Late submission of financial statements may compromise accountability.

It may imply that there is no monitoring of financial performance.

Recommendation

The Department should comply with the statutory reporting deadline stated in section 35 (6)(b)(i) of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The Civil Registry Department could not meet the submission deadline because it had to upload revenue on the PFM System first before everything else.

The exercise took more than nine months to complete because information was voluminous and overwhelming. The Department will in future strive to meet submission deadlines.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made partial progress in implementing audit findings raised in my previous year's audit report. Out of two (2) issues raised in the previous report only one (1) was partially addressed as shown below.

2.1 Ledgers to Support Financial Statements

The Fund prepared the general ledgers for revenue collected in the local currency leaving out the ledgers for USD and the Rand accounts.

2.2 Valuation of Assets

The Fund did not address the audit finding. The general ledgers for assets had not been prepared and the issue has been raised in current year findings.

VOTE 19.- JUSTICE, LEGAL AND PARLIAMENTARY AFFAIRS

ATTORNEY-GENERAL'S OFFICE ADMINISTRATION FUND 2019 AND 2020

Objective of the Fund

The objective of the Fund is to provide money to enhance the effective and efficient administration of justice by providing resources to the Attorney-General's Office.

Adverse Opinion

I have audited the financial statements of the Attorney-General's Office Administration Fund for the Ministry of Justice, Legal and Parliamentary Affairs. The financial statements comprise the statement of financial position as at December 31, 2020, the statement of comprehensive Income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	**Amount ZWL$**
Income	18 669 475
Expenditure	4 331 614
Surplus	**$14 337 861**

Statement of Financial Position

Item	**Assets ZWL$**	**Liabilities ZWL$**
Non-Current	1 342 128	-
Current	13 710 118	50 550
Accumulated Fund	-	15 001 696
Total	**$15 052 246**	**$15 052 246**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of the Attorney-General's Office Administration Fund as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Adverse Opinion

(i) Going Concern Status of the Fund

Finding

The Ministry prepared the financial statements of the Fund on a going concern basis disregarding the Treasury directive to wind up the Fund and disclose the winding up process. Treasury Circular number 9 of 2020 directed that all retention Funds established in terms of the Public Finance Management Act [*Chapter 22:19*] be wound up by the end of December 31, 2020.

Risk/Implication

Failure to prepare the financial statements which disclose that the Fund was wound up is misleading to decision makers and users of the financial statements.

Recommendation

The Ministry should comply with the Treasury directive by making appropriate disclosures on the winding up process followed.

Management Response

The observation is accepted, however, all the assets have been transferred.

Evaluation of management response

The Ministry did not avail documentary evidence supporting the transfer of assets and the winding up process that was followed.

(ii) Disclosure of Property, Plant and Equipment

Findings

The Fund did not disclose in the notes to the financial statements the initial cost and accumulated depreciation for the Property, Plant and Equipment (PPE). The notes to the financial statements disclosed carrying amounts of PPE instead of initial costs, contrary to Generally Accepted Accounting Practice. A recalculation of the depreciation balances also revealed an understatement of ZWL$256 193 (2019: ZWL$1 949).

In addition, the motor vehicle valued at ZWL$19 750 disclosed in the financial statements was not availed for audit inspection and the proof of ownership was also not availed. I could therefore not confirm the existence and ownership of the vehicle. Furthermore, the vehicle was not being depreciated.

Risk/Implication

Non-disclosure of initial costs of the assets does not give the full information to users of financial statements.

Recommendations

The Fund should make full disclosures for PPE including total costs and accumulated depreciation in line with good accounting practice.

The motor vehicle should be availed for audit inspection and depreciation should be calculated for the vehicle to account for the economic benefits derived by the Fund from its use.

Management Response

The observation is accepted. We are now depreciating the motor vehicle at 15%.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Transfer of Funds to the Main Exchequer Account

Finding

During the financial year, the Fund did not transfer cash received and banked to the Main Exchequer Account. As at December 31, 2020, the Fund had cash at bank amounting to ZWL$11 105 764. This was contrary to Treasury Circular number 9 of 2020 which directed that all receipts by each Retention Fund be transferred to the Treasury Main Exchequer Account at the Reserve Bank of Zimbabwe.

Risk/Implication

Failure to comply with the requirements of Treasury Circular number 9 of 2020 may result in misappropriation of funds as Treasury may not have full control of the funds deposited in the Fund's bank accounts.

Recommendation

The Ministry should transfer all receipts to the Main Exchequer Account in compliance with the Treasury Circular number 9 of 2020.

Management Response

The observation is accepted. We did not transfer the closing balance because we thought Treasury would bring the account to zero as they did in 2019. We later transferred the amount when we noticed that Treasury had not zerorised the account.

Evaluation of Management Response

The funds amounting to ZWL$85 440 000 were transferred on January 31, 2022, more than a year later and the account has accrued more funds since that time. As at December 31, 2022, the bank statement reflected a balance of ZWL$22 921 847.

1.2 Administration of the Fund

Finding

The Fund's Management Committee did not hold meetings during the two (2) financial years. This was in violation of the Accounting Officer's Instructions which requires the Management Committee to hold at least four meetings per year to consider operations of the Fund.

Risk/Implication

Without holding the minimum required number of meetings, some issues concerning the Fund may not be addressed thus compromising the Fund's ability to achieve its mandate.

Recommendation

Management Committee meetings should be held regularly to discuss the business of the Fund.

Management Response

Finding is accepted. No meetings were held in 2019 and 2020 due to COVID 19. Virtual meetings were not held as the Office did not have appropriate tools of trade like laptops to hold these meetings.

2 PROGRESS MADE IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing prior year audit findings. Out of the two (2) audit findings, one (1) was addressed while one (1) was not addressed as indicated below:

2.1 Risk Management Policy

The Fund still operated without a risk management policy.

2.2 Accounts Payable

The accounts payable account that had excluded balances from prior years was corrected as the payments were made in the following year.

DEEDS AND COMPANIES OFFICE FUND 2019 AND 2020

Objective of the Fund

The Fund was established for the purpose of providing money to the Registrar of Deeds and Companies Office, for its effective and efficient administration.

Disclaimer of Opinion

I am required to audit the financial statements of the Deeds and Companies Office Fund, which comprise the statement of financial position as at December 31, 2019 and 2020, the statement of comprehensive income and the statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

Below is a summary of the Statement of Comprehensive Income and the Statement of Financial Position for the year 2020:

Statement of Comprehensive Income

Item	Amount ZWL$
Income	1 702 855
Expenditure	1 752 444
Deficit	**($49 589)**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current	666 772	-
Current	12 996	95 178
Accumulated Fund	-	584 590
Total	**$679 768**	**$679 768**

I do not express an opinion on the financial statements of the Deeds and Companies Office Fund. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Going Concern Status of the Fund

Finding

The Ministry prepared the 2020 financial statements of the Fund on a going concern basis disregarding the Treasury directive to wind up the Fund and disclose the winding up process. Treasury circular number 9 of 2020 directed that all retention Funds established in terms of the Public Finance Management Act [*Chapter 22:19*] be wound up by the end of December 31, 2020.

Risk/Implication

Failure to prepare the financial statements which disclose that the Fund was wound up is misleading to decision makers and users of the financial statements.

Recommendation

The Ministry should comply with the Treasury directive by making appropriate disclosures on the winding up process followed.

Management Response

Management did not respond.

(ii) Non Submission of Accounting Records

Finding

The Fund did not avail for my audit examination the ledgers, receipts and cash books used in the preparation of the financial statements for the years ended December 31, 2019 and 2020. Failure to avail the accounting records limited the scope of my audit as I was not able to gather sufficient and appropriate evidence to enable me to express an audit opinion on the financial statements.

Risk/Implication

Transparency and accountability in the management of public financial resources may be compromised.

Recommendation

The Ministry should avail underlying accounting records used to compile the financial statements submitted for audit.

Management Response

Observation noted. Receipts are electronic, hence no receipt books were availed. Expenditure ledgers, debtors' ledgers, sundry payable ledgers, revenue printouts and cash flows were generated in the SAP Client 510 system which was abolished and the reports could not be retrieved. However, all accounting records underlying the financial statements not submitted for audit will be availed in future.

(iii) Suspense Account Balances

Finding

The statement of financial position disclosed a suspense account balance of ZWL$511 972 (2019: ZWL$515 972) which was not supported by detailed explanatory notes. The reliability of the financial statements was in doubt as the imbalance was not reconciled and cleared. There was no evidence to show that the Fund had cleared the suspense account in line with Treasury requirements.

Risk/Implication

The financial statements were materially misstated and may be misleading to users.

Recommendation

Management should investigate the suspense account balances and take corrective action.

Management Response

Management did not respond.

(iv) Cash and Cash Equivalents

Findings

The statement of financial position as at December 31, 2020 disclosed cash and cash equivalents of an overdraft of ZWL$230 whereas the certificate obtained from the bank reflected a balance of ZWL$48 569 resulting in an unexplained variance of ZWL$48 799. This rendered the financial statements to be misstated and unreliable.

The statement of cash flows as at December 31, 2019 revealed an amount of ZWL$1 424 622 as an increase in accounts receivable although the statement of financial position did not have a figure for accounts receivable. An amount of ZWL$1 506 483 was also reported as a dividend to Government but the underlying records did not show any investments by Government. Although the cash and cash equivalents showed a closing balance of ZWL$98 276, the posted figures in the cash flow statement added up to ZWL$2 333 272. I could not therefore rely on the figures disclosed in the financial statements.

Risk/Implication

The financial statements were materially misstated and may be misleading to users.

Recommendation

Management should investigate the variances and take corrective action.

Management Response

Management did not respond.

(v) Incomplete Financial Statements

Finding

The Ministry did not prepare the statement of cash flows as at December 31, 2020 as part of its financial statements. This was contrary to the provisions of Section 35(6) of the Public Finance Management Act [*Chapter 22:*19] which requires the Accounting officer to submit a set of financial statements for audit that include a statement of Cash Flows. The financial statements were therefore incomplete and I could not rely on them.

Risk/Implication

It is difficult to assess the cash position of the Fund in the absence of the statement of cash flows.

Recommendation

The Ministry should prepare and submit the statement of cash flows as part of the financial statements.

Management Response

Observation noted. The full set of financial statements including cash flow statements were availed for audit.

Evaluation of management response

Cash flow statement for the 2020 financial year was not submitted. The Ministry only submitted a cash flow statement for the 2019 financial year.

However, below is another issue which was noted during the audit:

1 GOVERNANCE ISSUES

1.1 Property, Plant and Equipment

Finding

The Fund did not use the original cost of property, plant and equipment to calculate depreciation for the two (2) years. The depreciation calculations were based on the carrying amounts although the policy requires the recognition of property, plant and equipment initially at cost and subsequently at cost less depreciation. That resulted in the understatement of depreciation and the overstatement of property, plant and equipment.

Risk/Implication

The figure for property, plant and equipment and accumulated fund were misstated.

Recommendation

The Fund should calculate depreciation based on the policy which initially recognises property, plant and equipment at cost and subsequently measured at cost less accumulated depreciation.

Management Response

Management did not respond.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make much progress in addressing prior year audit findings. Out of the five (5) findings, two (2) were addressed and three (3) were not addressed as indicated below:

2.1 Accounting Officer's Instructions

The Ministry continued to operate without Accounting Officers" Instructions.

2.2 Risk Management Policy

No risk assessment on key internal controls was done to identify, assess, mitigate and evaluate risks inherent to the Fund. No corrective action was taken**.**

2.3 Award of Contracts

The Fund procured goods and services from service providers where two of the three quotations were sourced from companies that seemed to be controlled by the same individuals according to company registration documents or bearing similar telephone numbers defeating the essence of sourcing quotations for the purpose of obtaining competitive prices.

No similar issues were noted in the 2020 financial year.

2.4 Accounts Receivable

Incorporated companies were not submitting annual returns as per requirement of Section 123 of the Companies Act [*Chapter 23:04*].

No progress has been made on this issue.

2.5 Procurement Procedures

The Fund procured goods and services totalling ZWL$21 054 without going through the bidding process. **This issue did not recur in the 2020 financial year.**

LEGAL AID FUND 2019 AND 2020

Objectives of the Fund

The Fund was established to provide legal aid to persons who are eligible for such aid in connection with any criminal, civil or other related matter and to do all things necessary to promote the provision of legal aid.

Opinion

I have audited the financial statements of the Legal Aid Fund, which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	28 800
Expenditure	22 292
Surplus	**$6 508**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Current	28 597	21 457
Accumulated Fund	-	7 140
Total	**$28 597**	**$28 597**

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

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Accounting Officer's Instructions/Minister's Directives

Finding

As raised in previous audits, the Fund did not have the Accounting Officer's Instructions as management had not developed written policies and procedures to guide processes. There were also no Minister's directives issued to further guide the operations of the Fund contrary to section 14(3) of the Legal Aid Act [*Chapter 7:16]* which requires the Minister to issue such directives.

Risk/Implication

Lack of proper guidelines in the execution of key processes may lead to management failing to detect any deviations from expected standards.

Recommendation

Minister's directives and Accounting Officer's Instructions should be issued to guide the operations of the Fund.

Management Response

Noted. We will formulate an Accounting Officer's Instructions manual for the Legal Aid Fund.

2 EMPLOYMENT COSTS

2.1 Employment of Contract Staff

Finding

The Fund recruited contract staff and paid employment costs amounting to ZWL$14 971 (2019: ZWL$10 677) and NSSA contributions of ZWL$294 (2019: ZWL$372). There was no provision for such expenditure in the Fund's enabling Act. Further, there was no authority to employ contract staff from the Public Service Commission which is the arm of Government responsible for the recruitment of civil servants in accordance with the Public Service Act (Chapter 16:04).

Risks/Implications

The Fund may fail to fulfil its mandate if financial resources are diverted towards unauthorised expenditure.

Government may be committed to pay for unbudgeted expenditure.

Recommendation

The Public Service Commission and Treasury authority should be sought to regularize the recruitment and payment of staff salaries from the Fund.

Management Response

Management did not respond.

3 IMPLEMENTATION OF PROGRAMME

3.1 Payment of Legal Aid Fees

Finding

The Fund did not achieve its objectives during the two (2) years as it did not provide legal aid to deserving persons. The provision of legal aid is the core function of the Fund as provided for in section 14(4a) of the Legal Aid Act [*Chapter 7:16*].

Risk/Implication

The Fund may be failing to fulfil its objectives of providing legal aid to eligible persons.

Recommendation

The Fund should provide legal aid to eligible persons through engagement of legal private practitioners in the interests of justice.

Management Response

Management still to respond.

4. PROCUREMENT OF GOODS AND SERVICES

4.1 Vehicle Repairs and Maintenance Costs

Finding

The Fund incurred vehicle repairs and maintenance costs amounting to ZWL$2 267 during the 2019 financial year but the statement of financial position did not disclose any non-current assets.

Risk/Implication

The Fund may fail to fulfil its mandate if financial resources are used to meet unrelated expenses.

Recommendation

Only expenditure in line with the Fund's operations should be met from the Fund's financial resources.

Management Response

Management is still to respond.

5 PROGRESS MADE IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing the findings raised during the 2019 financial year. Out of the five (5) issues raised, one (1) was addressed while four (4) were not addressed as indicated below:

5.1 Employment of Contract Staff

The Fund employed contract staff without authority from the Public Service Commission and Treasury. The issue was not addressed and it recurred during the year under review.

5.2 Vehicle Repairs and Maintenance

The Fund incurred vehicle repairs and maintenance costs although the Statement of Financial Position did not disclose such non-current assets. The issue was addressed as no vehicle repairs and maintenance costs were incurred during the period under review.

5.3 Payment of Legal Aid Fees

The failure to pay legal aid fees was not addressed as the Fund did not pay any fees during the year under review.

5.4 Accounting Officer’s Instructions/Minister’s Directives

The Fund did not have Accounting Officer’s Instructions to guide its operations. The issue was not addressed as the Instructions were still not available.

5.5 Statement of Cash Flows

The Fund used the direct method in the presentation of the Statement of Cash Flows. The Issue was not addressed as the direct method was again used during the period under review.

ZIMBABWE PRISONS AND CORRECTIONAL SERVICE FUND 2019 AND 2020

Objective of the Fund

The objective of the Fund shall be to provide money to the Zimbabwe Prisons and Correctional Service to enable the effective and efficient administration of the Service.

Adverse Opinion

I have audited the financial statements of the Zimbabwe Prisons and Correctional Service Fund for the Ministry of Justice, Legal and Parliamentary Affairs. The financial statements comprise the statements of financial position as at December 31, 2019 and 2020, the statements of comprehensive income and the statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

Below is a summary of the statement of comprehensive income and the statement of financial position for the year ended December 31, 2020:

Statement of Comprehensive Income

Item	Amount ZWL$
Income	7 022 877
Expenditure	21 257
Surplus	**$7 001 620**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Current Assets	7 061 145	-
Accumulated Fund	-	7 061 145
Total	**$7 061 145**	**$7 061 145**

In my opinion, except for the effects of the matters described in the Basis for Adverse Opinion section of my report, the accompanying financial statements present fairly the financial position of the Zimbabwe Prisons and Correctional Service Fund as at December 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Adverse Opinion

(i) Going Concern Status of the Fund

Finding

The Ministry prepared the 2020 financial statements of the Fund on a going concern basis disregarding the Treasury directive to wind up the Fund and disclose the wind up process. Treasury circular number 9 of 2020 directed that all retention Funds established in terms of the Public Finance Management Act [*Chapter 22:19*] be wound up by the end of December 31, 2020.

Risk/Implication

Failure to prepare the financial statements which disclose that the Fund was wound up is misleading to decision makers and users of the financial statements.

Recommendation

The Ministry should comply with the Treasury directive by making appropriate disclosures on the winding up process followed.

Management Response

Management did not respond.

(ii) Disclosure of Investments

The Fund had 10 888 shares in Innscor Africa Limited but the value of the investments was not disclosed in the statement of financial position. However, dividends from the said investments worth ZWL$12 258 (2019: ZWL$1 121) were disclosed in the statement of comprehensive income. The non-disclosure of the investments was contrary to Generally Accepted Accounting Practice (GAAP). Had the Fund accounted for the investment in shares in the financial statements, assets would have increased.

Risk/Implication

Non-disclosure of investments compromises accountability and transparency in the use of public resources.

Recommendation

The Ministry should properly disclose all its investments.

Management Response

Management did not respond.

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

1 GOVERNANCE ISSUES

1.1 Transfers to the Main Exchequer Account

Finding

During the 2020 financial year the Fund did not transfer cash received and banked to the Main Exchequer Account. The ZWL$442 246 reflected as transferred in the statement of cash flows related to the closing balance as at December 31, 2019 which was transferred on January 3, 2020. As at December 31, 2020 the Fund had cash at bank amounting to ZWL$5 448 073. This was contrary to Treasury circular number 9 of 2020 which directed that all receipts by each retention Fund be transferred to the Treasury Main Exchequer Account at the Reserve Bank of Zimbabwe.

Risks/Implications

Failure to comply with the requirements of Treasury circular number 9 of 2020 may result in misappropriation of funds as Treasury may not have full control of the funds deposited in the Fund's bank accounts.

Failure to transfer receipts to the Main Exchequer Account may deprive the Government of the use of the funds.

Recommendation

The Ministry should transfer all receipts to the Main Exchequer Account as per Treasury requirements.

Management Response

Management did not respond.

2 PROGRESS MADE IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in the 2019 financial year audits. Out of the two (2) issues raised, none were addressed as indicated below:

2.1 Disclosure of Investments

The issue was not addressed as the investments were not disclosed in the current period as indicated on paragraph (ii).

2.2 Statement of Cash Flows

The issue was not addressed as the Fund compiled the Statement of Cash Flows using the direct method during the current year as shown on paragraph (i) above.

VOTE 20.- INFORMATION, PUBLICITY AND BROADCASTING SERVICES

APPROPRIATION ACCOUNT 2022

Mandate

The Ministry is responsible for the dissemination of information locally and globally to uphold and promote Zimbabwe's founding values, identity and its interests worldwide.

Opinion

I have audited the financial statements for the Ministry of Information, Publicity and Broadcasting Services for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$3 665 477 000	-	$3 665 477 000	$3 024 297 411	$641 179 589

In my opinion, the financial statements present fairly, the state of affairs of the Ministry of Information, Publicity and Broadcasting Services for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Audit Committee

Findings

Three (3) out of the four (4) committee members of the Audit Committee, were employed in the Ministry contrary to the provisions of Section 84(3)(a)(ii) of the Public Finance Management Act [*Chapter 22:19*] which states that the majority shall not be persons employed in that Ministry, except with the approval of the appropriate Minister. There was no such approval from the Minister that was availed to audit for verification.

The Audit Committee did not hold meetings to provide guidance on the operations of the Ministry during the year under review. Section 84(3)(b) of the Public Finance Management Act [*Chapter 22:19*] states that the primary role of the Audit Committee shall be to assist the Accounting Officer and Treasury in the discharge of their responsibilities to ensure the effective management of and accountability for public resources.

Risks/Implications

The oversight role could be compromised as the members would be reviewing their own work.

The Audit Committee would not effectively execute its oversight role without holding committee meetings.

Recommendation

The committee should meet at least twice during the financial year as provided for in the Act. Furthermore, the composition of the Audit Committee should be in line with Section 84(3)(a)(ii) of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The observation is noted. The Audit Committee appointment and composition was done in accordance with the Audit Committee Framework of 2017. However, the Ministry was not aware that the above framework was repealed by the Public Finance Management Act [*Chapter 22:19*] Section 84(3)(a). Therefore, we will comply with the Act accordingly.

The committee could not sit for any meetings in the year under review because of circumstances beyond their control. Efforts were made to convene meetings as evidenced by the communication, which was provided to the auditors during the course of the audit. However, in the current year that error has been resolved as the committee is now conducting meetings and offering guidance.

1.2 Fuels and Lubricants

Findings

My inspection and verification of the Ministry fuel register and issue vouchers indicated that there was improper recording of serial numbers both on receipt and issue of fuel coupons. New booklets were used before old ones were completed. Quantities of fuel were also incorrectly recorded. The remaining stubs had no outer covers to show the type of fuel and range of serial numbers received.

Audit further noted that monthly fuel reconciliations were not being performed to confirm actual quantities of fuel issued and received. Hence, it was difficult to determine the closing/available balance of fuel as at the date of audit. This was due to inadequate supervision by senior officials as evidenced by absence of regular checks.

Risk/Implication

Misappropriation of fuel could occur.

Recommendations

The Ministry should put in place measures to ensure that there is proper maintenance of the fuel register.

Booklets should be issued out to completion before a new booklet is opened.

Adequate supervision by senior official should be performed to ensure proper accountability for coupons.

Management Response

The observations have been noted and your recommendations acknowledged. The Ministry has been using one booklet of fuel at a time to issue for all the programmes. This has resulted in having serial numbers of one booklet appearing in different programmes which is difficult for paper trail. We have implemented the audit recommendations and have separated the booklets according to programs so that the serial numbers are accounted for per programme. Fuel registers have been verified, clerical errors on serial numbers recorded which were not tallying with the quantity issued have been corrected. We have also introduced a fuel request transfer form between the programmes and going forward, coupon stubs will be stamped as recommended and top covers will not be removed. The Ministry will ensure that reconciliations and fuel returns are done monthly.

1.3 Rental and Hire Services

Findings

Audit noted that the Ministry made a payment of ZWL$469 728 to Easy Go for 15 days Government Authority vehicle training course. However, the beneficiary was trained for 10 days only. No explanation was provided for the changes in period of the number of training days nor was a refund claimed.

Furthermore, the Ministry made the payment without the invoice in violation of Section 53(1) of the Public Finance Management (Treasury Instruction), 2019 which seeks to ensure that all payments made are appropriately authorised, transactions are accurate, complete and that there is adequate supporting documentation.

Risk/Implication

Misappropriation of funds could occur.

Recommendation

Payments are supposed to be made after receiving supporting documentation and should be in line with the services that are being requested. A follow-up should be made to recover the overpaid amount for the five (5) days when service was not provided.

Management Response

Audit observation has been noted. A payment of ZWL$469 728 was paid to Easy Go for Government Authority vehicle training for one (1) of the drivers. The money was for hire of the vehicle he was going to use during the fifteen (15) days of training. However, he used the car for fourteen (14) days only and the 15th day was for oral lessons. The actual charge for the vehicle hire totalled ZWL$438 413 and there was a balance of ZWL$31 315. Easy Go does not process refunds therefore, the balance will be used by the next driver who will be going for training. The Ministry will ensure all payments have invoices attached. However, the invoice for this document has been attached to the document.

Evaluation of Management Response

The Ministry did not provide proof of the number of days the staff member received training serve for the agreed ten (10) days as per schedule.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made progress in addressing audit findings raised in my previous audit report. All the two (2) issues raised were fully addressed as indicated below:

2.1 Zimbabwe Film and Television School of Southern Africa (ZIFTESSA) – Current Grants

The Ministry is now working with the Projects Office in creating vendor numbers for Artists who are paid through the Film School account who had no vendor numbers.

2.2 Implementation of Digitalisation

The Ministry has put in place the Department of Strategic Policy Planning, Monitoring and Evaluation that helps monitor progress of the projects that are being undertaken in the ministry.

VOTE 21. - YOUTH, SPORT, ARTS AND RECREATION

APPROPRIATION ACCOUNT 2022

Mandate

The Ministry is mandated to formulate and review initiatives, policies, strategies and programmes to promote youth, sport, arts and recreation by ensuring equitable participation, sustainable development and empowerment for all Zimbabwean citizens.

Opinion

I have audited the financial statements of the Ministry of Youth, Sport, Arts and Recreation for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve Transfers ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$11 632 609 000	$575 275 468	$12 207 884 468	$11 649 580 597	$558 303 871

In my opinion, the financial statements present fairly the state of affairs of the Ministry of Youth, Sport, Arts and Recreation for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Risk Management and Assessment

Findings

As previously reported, the Ministry did not have a documented and approved risk management policy and no formal risk assessments were done to cover key processes in the year under review. A risk management policy is a set of procedures and controls to identify and mitigate the possible risks in the operation and financial activities of the entity.

Section 162(1) of the Public Finance Management (Treasury Instructions), 2019 states that Accounting Officers should carry out a risk assessment of their Ministries' operations on an annual basis and take deliberate steps to identify, quantify, assess and come up with mitigation measures for the risks identified.

Risks/Implications

Absence of a risk management policy might result in the Ministry not identifying and responding to material risks or threats effectively.

Failure to carry out formal risk assessments may expose the Ministry to numerous risks which could negatively impact on its performance.

Recommendations

The Ministry should have an approved risk management policy and register.

The Ministry should institute risk management processes to safeguard Government funds and assets.

Management Response

The Ministry has a draft Risk Management Policy and finalization of the draft is awaiting the official launch of the Risk Management Policy Manual by Ministry of Finance so that contents of the Ministry's Risk Management Policy aligns to Treasury Manual.

2 MANAGEMENT OF ASSETS

2.1 Maintenance of Asset Records

Findings

For four (4) years in succession, the Master Asset Register at Head Office was not consolidated to record information of assets that belong to the Ministry since the integration of the Ministry of Youth Development, Indigenisation and Economic Empowerment and the Ministry of Sports, Arts and Recreation in March 2018.

Furthermore, the Ministry did not submit for audit a Consolidated Statement of Departmental Asset Certificate return for the year ended December 31, 2022. An Annual Departmental Asset Certificate is meant to confirm whether all assets held by the Ministry's stations were properly accounted for. Section 100(4) of Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to maintain appropriate and up-to-date assets records.

Risks/Implications

The Ministry may not be able to monitor the location, utilization and existence of assets.

Non submission of Departmental Asset Certificate may not give assurance in the proper management of assets.

Recommendations

A detailed Master Assets Register should be maintained at Head Office to ensure accountability of all assets under the control of the Ministry as required by regulations.

The Ministry should prepare a Departmental Asset Certificate and if there are any deficiencies they need to be stated to ensure transparency and accountability in the management of assets.

Management Response

The Ministry acknowledges the observation. The Ministry embarked on an Asset Inventory listing exercise. The information will be processed to come up with the

departmental asset register for each centre and later consolidated Master Assets Register that will be stationed at Head Office. More effort will be put to improve the situation.

2.2 Disposal Committee

Finding

The Ministry had under its custody assets that were unserviceable and obsolete. The assets were not disposed off, as the Ministry did not have a Disposal Committee. Section 91(1) of the Public Procurement and Disposal of Public Assets [*Chapter 22:23*], requires a procuring entity to establish a disposal committee for the purpose of recommending the best method for disposing unserviceable, obsolete or surplus public assets.

Risks/Implications

The Ministry may not salvage any value if unserviceable and obsolete assets are not disposed off timely.

Cannibalization of assets.

The Ministry may continue to hold onto assets that may become a health hazard or that would just occupy a lot of space that may otherwise be used for other productive purposes.

Recommendation

The Ministry should appoint a Disposal Committee in order to ensure that unserviceable and obsolete assets are disposed off.

Management Response

The observation has been noted and the Ministry will appoint a Disposal Committee in line with regulations.

2.3 Delivery of Assets

Findings

The Ministry paid ZWL$393 171 724 to AMTEC Motors a division of AMTEC (Pvt) Ltd for the purchase of 17 Nissan Navara Pick Up trucks on December 31, 2022, which were to be delivered eight (8) weeks from the date of signing the contract agreement. The vehicles had not been delivered as at the date of concluding the audit on May 31, 2023.

On March 11, 2022, the Ministry entered into a contract agreement with Frolgate Technology (Pvt) (Ltd) for the supply of sixty-three (63) laptops. On December 31, 2022, the Ministry paid an amount of ZWL$14 444 857, for the supply and delivery of eight (8) laptops. The eight (8) laptops had not yet been delivered as at the date of concluding the audit. Section 53 (8)(a)(b) of Public Finance Management (Treasury Instructions), 2019 requires that no payment shall be made from Voted money except for services rendered and value received.

Risk/Implication

Failure by the supplier to deliver the vehicles and laptops will compromise service delivery by the Ministry.

Recommendations

Management should enforce fulfilment of the contract and ensure that the seventeen vehicles are delivered by AMTEC Motors.

The Ministry should ensure that the eight (8) laptops are delivered by Frolgate Technology (Pvt) (Ltd).

Management Response

The non-delivery of 17 Nissan Navara Pick Up trucks worth ZWL$393 171 727 paid on December 20, 2022 to AMTEC (Pvt) Ltd was indicated by the supplier in their letter dated March 09, 2023 that production was to start in the third quarter due to constant constraints in the supply of major components for the production of vehicles.

The delay in delivery of laptops as per contract signed between the Ministry and Frolgate Technology (Pvt) Ltd for the supply of eight (8) laptops as cited by the supplier in their letter dated February 01, 2023 was due to non-allocation of foreign currency to the supplier by the Reserve Bank of Zimbabwe. The delivery is now expected on or before June 02, 2023.

3 SERVICE DELIVERY/IMPLEMENTATION OF PROGRAMMES

3.1 Programme-Based Budgeting

Finding

During 2022, the Ministry's Budget Committee did not hold any meeting as evidenced by the absence of minutes. The Programme Based Budgeting Committee's role amongst others are, to allocate available resources, co-ordinate activities and evaluate results of how well programmes are working. Treasury Circular Number 6 of 2019 requires the Budget Committee to meet every month to monitor and report on the allocation of resources to various programmes.

Risks/Implications

The Ministry may fail to achieve its mandate if there is no effective coordination and monitoring.

Funds for sub-programmes may be transferred to finance other activities without the knowledge of the sub programme managers.

Recommendation

The Ministry should ensure that the Programme Based Budget Committee meets regularly to monitor and report on distribution of resources as required by Treasury Circular Number 06 of 2019.

Management Response

The Ministry acknowledges the observation and corrective action is being taken.

4 PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Ministry did not make progress in addressing audit findings raised in my previous audit report. Out of five (5) findings, one (1) was partially addressed and four (4) were not addressed as indicated below:

4.1 Accounts Payables

The finding was not addressed as the payables balance of ZWL$410 144 579 still remained uncleared in the PFMS.

4.2 Delivery of Motor Vehicles

The two (2) vehicles purchased from AMC Nissan four (4) years ago still had not been delivered, the matter has been referred to the Attorney-General`s Office for guidance in enforcing the contract.

4.3 Maintenance of Asset Registers

The finding was not addressed as the Head Office Master Assets Register does not have all the assets that belong to the Ministry since its integration with other Departments paragraph 2.1 refers.

4.4 Donated Motor Vehicles

The finding was partially addressed as two vehicles were registered under the Ministry and the process of changing ownership for one (1) vehicle was still in progress.

4.5 Programme Based Budgeting

The finding was not addressed as indicated in paragraph 3.1 above.

VOTE 22.- ENERGY AND POWER DEVELOPMENT

APPROPRIATION ACCOUNT 2022

Mandate

The Ministry is responsible for providing adequate and sustainable energy supply through formulating and implementing effective policies and regulatory framework.

Qualified Opinion

I have audited the financial statements for the Ministry of Energy and Power Development for the financial year ended December 31, 2022. These financial statements comprise of the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve Transfers ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$5 923 571 000	$2 260 000 000	$8 183 571 000	$5 520 962 070	$2 662 608 930

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the state of affairs of the Ministry of Energy and Power Development as at December 31, 2022 in accordance with Generally Accepted Accounting Practices (GAAP).

Basis for Qualified Opinion

(i) Direct payment

Finding

A direct payment amounting to US$7 000 000 meant for the Zimbabwe Electricity Supply Authority (ZESA) was made by Treasury to the Ministry's Nostro Account. The Ministry subsequently paid the amount to ZESA. The transaction was not accounted for through the Public Finance Management System (PFMS) nor was it disclosed in the Appropriation Account. The Ministry did not avail for audit a reconciliation showing the Appropriation Account's total expenditure made up of direct payments from the Consolidated Revenue Fund (CRF) and PFMS expenditure contrary to Treasury Circular number 1 of 2023. As a result, the total expenditure reported in the Ministry's Appropriation Account may be understated.

Risk/Implication

The total expenditure reported in the Ministry's financial statements may be understated as a result of processing transactions outside the PFMS.

Recommendation

Management should reconcile the Appropriation Account's total expenditure to the direct payments made from the CRF and PFMS balances in compliance with regulations.

Management Response

A disclosure note of the US$7 000 000 transfer has been included in the resubmitted Appropriation Account. The Ministry also wrote to Treasury on December 18, 2022 and February 15, 2023 requesting them to upload the US$7 000 000 in the PFMS.

Evaluation of Management Response

It is appreciated that an Appropriation Account with a disclosure note regarding the direct payment was resubmitted and that the Ministry wrote to Treasury requesting for the payment to be regularised. However, the Appropriation Account expenditure figure remained understated because the payment was still to be uploaded in to the PFMS at the time of audit conclusion in June 2023.

(ii) Reconciliation of Compensation of Employees Costs

Finding

There was a variance of ZWL$47 780 309, between the PFMS compensation of employees' ledger balance of ZWL$233 272 534 and the Salary Services Bureau (SSB) schedule balance of ZWL$185 492 225. There was no evidence that monthly reconciliations were performed between the SSB figures and the PFMS figures as required by Treasury Circular B/1/88 June 5, 2018. As a result, I could not validate the accuracy of the expenditure on employment costs disclosed in the financial statements.

Risk/Implication

The compensation of employees' expenditure reported for the year under review may be materially misstated.

Recommendations

Management should ensure that compensation of employees' costs billed by SSB are reconciled monthly against expenditure figures shown in the PFMS ledgers and any variances investigated.

Reconciliations of compensation of employees' costs should be availed for audit.

Management Response

The Ministry is in agreement with the finding. The difference of ZWL$47 780 309 came as a result of the following, senior officer's supplementary wages, covid-19 insurance cover and other payments which were not in the SSB schedule.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Contingent Liabilities

Findings

Contingent Liabilities are loans advanced to Parastatal Bodies and private sector companies by independent lenders and are guaranteed by the Government. The go Government vernment as guarantor of the loans, is obliged to settle the loan in the event that the borrower fails to fulfil the obligations. The Contingent liabilities return submitted disclosed loans taken by ZESA that were guaranteed by Government.

The 2021 closing balance of US$1 248 925 698 for the ZESA principal loan differed from the disclosed 2022 opening balance of US$1 162 287 348. In addition, the 2021 closing balance for the loan interest was US$230 449 878 whilst the figure brought forward in 2022 was US$304 762 658. Records and explanations to support the differences between the brought forward figures and the previous year's figures were not availed for audit. The Ministry contravened Section 35(6) (a) of the Public Finance Management Act [*Chapter 22:19*] which requires proper records of accounts to be kept. As a result, I could not validate the 2022 opening balance figures with certainty.

Furthermore, the Ministry did not avail evidence such as principal and interest repayments schedules to support a balance amounting to US$96 939 124 disclosed in the Statement of Contingent Liabilities as a loan repayment. This resulted in audit scope limitation.

Risks/Implications

Contingent liabilities may be under or overstated in the absence of evidence supporting the figures disclosed.

Inappropriate decisions may be made based on unverified figures.

Recommendations

Management should maintain proper accounting records that support the figures disclosed in the supporting returns in compliance with regulations.

Management should avail for audit, documents that support the changes on the 2022 opening balance figures.

Management Response

The audit observation is noted. A revised return has now been submitted. The documentary evidence to support the changes has been requested from ZESA. As soon as the audit evidence is received, it will be forwarded to the auditor.

Evaluation of Management Response

Though the figures on the Contingent liabilities return have been corrected, the source documents that support the changes were not submitted to enable confirmation of the changes.

1.2 Submission of Supporting Statements

Finding

The Ministry did not submit the following Supporting statements for audit, contrary to the provisions of Treasury Circular Number 1 of 2023:

- Statement of Reconciliation between the CRF-Main Paymaster General's Account and the Sub-PMG's Account Transactions showing salaries and direct payments made by Treasury that are not reflected on the PFMS Sub-PMG General Ledgers.
- Annual Closure Certificate which should be attached to the Statement of Appropriation Account and Statement of Revenue Received showing the General Ledgers for expenditure and revenue disclosed.

Without the reconciliation statement and certificate, I could not validate whether the Ministry accounted for all the expenditure incurred and revenue received.

Risk/Implication

The Appropriation Account could be materially misstated.

Recommendations

Management should always comply with Treasury circular on submission of returns.

The outstanding statement and certificate should be prepared and availed for audit.

Management Response

The Ministry is still working on the Statement of Reconciliation between the Consolidated Revenue Fund-Main Paymaster General's Account and the Sub-Paymaster General's Account Transactions. It will be passed on to audit team when completed.

Annual Closure Certificate- The certificate was prepared and submitted for audit.

Evaluation of Management Response

The submitted Annual closure certificate had general ledgers which had transactions which were pending clearance.

1.3 Risk Management

Finding

The Ministry did not have an approved Risk Management Policy and an appointed Risk Management Committee to assist in the identification and mitigation of possible risks. This was contrary to Section 162(2) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to ensure that specific control objectives are set and related internal controls are put in place to mitigate identified risks.

Risk/Implication

Risks may not be identified and addressed in the absence of an approved Risk Management Policy and Committee to monitor the implementation process.

Recommendations

Management should develop and implement an approved Risk Management Policy.

The Accounting Officer should appoint a Risk Management Committee to assist in the identification and mitigation of possible risks.

Management Response

The observation is noted. However, the production of the Risk Management Register is now at an advanced stage. A draft document has been produced and it awaits the Accounting Officer's signature before it can be operationalised.

1.4 Disaster Recovery Plan

Findings

The Ministry did not have in place a Disaster Recovery Plan which includes policies, processes, and procedures to recover data and ensure business continuity in the event of a disaster. This contravened Section 44(1)(a)(1) of the Public Finance Management Act [*Chapter 22:19*] which provides for effective risk management.

Furthermore, the Ministry did not have a backup server in place to safeguard its data. There was no evidence that the Ministry prioritised Information Technology service continuity.

Risk/Implication

Should a disaster occur the Ministry may lose its data and fail to continue providing services.

Recommendation

Management should prioritise the development of a Disaster Recovery Plan and procurement of a backup server.

Management Response

The observation is noted. The Ministry acknowledges this noble idea and will inquire around to ascertain how such a plan can be drawn up.

1.5 Non-Submission of Returns

Findings

A detailed Annual Report which covers the activities, outputs and outcomes of the entity was not submitted for audit. This was contrary to Section 32(3) of the Public Finance Management Act [*Chapter 22:19*] which require such report to be submitted.

The Ministry did not submit the Statement of Development Partner-Funded Projects contrary to the requirements of Treasury Circular Number 1 of 2023. This can be attributable to failure to allocate the responsibility to prepare the statement to a specific officer following the resignation of one of the officers.

Risks/Implications

Non-disclosure of performance information amounted to a material omission of information which is key for decision makers.

If the funding received for the Development Partner-Funded Projects is not disclosed, this may result in loss of accountability and transparency in reporting the contributions by the development partners and Government of Zimbabwe.

Recommendations

The Annual Report that covers all the programmes, activities and outcomes should be produced for accountability of resources used.

Reported achievements should be supported by relevant evidence aligned to the performance indicators.

The outstanding statement should be prepared and availed for audit in compliance with regulations.

Management Response

Statement of Development Partner-Funded Projects is still being worked on. When the information is available, it will be passed on to audit team.

Evaluation of Management Response

The Ministry partially responded to the finding. The issue of the Annual report was not responded to.

1.6 Maintenance of Registers

Findings

The Ministry did not update the Master Assets Register with furniture and equipment amounting to ZWL$32 767 000 acquired in 2022. This was contrary to Section 100(1) of the Public Finance Management (Treasury Instructions), 2019 which requires the Accounting Officer to record all public assets in the appropriate manual registers and PFMS system.

The Public Financial Assets Register submitted for audit was last updated in December 2017. There was no evidence that the register was regularly reviewed by an independent senior official to ensure that any changes were recorded. As a result, I was not able to verify the accuracy of the statement of Public Financial Assets availed for audit.

In addition, the Ministry availed a printed excel sheet Public Financial Assets Register which was pasted on top of the manual register pages. The closing balance of US$63 777 374 disclosed in the excel sheet Public Financial Assets Register and the closing balance of

US$122 326 488 on the statement of Public Financial Assets submitted for audit had a variance of US$58 549 114.

The Ministry did not maintain the Losses of and Damage to Government Property register for the year under review contrary to Section 109(7) of the Public Finance Management Act (Treasury Instruction), 2019.

Risks/Implications

There may be loss of assets and accountability if the Registers are not updated.

The excel sheet Public Financial Assets Register, can be tempered with by removing the pasted copies and replacing some with amended pages.

Failure to update the registers may result in incomplete records.

Recommendations

Manual and PFMS Assets Registers should be maintained by the entity as required by Treasury Instructions to ensure completeness of recordings.

An independent senior official should regularly review the registers to ensure that they are updated.

Management should avail updated registers for audit**.**

Management Responses

The observation is acknowledged. A team is currently working on the Excel Master Asset Register which will be availed for audit when recording is completed. The team is now cleaning up the excel sheet in order to identify possible double counts. The Manual Asset Register will be drawn up before inviting the Ministry of Finance and Economic Development to train and assist personnel to upload the assets onto the PFMS register.

The Public Financial Assets register is available on Excel and it is available for audit inspection.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Procurement of Maintenance Services

Findings

The Ministry had business transactions amounting to ZWL$774 430 relating to the supply of electronic system support services with Fuzzy Electronics (Pvt) Ltd whose Service Level Agreement expired in 2019. There was no evidence that procurement officers reviewed the validity of Service Level Agreements.

Furthermore, there was no evidence that the three (3) members of staff in the Procurement Management Unit (PMU) received any training or refresher course on public procurement and related regulations.

Out of a sample of fifteen (15) suppliers audited, I noted that five (5) suppliers provided services without Service Level Agreements and there was no evidence of competitive bidding. The Ministry paid the suppliers ZWL$20 750 741. In addition, no justification was available to support the direct procurement method. This was contrary to Section 30(2) of the Public Procurement and Disposal of Public Asset (PPDPA) [*Chapter 22:23*] which stipulates that a written justification including the grounds for the decision to procure without competitive bidding be availed by the procuring entity.

Risks/Implications

In the event of unsatisfactory end user services, it may be difficult to hold responsible, suppliers with expired Service Level Agreements.

Inadequate training of PMU staff may result in costly errors to the Ministry as the staff may not have the requisite knowledge relevant for public procurement.

Direct engagement of service providers without valid Service Level Agreements or documented justification compromises the transparency and fairness of the Ministry's procurement system.

Recommendations

Management should ensure that there is adequate supervision of procurement officers so that suppliers with valid Service Level Agreements are engaged.

Management should ensure that PMU staff are regularly trained so that they are kept abreast with public procurement requirements

Management should provide justifications for any procurement method which does not involve competitive bidding.

Management Response

The observation is noted. The Ministry entered into an agreement for the supply of electronic security systems support services with Fuzzy Electronics (Pvt) Ltd. We acknowledge that the contract needs to be reviewed.

The observation is noted. Since the introduction of the PPDPA Act, the Ministry's PMU staff have not been trained in implementation of framework agreements, contracts management, and review thereof.

The table below summarises the Ministry's comments per service provider.

Service Level Agreements

Supplier	**Service Provided**	**Comments**
Croco motors	**Vehicle maintenance**	**The Head of Finance and Administration sought approval from the then Accounting Officer**
Zesa Enterprise (Pvt) Ltd	**Vehicle maintenance**	**Since it is a parastatal under the Ministry, ZENT does not demand cash up front, in the absence of resources.**

High Profile Motors(Pvt) Ltd	**Vehicle maintenance**	**No service level agreement**
Dulys Motors (Pvt) Ltd	**Vehicle maintenance**	**The Head of Finance and Administration sought approval from the then Accounting Officer**
Keycom Networks (Pvt) Ltd	**Telephone repairs**	**The service provider was engaged more than 5 years ago.**

Evaluation of Management's Response

The service level agreements for Croco Motors, Dulys Motors (Pvt) Ltd, and Keycom Networks (Pvt) Ltd that were said to be available are still to be availed for audit.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make much progress in addressing prior year findings. Out of the six (6) findings, two (2) were addressed and four (4) were not addressed as indicated below:

3.1 Unallocated Reserve Transfers

The variance of ZWL$2 173 320 000 was addressed in 2022.

3.2 Direct Payments

The finding was addressed in 2022. Endorsed invoices were availed for audit and the direct payments were properly classified.

3.3 Public Financial Assets

The issue was not resolved and remained outstanding. The Public Financial Assets records were last updated in 2017 and there was no evidence of follow ups made on defaulting public entities.

3.4 Outstanding Revenue

The issue of non-recovery still remained outstanding during the year under review and the amount outstanding increased from US$30 754 263 to US$33 664 143.

3.5 Losses of and Damages to Government Property

The issue remained outstanding during the year under review. Boards of inquiries were not convened.

3.6 Maintenance of Asset Registers

The issue was not resolved. During the year under review the Assets Register was not updated. Paragraph 1.7 refers.

VOTE 23.- INFORMATION COMMUNICATION TECHNOLOGY AND COURIER SERVICES

APPROPRIATION ACCOUNT 2022

Mandate

The Ministry's mandate is to develop a knowledge-based society with ubiquitous connectivity by exploiting the potential of Information Communication Technologies (ICT) for sustainable socio-economic development.

Qualified Opinion

I have audited the financial statements of the Ministry of Information Communication Technology, Postal and Courier Services for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve Transfers ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$8 088 216 000	-	$8 088 216 000	$5 496 795 943	$2 591 420 057

In my opinion, except for effects of the matter described in the basis for Qualified Opinion section of my report, the financial statements present fairly the state of affairs of the Ministry of Information Communication Technology, Postal and Courier Services as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Unreconciled Year-End Balances

Finding

The Appropriation Account expenditure of ZWL$5 496 795 943 was at variance with the total expenditure of ZWL$2 901 464 417 that was disclosed on the Sub Paymaster General Account. There was no evidence that monthly Sub-PMG reconciliations were being performed. At the time of concluding my audit, a variance of ZWL$2 595 331 526 remained unreconciled. I therefore, was not able to ascertain the completeness and accuracy of the expenditure figure that was disclosed in the Appropriation Account.

Risk/Implication

The expenditure for the year may be misstated due to the unreconciled variance.

Recommendation

Management should perform monthly Sub-PMG reconciliations, investigate and resolve the variance to enhance the reliability of the Appropriation Account in compliance with Treasury Circular Number 1 of 2023.

Management Response

The Ministry acknowledges the requirement to prepare the reconciliation according to regulations. In future, we will prepare the Return timeously.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Reconciliation Between the Main Paymaster General Account and the Sub Paymaster General's Account

Finding

Treasury Circular Number 1 of 2023 requires that a Statement of Reconciliations between the Consolidated Revenue Fund-Main Paymaster General's Account and the Sub Paymaster General's Accounts transactions be prepared and attached to the Appropriation Account by January 30, 2023. The reconciliation assists in validating the accuracy of expenditure reported in the Appropriation Account. However, at the time of concluding my audit, on June 08, 2023, the Ministry was yet to submit the return.

Risk/Implication

Failure to prepare and submit supporting returns to the Appropriation Account may impair the reliability of the amounts disclosed in the Account.

Recommendation

The Ministry should prepare and submit for audit all supporting returns to the Appropriation Account to enhance its reliability.

Management Response

We are currently working on this assignment. However, in future we will prepare the return timeously.

2. SERVICE DELIVERY / IMPLEMENTATION OF PROGRAMMES

2.1 Submission of Annual Report

Finding

The Ministry did not submit for audit its Annual Report for the year under review. This was contrary to Sections 32(3) of the Public Finance Management Act [*Chapter 22:19*] which provides for non-financial information such as activities, outputs and outcomes to be submitted together with the financial statements. I therefore, was not able to assess and evaluate the Ministry's performance during the 2022 financial year.

Risk/Implication

It may not be possible to assess, evaluate and monitor the operations of the Ministry in the absence of an Annual Report.

Recommendation

The Ministry should prepare its Annual Report as required by Section 32(3) of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The Ministry is currently preparing the Annual Report. There was a challenge as regards the format of the Report. In future we will submit the Report on the set date.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make much progress in addressing audit findings raised in my previous audit report. Out of the three (3) findings, one (1) was partially addressed and two (2) had not been addressed as indicated below:

3.1 Unreconciled Year-end Balances

The Ministry did not resolve the variance of ZWL$5 091 092 between the Sub-Paymaster General expenditure and Public Financial Management System (PFMS) expenditure. The variance recurred in the period under review.

3.2 Open/Uncleared Items in the Goods Receipt/Invoice Receipt Account

The matter was not addressed. Prior year items were still to be cleared from the Goods Receipt/Invoice Receipt Account.

3.3 Delivery of Procured Motor Vehicles

This matter was partially addressed. Seven (7) of the thirteen (13) motor vehicles were received. However, six (6) of the motor vehicles were yet to be delivered.

VOTE 24. – NATIONAL HOUSING AND SOCIAL AMENITIES

APPROPRIATION ACCOUNT 2022

Mandate

The Ministry's mandate is to provide and facilitate the delivery of affordable and decent housing to the nation.

Opinion

I have audited the financial statements of the Ministry of National Housing and Social Amenities for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserves Transfers ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$16 956 191 000	**-**	**$16 956 191 000**	**$14 958 309 908**	**$1 997 881 092**

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of the Ministry of National Housing and Social Amenities as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 IMPLEMENTATION OF PROGRAMMES

1.1 Service Delivery

Findings

One of the objectives of the Ministry is to maintain all Government owned housing properties in a state that meets national and international standards. An audit inspection to the Midlands, Mashonaland West, Masvingo and Manicaland Provinces revealed that most of the housing properties needed maintenance or refurbishment.

A sample of twenty (20) housing properties inspected in Kariba revealed that, nine (9) properties were not habitable whilst two (2) houses in Gweru urban were condemned by the Ministry. The condemned houses however were occupied despite the fact that they were inhabitable, thereby exposing the tenants to danger. This was contrary to Section 82(b) of the Housing Standards Control Act [*Chapter 29:08*] which states that immediate action be taken for the protection of persons using, or in the vicinity of any dangerous building.

Risk/Implication

The Ministry may fail to fulfil its mandate in providing and maintaining properties in a state that meets national and international standards.

Recommendation

The Ministry needs to ensure that properties are maintained so as to enhance service delivery.

Management Response

The observation is noted. Financial resources are not adequate for the Ministry to attend to maintenance or refurbishments of the properties in the meantime.

2 REVENUE MANAGEMENT

2.1 Debtors

Findings

Debtors' records that were maintained at Chimanimani, Buhera, Gutu and Zaka District Offices were either not updated or not reconciled to the rent cards. This was due to the fact that there were new officers in the districts who had not received training (an induction). This made it difficult to verify the accuracy of the balances outstanding.

The Ministry was not generating revenue from the fifteen (15) properties that were leased to various Government departments in Kariba Urban. Most of the tenants in these properties last paid rent before the year 2009 resulting in an outstanding amount of ZWL$51 919 as at December 2021.

The Kariba District also had thirty-eight (38) properties in the rural area and none of them were generating revenue. No evidence was produced to show that follow ups on the outstanding rent were being done. The Ministry did not comply with Section 49(1) of the Public Finance Management (Treasury Instructions), 2019 which requires that adequate steps be taken to collect any sums due to Government.

Risks/Implications

Outstanding rental collections may become irrecoverable due to lapse of time.

Failure to update and reconcile debtors' records may result in misstated outstanding revenue information.

Recommendations

Management should make sure that debtors' records are updated and reconciliations carried out on a monthly basis to ensure accuracy of financial statements.

Management should follow up and ensure prompt recovery of all outstanding rentals.

The Ministry should ensure that new staff are capacitated to enable them to perform their duties.

Management Responses

The observation is noted. A team of accountants from head office visited all the districts at the end of the year 2022 to carry out on the job training. The rent cards have since been updated.

The Ministry also acknowledges the rent arrears from various tenants. However, six (6) properties have now been regularised. A letter was sent to the relevant Accounting Officers to make the officers pay the rentals. As for the Kariba rural houses, the tenants have been engaged and SSB deductions have been submitted for July 2023.

3 MANAGEMENT OF ASSETS

3.1 Provincial Assets Registers

Finding

Asset registers for Masvingo Provincial Office, Buhera, Zaka, Chimanimani and Gutu Districts were not up to date as at the time of my audit at November 30, 2022. They only maintained a room Inventory list. I therefore, could not confirm the completeness of the Departmental assets certificate submitted by the Ministry. This was contrary to Section 100(4) of Public Financial Management (Treasury Instructions), 2019 which requires Accounting Officers to maintain an updated asset registers.

Risk/Implication

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

Recommendation

Management should ensure that up to date Asset Registers are maintained at all provincial and district offices so as to ensure accountability of all assets.

Management Response

The observation is noted. A team of accountants from head office visited all the districts at the end of the year 2022 to carry out on the job training. The registers have since been updated.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry addressed all the two (2) audit findings raised in my previous report as indicated below.

4.1 Delivery of Assets

The issue was addressed as the assets were delivered.

4.2 Maintenance of Assets

The issue was addressed as the assets register is now being maintained at head office and more officers were employed by the Ministry.

CIVIL SERVICE HOUSING LOAN FUND 2017, 2018 AND 2019

Objective of the Fund

The Fund was established for the purpose of providing funding for all Civil Servants towards land purchase, construction or completion of house extensions, house purchase and mortgage relief of first house.

Opinion

I have audited the financial statements of the Civil Service Housing Loan Fund. These financial statements comprise the statement of financial position for the years 2017, 2018 and 2019, and the statement of comprehensive income, statement of cash flows for the years then ended, and notes to the financial statements, which include a summary of significant accounting policies.

Below is a summary of the Statement of Comprehensive Income and Statement of Financial Position for the year ended December 31, 2019.

Statement of Comprehensive Income

Item	Amount ZWL$
Income	803 799
Expenditure	189 116
Surplus	**$614 683**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-current	9 943 800	-
Current	4 987 400	128 938
Accumulated Fund	-	14 802 262
Total	**$14 931 200**	**$14 931 200**

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

However, below is an issue noted during the audit:

1. GOVERNANCE ISSUES

1.1 Risk Management Policy

Finding

The Civil Service Housing Loan Fund did not have a documented risk management policy. This was contrary to Section 162(1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to establish and maintain effective, efficient and transparent system of risk management.

Risk/Implication

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

Recommendation

The Fund should ensure that a risk management policy is put in place to reduce and mitigate risks when they occur.

Management Response

The observation is noted. A draft risk management policy for the Ministry now awaits finalization. Once Treasury avails resources, the policy will be finalized.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

2.1 Investment in 10% Secured Convertible Debenture at Metbank Limited

The authority for the investment of ZWL$2 229 565 in Metbank, was not produced. However, in 2019, the Fund received an amount of ZWL$3 640 768 on maturity of the debenture.

2.2 Debt Recovery

The Fund had outstanding amounts of ZWL$52 583 and ZWL$95 847 from the years 2015 and 2016 respectively which were tied up in debts. As at July 30, 2022, the Ministry had recovered a total amount of ZWL$84 960 being a significant figure from the said outstanding amount.

2.3 Fund Administration – Inspection of Stands and Houses for Beneficiaries

The issue had not been cleared as inspections were not carried out during the year.

VOTE 25. - JUDICIAL SERVICE COMMISSION

APPROPRIATION ACCOUNT 2022

Mandate

The mandate of the Commission is to administer justice in accordance with the laws of Zimbabwe.

Opinion

I have audited the financial statements for the Judicial Service Commission for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve Transfers ZWL$	Total ZWL$	Expenditure ZWL$	Net Under Spending ZWL$
$8 528 860 000	$2 864 374 612	$11 393 234 612	$10 515 907 583	$877 237 029
Constitutional and Statutory Appropriations				
$616 185 000	$666 015 150	$1 282 200 150	$1 273 066 800	$9 133 350

In my opinion, the financial statements present fairly the state of affairs of the Judicial Service Commission for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit

1 GOVERNANCE ISSUES

1.1 Transfer from Unallocated Reserves

Finding

The Commission reported transfers amounting to ZWL$2 864 374 612 while Treasury confirmed transfers amounting to ZWL$2 508 937 927, giving rise to a variance of ZWL$355 436 685. I therefore, could not authenticate the actual amount of transfers from Unallocated Reserves for the Commission for the year under review.

Risk/Implication

The Appropriation Account may be misstated and the integrity of the financial statements may be compromised.

Recommendation

The Commission should liaise with Treasury and reconcile the figures.

Management Response

The imbalance that has been noted by External Auditors is emanating from additional budget allocations which were effected on our account by Treasury Officials. We

have since engaged Treasury officials for them to include the imbalance and consequently update their unallocated reserve allocation to the Judicial Service Commission (JSC) and they are attending to the issue. Once communication has been received on the correction of the alluded anomaly it will be made available to the auditors.

2 Computerised Master Assets Register

Finding

The Commission did not capture assets in the Computerised Master Assets Register. This was contrary to Section 100(1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to record all the public assets under their control in the appropriate manual registers and in the Public Financial Management System (PFMS).

Risk/Implication

Assets may be misappropriated if they are not recorded in the Computerised Master Asset Register.

Recommendation

Management should ensure that all assets are recorded timeously in the computerised Master Asset Register to enhance accountability and to safeguard public assets.

Management Response

The observation has been noted. The JSC has completed the training of Administration Officers in the computerisation of Asset Register from November 14 to 18, 2022. We have been engaging the Ministry of Finance and Economic Development, Project Office (PFMS) for the implantation of the computerised Asset Register. We are waiting for their response.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Commission made some progress in addressing issues raised in my previous audit report. Out of two (2) issues raised, one (1) was addressed and one (1) was partially addressed as indicated below.

2.1 Non Recovery of Long Outstanding Amounts in respect of Disallowances and Outstanding Revenue

All the long outstanding amounts were cleared.

2.2 Computerised Master Assets Register

The audit finding was partially addressed. The Commission staff responsible for the assets upload were trained, however the assets were still to be uploaded.

VOTE 26. - PUBLIC SERVICE COMMISSION

APPROPRIATION ACCOUNT 2022

Mandate

The mandate of the Public Service Commission is to facilitate the delivery of responsive services and promote economic growth and development through enhanced policy, institutional and operational capacity of the Public Service and its relevant partners.

Opinion

I have audited the financial statements for the Public Service Commission for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, finance and revenue statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve Transfer/Warrants ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$71 552 101 000	-	$71 552 101 000	$41 342 804 721	$30 209 296 279
Constitutional and Statutory Appropriations				
$47 641 500 000	$92 022 609 000	$139 664 109 000	$135 441 039 749	$4 223 069 251

In my opinion, the financial statements present fairly the state of affairs of the Public Service Commission for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

However, the following are issues noted during the audit;

1 GOVERNANCE ISSUES

1.1 Disaster Recovery plan

Finding

The Commission's Information Technology (IT) Department does not have a disaster recovery plan or business continuity plan to enable it to continue offering critical services in the event of a disastrous interruption of services. Section 44 (1)(a)(i) of the Public Finance Management Act [*Chapter 22:19*] requires, the Accounting Officer, to establish and maintain an effective and transparent system of financial and risk management.

Risk/Implication

Should a disaster occur it would be difficult for the Commission to recover information and smoothly continue operations.

Recommendation

The Commission should come up with a Disaster Recovery Plan to enable continuity of services in the event of a disaster.

Management Response

The IT Department does not have a disaster recovery plan in place. However, the Public Service Commission is preparing a Business continuity plan.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Recovery of Debts

Finding

Outstanding Surcharges increased by 171% to ZWL$18 487 714 from 2021 amount of ZWL$6 829 295 and Outstanding Disallowances increased by 164% to ZWL$32 164 299 from 2021 amount of ZWL$12 182 739. Some of the outstanding amounts date as far back as 2010. This indicated that the mechanism put in place by the Commission to regularly monitor and recover the debts was not effective. Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 states that Officers responsible for collecting debts should take adequate steps to collect any sums due to the Government on the due date and should not allow a debt to become extinguished through lapse of time.

Furthermore, I noted that there was continued increase of overpayments of pension due to late notification of death. The strategies put in place to manage or reduce, overpayments, follow up with debtors are not effective.

Risk/Implication

The absence of effective strategies, to reduce overpayments and recover outstanding disallowances may result in loss of funds through lapse of time.

Recommendations

The Commission should put in place an effective recovery system that is regularly monitored.

There is also need to come up with effective means of reducing overpayments through the use of life certificates.

Management Response

The observation has been noted. However, the Commission has developed various strategies in managing the debts and to ensure a quick recovery of outstanding amounts. These include the following:

- **(i) engaging with banks with regard to deceased pensioner(s) were the funds have not been utilised;**
- **(ii) recovery through monthly payroll deductions;**
- **(iii) working with Registrar General's Office to identify deceased Pensioners and to remove them from the Pension payroll;**
- **(iv) resuscitation of the dormant account facility in which banks periodically flags individual accounts for Pensioners which are inactive;**
- **(v) debt collection follow-ups; and**
- **(vi) engaging Treasury on long outstanding debts.**

3 PROGRESS IN ADRESSING PRIOR YEAR ISSUES

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

3.1 Unallocated Reserves

The issue was addressed as the Commission managed to get the release letters that matched the amounts uploaded onto the PFM system.

3.2 Recovery of Outstanding Surcharges

The finding was not addressed, the outstanding surcharges continued to increase as indicated in paragraph 2.1.

3.3 Outstanding Disallowances

The finding was not addressed, the outstanding disallowances continued to increase as indicated in paragraph 2.1.

3.4 Criteria used to Measure Performance

The finding was addressed as the Commission, now have metrics which can be used to measure performance.

PENSION AGENCY RETENTION FUND 2020

Objective of the Fund

The Fund was established for the purpose of providing resources for the enhancement of the department's service delivery focusing on decentralisation to the provinces, computerisation, training and research.

Opinion

I have audited the financial statements of the Pension Agency Retention Fund. The financial statements comprise of the statement of financial position as at December 31, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	7 870 869
Expenditure	4 893 135
Surplus	**$2 977 734**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-current	58 274 882	-
Current	1 659 861	58 062 895
Accumulated Fund	-	1 871 848
Total	**$59 934 743**	**$59 934 743**

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

However, below are issues noted during the audit:

1. MANAGEMENT OF ASSETS

1.1 Transfer of Assets

Finding

There was no evidence that management transferred assets with a carrying amount of ZWL$2 910 767 to the Master Assets Register of the Public Service Commission. This was contrary to the Provision of the Treasury Circular Number 9 of 2020, which states that, retention funds' assets should be handed over to the respective Ministry, Department or Agency and recorded in the Master Assets Register.

Risk/Implication

If the Fund's assets are not transferred to the Master Assets Register of the Public Service Commission, assets could be exposed to misappropriation and asset striping.

Recommendation

The Fund should ensure that all assets are transferred to the Master Assets Register of the Public Service Commission to ensure compliance with the provisions of the Treasury Circular Number 9 of 2020. The handover takeover process should be documented.

Management Response

The audit observation is noted. The Public Service Commission is currently doing a comprehensive update of the Master Assets Register under the IPSAS programme. The updated register will be availed to auditors as soon as the exercise is completed.

2.2 Recording of Printers in the Master Assets Register

Finding

Printers worth ZWL$750 000 procured during the year 2020 were not disclosed in the financial statements neither were they recorded in the asset register. Section 11(4) of the Fund's Constitution requires that all movable assets purchased by, or donated to the Fund and their subsequent disposal be recorded in the asset register.

Risk/Implication

If the assets are not recorded in the Master Assets Register, assets would be exposed to misappropriation and the financial statements would be materially misstated.

Recommendation

Management should ensure that the acquired printers are disclosed in the financial statements for 2020 and recorded in the Fund's Master Assets Register in compliance with Section 11(4) of the Fund's Constitution.

Management Response

The acquired printers were transferred to the Public Service Commission Head Office Assets Register. We are currently updating the Public Service Commission Master Assets Register which reflects all movements of assets.

PUBLIC SERVICE TRAINING CENTRES AMENITIES FUND 2020 and 2021

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.

Opinion

I have audited the financial statements of the Public Service Training Centres Amenities Fund. These financial statements comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	33 192 020
Expenditure	16 285 742
Surplus	$**16 906 278**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non -Current	5 960 596	-
Accumulated Fund	-	19 377 386
Current	14 270 677	853 887
Total	**$20 231 273**	**$20 231 273**

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

However, below are issues noted during the audit:

1. REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Management of Trade Receivables

Finding

The Commission's outstanding receivables increased to ZWL$11 373 202 from ZWL$566 119 in 2019. The rise was mainly attributed to accommodation being offered to customers on credit. Section 49(2) of the Public Finance Management (Treasury Instructions), 2019 requires Officers responsible for collecting debts to take adequate steps to collect any sums due to the Government.

Risks/Implications

Delays in recovering outstanding debts may result in the outstanding amounts being irrecoverable.

Outstanding receivables deprives the Fund of the much needed financial resources.

Recommendation

Management should come up with effective strategies to expedite the recovery of outstanding debts.

Management Response

The Commission acknowledges the observation as all outstanding debtors are being followed up. Follow-up letters from the Training Centres have been written, although the Covid-19 pandemic in 2020 reduced the pace. The Commission through the Accounting Officer instructed the Principals to stop offering credit facilities for their services to curb debt accumulation.

1.2 Non-Current Assets

Finding

The Fund has in its financial statements boreholes valued at ZWL$17 281. These were not depreciated and the reason given by management was that they were still seeking Treasury guidance on how to calculate depreciation for boreholes.

Risk/Implication

The value of assets disclosed may be overstated.

Recommendation

Management should continue to engage the Ministry of Finance so that the correct value of assets is determined.

Management Response

The Commission acknowledges the observation. Management is in the process of engaging Ministry of Finance for guidance on depreciation rates to be applied on boreholes since Government is in the process of adopting IPSAS.

PUBLIC SERVICE TRANSPORT MANAGEMENT FUND 2021

Objective of the Fund

The main purpose of the Fund is to provide transport services to public servants to travel to and from work. The Fund also hires out buses to Government ministries for activities meant to improve service delivery, where such services do not affect the schedules for transporting public servants.

Opinion

I have audited the financial statements of the Public Service Transport Management Fund. These comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income and the statement of cash flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ZWL$
Income	503 265 150
Expenditure	422 396 531
Surplus	**$80 868 619**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-current	187 679 942	-
Current	171 039 460	6 429 388
Accumulated Fund	-	352 290 014
Total	**$358 719 402**	**$358 719 402**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Public Service Transport Management Fund Account as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit.

1. GOVERNANCE ISSUE

1.1 Fuel Register

Finding

The Commission did not maintain a separate fuel register for buses. The register that was availed for audit included fuel for the Commission’s general operations as well as for the Fund. As a result, I could not ascertain whether fuel valued at ZWL$139 243 416 was used to provide transport services to public servants to travel to and from work.

Risk/Implication

Failure to maintain a separate fuel register or distinguish coupons for the Fund will negatively impact the accountability for fuel coupons for the Fund.

Recommendation

Management should ensure that a separate fuel register for the Fund is opened and maintained.

Management Response

Management acknowledges the observation. The Commission maintains one Fuel Register for buses and general operations. Management is working on separating the two (2) with effect from March 2023.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Management made some progress in addressing audit findings raised in my previous audit report. The two (2) findings were addressed as indicated below:

2.1 Maintenance of Accounting Records

The finding was addressed as management prepared and submitted correct financial statements as required by Section 28(6) of the Public Finance Management Act [*Chapter 22:19*].

2.2 Purchase of Goods on Behalf of the Public Service Commission

The Commission reimbursed the Fund an amount of ZWL$18 066 965 that was used to procure tyres and fuel on December 18, 2022.

SALARY SERVICE BUREAU GENERAL PURPOSE FUND 2020

Objective of the Fund

The Fund was established for the purpose of collecting and administering fees to finance the development and maintenance of services, programmes and other related activities at Salary Service Bureau.

Opinion

I have audited the financial statements of Salary Services Bureau General Purpose Fund. The financial statements comprise of the statement of financial position as at December 31, and the statement of comprehensive income, and statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies.

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

Statement of comprehensive income

Item	Amount ZWL$
Income	23 019 568
Expenditure	10 459 820
Surplus	**$12 559 748**

Statement of Financial Position

Item	Assets ZWL$	Liabilities ZWL$
Non-Current	1 656 777	-
Accumulated Fund	-	15 406 020
Current	14 757 818	1 008 575
Total	**$16 414 595**	**$16 414 595**

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, 2020 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 MANAGEMENT OF ASSETS

1.1 Procurement of Cellular Phones

Findings

Management procured cellular phone handsets worth ZWL$10 573 929 on behalf of the Public Service Commission Head Office. This was not in line with the objective of the Fund as stated in its Constitution, which is to finance the development and maintenance of services, programmes and other related activities of the Salary Service Bureau.

Furthermore, the cellular phone handsets were neither recorded in the Fund's asset register nor the Public Service Commission's master asset register. Section 100(1) of the Public

Finance Management (Treasury Instructions) 2019, states that, Accounting Officers should ensure that all public assets under their control, are recorded promptly and accurately in the appropriate manual registers.

An up-to-date asset register for the Fund would have facilitated the transfer of the Fund's assets to the Public Service Commission master assets register upon the winding up of the Fund.

Risks/Implications

Use of the Fund's resources to finance expenditure not related to the Fund's objective may compromise its service delivery.

Failure to maintain or update the asset register can result in the misappropriation of assets.

Recommendations

Financial resources should be utilized in line with the mandate of the Fund.

Management should comply with the requirements of Section 100(1) of the Public Finance Management (Treasury Instructions), 2019 by recording the assets in the Public Service Commission master asset register.

Management Responses

The audit observation has been noted. However, the Constitution of the Fund states that the Secretary to the Public Service Commission is responsible for the administration of the Fund. In that regard, the Governance of the Fund is the responsibility of the Accounting Officer who executes the role in accordance with prescriptions from Treasury Instructions. It is in that context that the purchase of telecommunication equipment was executed using the Fund's resources.

The Cell phones handsets worth ZWL$10 573 929 were paid for from SSB General Purpose Fund and were recorded in the Asset Register at Head Office. Management has since recorded the assets in the SSB General Purpose Fund Asset Register and in compliance with the provisions of Treasury Circular 9 of 2020, the assets were later transferred to the Appropriation Master Assets Register.

Evaluation of Management Response

The Fund has a Constitution and use of funds should be in line with the provisions therein.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in my previous audit report. Out of the two (2) findings, none had been addressed as indicated below:

2.1 Accounting Packages

The issue of maintaining accounting records manually was not addressed.

2.2 Asset Register

The Fund was not maintaining a detailed asset register for the Fund's assets, as indicated in paragraph 2.1.

VOTE 27. - NATIONAL COUNCIL OF CHIEFS

APPROPRIATION ACCOUNT 2022

Mandate

The National Council of Chiefs' mandate is to capacitate Traditional Leadership institutions to effectively drive rural development as well as promoting and preserving cultural values of their communities.

Qualified Opinion

I have audited the financial statements of the National Council of Chiefs for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve Transfers ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$1 171 030 000	-	$1 171 030 000	$726 484 872	$444 545 128
Constitutional and Statutory Appropriations				
$4 399 378 000	-	$4 399 378 000	$2 900 707 680	$1 498 670 320

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly in all material respects, the state of affairs of the National Council of Chiefs for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

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

Finding

The Appropriation Account disclosed total expenditure amounting to ZWL$3 627 192 552 while expenditure processed in the Public Financial Management System (PFMS) was ZWL$3 627 392 525. The two figures were at variance with expenditure processed through the Sub-Paymaster-General (Sub-PMG)'s Account of ZWL$3 325 341 901.The three figures were not reconciled and the variances investigated. Section 29(d)(f) of the Public Finance Management (Treasury Instructions) 2019, requires management to put in place a system of internal control checks that ensures accuracy of accounts submitted. I was not able to ascertain the accuracy of the figure disclosed in the Appropriation Account.

Risk/Implication

Failure to reconcile and investigate the variances noted may result in fraudulent transactions and errors going through the account undetected.

Recommendation

The Council should investigate and rectify the variance arising from the three (3) figures for accountability purposes.

Management Response

The observation is acknowledged and the Ministry has reduced the variance to ZWL$88 076 931. The reconciliation process is ongoing on this difference.

(iii) Supporting Documentation

Finding

The Council did not submit for audit twenty-two (22) payment vouchers for expenditure amounting to ZWL$243 349 249. The credibility of the transactions posted into the PFMS could not therefore be verified. This was contrary to the provisions of Section 59(15) of the Public Finance Management (Treasury Instructions), 2019 which requires management to ensure that transactions are accurate, complete and supported with adequate documentation.

Risk/Implication

Failure to adequately support payments may result in an improper charge to public resources.

Recommendation

All payments made should be sufficiently supported to ensure proper accountability for public funds.

Management Response

Some of the documents in question were reversed at year end after failing to secure cash to complete the payment process.

Evaluation of Management Response

Out of the twenty-two (22) payment vouchers requested, twelve (12) of them worth ZWL$65 649 376 were not submitted for audit.

However, below are other issues noted during audit.

1 GOVERNANCE ISSUES

1.1 Outstanding Returns

Finding

The Council did not submit the following returns for audit. This made it difficult to establish whether public resources were put to good use in the absence of the returns.

- Temporary Deposits
- Statement of Payment Arrears

Section 155 of the Public Finance Management (Treasury Instructions), 2019 requires the Accounting Officer to submit the annual financial statements and other returns.

Risk/Implication

Non submission of statutory returns may compromise accountability within the Council.

Recommendation

The Council should comply with statutory requirements by submitting all returns for audit.

Management Response

The observation has been acknowledged. The returns were erroneously omitted.

1.2 Risk Management

Finding

The Council did not have a risk management policy and no formal risk assessments were performed during the year under review. This was contrary to the requirements of Section 162(1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to carry out a risk assessment of their Ministry`s operations on an annual basis and come up with mitigation measures for the risks identified.

Risk/Implication

The absence of a risk management policy may lead to ineffective risk management processes that would negatively impact on the Council's performance.

Recommendation

The Council should put in place a risk management policy and carry out risk assessments to mitigate any potential risks.

Management Response

The observation is acknowledged. The draft policy is available but we are waiting for the risk framework from the Treasury.

Evaluation of Management Response

The management response is appreciated, however, the risk framework from Treasury is in place.

1.3 Fuel Reconciliations

Findings

I noted that the Council maintained a register for fuel advanced to the Ministry of Local Government and Public Works and also fuel advanced from the Ministry. The Council received 21 700 litres of fuel from the Ministry and advanced 14 360 litres of fuel to the Ministry. There was no evidence that the registers were independently reviewed.

In addition, no reconciliations were performed to ensure that the fuel advance registers were up to date, accurate and reimbursement had been made. As a result, I could not confirm if the advances were reimbursed.

Risk/Implication

Fuel may be misappropriated if fuel advance registers are not reconciled and any variances rectified.

Recommendation

The Council should put in place a system that monitors and reconciles fuel advances so as to enable accuracy of the financial information.

Management Response

The observation is noted. All fuel advances across Programmes will be reconciled and reimbursed.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Outstanding Advances

Findings

The Council disclosed outstanding advances for travelling and subsistence for three (3) members of staff amounting to ZWL$2 299 101 as at December 31. 2022. The trips for which the members got the advances were not undertaken and the advances were not reimbursed as at May 26, 2023.

The advances had not been recovered from the officers despite provisions of Section 65 (19) of the Public Finance Management (Treasury Instructions), 2019 which authorises the Accounting Officer to effect deductions from the salary, of any outstanding advance.

The Travelling and Subsistence register had a balance of ZWL$362 241 while the submitted return had a balance of ZWL$435 496 giving a variance of ZWL$73 255. These figures were not reconciled.

Risk/Implication

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

Recommendations

The advances for which trips were not undertaken should be recovered in full. The Ministry should ensure that effective recovery methods are adopted.

The variance between the register and the submitted return should be reconciled.

Management Response

A copy of the ledger had been submitted showing the amount recovered, leaving a balance of ZWL$435 496.

3 PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Council made some progress in addressing prior year audit findings. Out of four (4) findings raised, two (2) were addressed, one (1) was partially addressed and one (1) was still to be addressed as indicated below:

3.1 Salaries and Wages for Traditional Leaders

The salaries and wages are now being paid through the Salary Service Bureau.

3.2 Service Delivery

The database was provided by the council and was updated.

3.3 Gender Mainstreaming

The issue is still to be addressed by the Council.

3.4 Management of Fuel

The issue was partially addressed.

VOTE 29. - NATIONAL PEACE AND RECONCILIATION COMMISSION

APPROPRIATION ACCOUNT 2022

Mandate

The Commission's mandate is to provide sustainable peace, equality, reconciliation, national healing, cohesion, unity and the peaceful resolution of disputes and conflicts in Zimbabwe.

Opinion

I have audited the financial statements for the National Peace and Reconciliation Commission for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns. Below is a summary of what was allocated and spent during the year:

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$831 691 000	$183 807 958	$1 015 498 958	$919 494 332	$96 004 626

In my opinion, the financial statements present fairly the state of affairs of the National Peace and Reconciliation Commission for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit.

1 GOVERNANCE ISSUES

1.1 Maintenance of Accident Damaged Vehicles Records

Findings

There was no evidence that a vehicle accident and incident register was maintained to record and keep track of the cases. The Losses and Damages Return submitted for audit indicated that there were six (6) cases of vehicle road accidents that occurred during the year. I could not, therefore, confirm the validity of what was reported on the Losses and Damages Return.

Section 103(15) of the Public Finance Management (Treasury Instructions) 2019, stipulates that upon receipt of the written reports, the Transport Officer shall ensure that a Board of Inquiry convening order is issued within fourteen (14) working days. The process of carrying out a board of inquiry in accordance with the provisions of the Public Finance Management Act [*Chapter 22:19*] shall also be instituted within five (5) weeks.

Risks/Implications

Misappropriation of assets may occur.

If accidents involve third parties, who are liable to pay, it may be difficult to recover if the inquiries take long to be held.

Recommendations

The Commission should open an incident register capturing accidents and incidences involving state vehicles.

The Commission should carry out boards of inquiry in accordance with the provisions of Section 103(15) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

The observation has been noted. The registers have been created and are in the process of being updated as recommended.

The Commission will comply with Section 103(15) of the Public Finance Management (Treasury Instructions), 2019 for all Government vehicles under its control.

1.2 Fuel Management

Finding

There was a variance of 2 088 litres (diesel 208 litres and petrol 1 880 litres) between Goods Received Notes for fuel quantities received and the fuel recorded in the register for the entity. There was no evidence that the fuel register was checked by a senior officer. Section 107(7) of the Public Finance Management (Treasury Instructions), 2019 states that Senior Officers shall carry out random checks regularly. In the event of any discrepancies, the Accounting Officer shall report to Treasury.

Risk/Implication

Fuel could be misappropriated.

Recommendations

The variance of 2 088 litres should be investigated and appropriate action taken.

Supervisory controls should be upheld so as to enhance transparency and accountability in the management of fuel coupons.

Management Response

The observation is noted. The register shall be properly maintained so as to enhance transparency. A record of how the fuel coupons were used will be prepared and submitted to audit after verification has been done.

2 COMPENSATION OF EMPLOYEES

2.1 Terminations

Finding

The Commission did not timeously terminate payment of salaries and benefits to employees who had ceased rendering services to it. A total amount of ZWL$1 016 674 and US$3 090 was paid to employees after the termination of their services with the Commission. One (1) ex-employee continued to be paid for five months after termination of service, two (2) ex-employees were paid for two months and six (6) ex-employees were paid for one month after termination of service. There was no evidence that robust termination procedures and recovery systems were in place. No disallowances or surcharges were raised and recovered against the ex-employees.

Risk/Implication

Financial loss may occur through payment of non-existent workers.

Recommendation

The Commission should institute robust termination procedures to mitigate losses from payment of non-existent workers.

Management Response

The observation has been noted. The Commission has generated a letter to the Paymaster Salary Service Bureau to recover the money paid to the former employees as per the recommendation.

3 IMPLEMENTATION OF PROGRAMMES

3.1 Performance Based Budgeting

Findings

In the Budget Estimates for 2022 under the National Peace and Reconciliation programme, the Commission outlined various activities it set to carry out. The Commission reported that they managed to achieve some of the targets. However, Programme 2.1 on establishing peace committees and Conflict Early Warning Early Response (CEWER) system training of staff and Programme 2.3 on external thematic committee meetings were not achieved due to inadequate resources. Refer to table below:

Activities and Targets for the Commission

Sub-Programme	Activity	Target	Actual	Management Comments
2.1	Establishing peace committees	40	33	**Inadequate budget allocation**
2.1	Awareness Trainings Conflict Early Warning Early Response (CEWER) system training of staff	75 75%	50 -	 **Training could not be conducted with stakeholders as the CEWER system is still to be officially launched and handed over to the Commission.**
2.3	Training-Victim Support inclusivity	500	433	**Budgetary constraints and COVID-19 Protocols.**
2.2	Developing gender sensitive tools and systems on peace building, healing and reconciliation.	10	9	**Target fell short, targeted third quarter activity for developing database for tracking women in leadership. No resource to**

				engage a consultant.
2.3	External thematic committee meetings	4	-	**This was not met due to financial constraints to conduct field work.**
2.3	Regional and International meetings/platforms on Victim Support, Gender and Diversity.	20%	27%	**The Commission Surpassed the set target by 7%. The 4th quarter targets were submitted late after the annual report had been submitted.**
2.3	Participation of marginalized and diverse groups in gender peace dialogues.	1000	1075	**Target surpassed.**
2.4	Awareness programmes and IEC materials on ending conflict related GBV.	1000	1111	**Target surpassed.**

Risk/Implication

The absence of resources may impact negatively towards the attainment of a peaceful, united and reconciled nation.

Recommendation

The Commission should come up with strategies to get more resources to ensure that areas which did not achieve targets are given priority to improve the results in future.

Management Response

The observation is noted. However, some targets were not achieved due to financial constraints.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Commission made some progress in addressing audit findings raised in my previous audit report. The two (2) audit findings were partially addressed as indicated below:

4.1 Funeral Expenses

The Commission wrote to Treasury to seek condonation on the funeral assistance paid to members who had lost their relatives.

4.2 Performance Based Budgeting

The Commission managed to achieve targets on some of the planned activities for the year 2022.

VOTE 30.- NATIONAL PROSECUTING AUTHORITY

APPROPRIATION ACCOUNT 2022

Mandate

The National Prosecuting Authority (NPA) is responsible for instituting and undertaking criminal prosecutions on behalf of the State, promoting a just and fair system for all persons approaching the courts and upholding the rights of the arrested and detained persons as provided for by the Constitution.

Qualified Opinion

I have audited the financial statements of the National Prosecuting Authority for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Underspending ZWL$
$3 078 575 000	$750 000 000	$3 828 575 000	3 274 854 759	$553 720 241
Constitutional and Statutory Appropriation				
$17 301 000	-	$17 301 000	$7 390 133	$9 910 867

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the state of affairs of the National Prosecuting Authority of Zimbabwe as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Submission of Supporting Statements and Returns

Findings

The supporting statements listed below were not submitted for audit contrary to the requirements of Treasury Circular number 1 of 2023:

- Statement of Reconciliation between the Consolidated Revenue Fund-Main Paymaster General's Account and the Sub-Paymaster General's Account Transactions.
- Statement of Revenue Transactions reconciliation between the Sub-Exchequer Account and the Consolidated Revenue Fund-Main Exchequer Account Transactions.
- Annual Closure Certificates which should be attached to the Statement of Appropriation Account and Statement of Revenue Received showing the General ledgers for expenditure and revenue disclosed.

Without these statements, the financial statements submitted for audit were incomplete and I could not validate whether all the expenditure incurred and revenue received was accounted for.

Risk/Implication

Material misstatements could occur as a result of the incomplete financial statements.

Recommendation

Management should avail for audit all the outstanding statements and returns.

Management Response

The observation has been noted. The reconciliation statements were submitted in the initial submission whilst the Closure certificate was submitted separately.

The format that was used to prepare the Statement of Reconciliation between the Consolidated Revenue Fund-Main Paymaster General's Account Transactions was as directed by Treasury.

The submission of the Sub-Exchequer reconciliation statement has been delayed due to the fact that Treasury introduced amounts which did not belong to NPA. The Authority is currently working with Treasury to reverse the deposits in Public Financial Management System (PFMS).

Evaluation of Management Response

The Closure certificate was submitted on June 6, 2023 after the conclusion of the audit. The submitted certificate was incomplete as it showed a number of open/uncleared items.

The reconciliation statement subsequently submitted on June 6, 2023 for audit was not compliant with the format prescribed in Treasury circular number 1 of 2023.

(ii) Reconciliation of the Sub-Paymaster General (Sub-PMG) Account

Findings

The total transfers figure from Treasury on the Sub-PMG Account reconciliation statement of ZWL$3 092 903 861 and transfers as per Public Financial Management System (PFMS) of ZWL$1 344 903 883 had a variance of ZWL$1 747 999 878 that was not explained. There was no evidence that the variance was investigated. As a result of the unexplained variance, I could not confirm with certainty the accuracy of the total transfer figure disclosed.

A total amount of ZWL$733 016 367 disclosed on the Sub-PMG Account reconciliation statement was said to be direct payments made by Treasury on behalf of NPA to service providers. The Authority did not avail for audit, evidence such as correspondence from Treasury to support the direct payments figure.

In addition, the entity submitted for audit, a manually compiled Sub-PMG reconciliation statement and related supporting documents which had three (3) different direct payment figures. The table below refers. Therefore, I could not place reliance on the direct payments figure disclosed as well as confirm the accuracy of the reconciliation.

Different Direct Payment Figures

Sub- PMG Reconciliation Statement Figure ZWL$	Supporting Document No. 1 ZWL$	Supporting Document No. 2 ZWL$
$733 016 367	$738 504 060	$744 141 056

Risk/Implication

If reconciliations are not done, errors and omissions may go undetected resulting in misstatement of expenditure figures.

Recommendations

The Director of Finance should ensure that Sub-PMG reconciliations are done monthly and any variances should be corrected.

Management should request for documentary evidence of all direct payments made on its behalf from Treasury.

Management Response

Reconciliations were made in the PFMS except for salaries which had a huge variance with the ones entered by Treasury. Direct payments were made of salaries made by Treasury on behalf of NPA. The variance was caused by exchange rate differences.

Evaluation of Management Response

The Authority partially responded to the finding. The resubmitted reconciliation statement had a different direct payments figure of ZWL$3 935 177. Documentary evidence to support the new direct payments figure was not submitted for audit.

(iii) Compensation of Employees' Reconciliation

Finding

There was a difference of ZWL$57 122 273 between the PFMS compensation of employees' ledger balance of ZWL$1 402 020 828 and the Salary Service Bureau (SSB) figure of ZWL$1 344 898 555. Furthermore, there was no evidence that monthly reconciliations between the PFMS and SSB compensation of employees costs were performed as required by Treasury Circular (Ref B/1/88) dated June 5, 2018. Therefore, I could not confirm the accuracy of the expenditure figure submitted.

Risk/Implication

Errors and omissions may remain undetected if monthly reconciliations between SSB and PFMS compensation of employee's figures are not performed.

Recommendation

The Director of Finance should perform monthly salary reconciliations and whenever there are variances, these should be investigated and corrected.

Management Response

The observation has been noted, this was as a result of a senior management wage bill which was received in December 2022. The wage bill did not meet the SSB cut-off date. The Authority wrote to SSB for clarification but is still waiting for the response.

There were also Covid-19 allowances paid to NPA members under Risk allowances general ledger. The other payments disclosed in the Covid-19 allowances figure

ZWL$10 237 352 in PFMS were reversed. The salaries reconciliations are still to be done and submitted.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Appointment of the Board of Directors

Finding

The NPA has been operating without a Board since the expiry of the term of the previous Board in December 2019. A new Board was appointed in 2022 and was supposed to assume duty on June 1, 2022. The Board was not operational because the board chairperson and vice chairperson were not appointed. There was no evidence of follow-ups made by management with relevant Minister. This was contrary to Section 5 of the NPA Act [*Chapter 7:20*] which provides for the establishment of a Board to assist the Prosecutor General in the exercise of his/her functions. This issue was also raised in my 2021 audit report.

Risk/Implication

The NPA may fail to function effectively and efficiently in the absence of an operational Board.

Recommendation

The Accounting Officer should follow-up with the Ministry of Justice, Legal and Parliamentary Affairs on the appointment of the NPA board chairperson and vice chairperson.

Management Response

The observation has been noted. Engagements have been made by the Acting Prosecutor-General to the Minister of Justice, Legal and Parliamentary Affairs on the appointment of the National Prosecuting Authority Board Chairperson and Vice Chairperson.

1.2 Risk Management

Finding

At the time of audit on April 28, 2023, the NPA did not have an approved Risk management policy nor was there documentary evidence to show that risk assessments were conducted during the year under review. The entity had a draft policy which was developed in 2016. This was contrary to Section 162(1)(2) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to ensure that specific controls are put in place to mitigate the identified risks. Accounting Officers are also required to carry out a risk assessment of their entity's operations on an annual basis.

Risks/Implications

Without an approved Risk Management Policy and an appointed Risk Management Committee, the entity may fail to carry out risk assessments.

Business and operational risks may not be identified and addressed in the absence of risk assessments.

Recommendations

The Accounting Officer should review and approve the Risk Management Policy in compliance with regulations.

A committee or an officer responsible for risk management should be appointed by the Accounting Officer.

Management should ensure that risk assessments are carried out annually and the process should be documented so that measures to mitigate the risks are put in place and implemented.

Management Response

The observation has been noted. The Risk Management Policy has not been approved. A draft policy is in place. The Accounting Officer has appointed a focal person. Risk assessments will be conducted in 2023.

2 MANAGEMENT OF ASSETS

2.1 Motor Vehicles

Findings

NPA was allocated vehicles forfeited to the State by Zimbabwe Revenue Authority (ZIMRA) in 2020. Treasury concurrence dated September 4, 2020 to NPA indicated that the entity had been allocated fifteen (15) motor vehicles while Treasury correspondence to ZIMRA dated October 15, 2020 authorised the release of sixteen (16) motor vehicles to NPA. At the time of conclusion of my audit in May 2023, no evidence was availed of correspondences that may have been written by NPA to both Treasury and ZIMRA seeking clarification on the number of vehicles that were supposed to be received. As a result, I could not validate with certainty the number of motor vehicles the entity was allocated.

Out of fifteen (15) motor vehicles that were received from ZIMRA in 2020, NPA only managed to register six (6) with the Central Vehicle Registry (CVR) by May 2023. The registration process for the other nine (9) motor vehicles has taken more than two (2) years to conclude. This was contrary to Section 103(4) of the Public Finance Management (Treasury Instructions) 2019, which provides for registration of all Ministry vehicles (including donated vehicles).

Risks/Implications

Loss of trail and accountability for the undelivered motor vehicle may occur.

Ownership and security of the unregistered donated vehicles may be compromised.

Recommendations

Management should obtain written authority from Treasury regarding the final number of motor vehicles allocated.

All the unregistered motor vehicles should be registered with CVR in compliance with regulations.

Management Responses

The observation has been noted. Sixteen (16) motor vehicles had been allocated to NPA which included a Nissan Qashaqai. However, ZIMRA did not issue the motor vehicle but verbally advised that the vehicle had been withdrawn as the owner managed to pay full duty for the vehicle before NPA had collected the vehicles.

Further engagements have now been made with ZIMRA and they responded through an email confirming the position.

NPA will notify Treasury of the developments.

Evaluation of Management Response

The email confirming the position was not availed for audit.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The NPA did not make progress in addressing audit findings raised in my previous report. Out of the two (2) findings, none was addressed as indicated below:

3.1 Appointment of Board

The NPA continued to operate without a Board. The issue has been raised on paragraph 1.1.

3.2 Compensation of Employees' Reconciliation

The issue of reconciliations remained unresolved.

VOTE 33. - ZIMBABWE GENDER COMMISSION

APPROPRIATION ACCOUNT 2022

Mandate of the Commission

The mandate of the Commission is to promote gender equality and equity as well as addressing the gap between policy and legislation and lived realities of women, men, girls and boys.

Qualified Opinion

I have audited the financial statements for the Zimbabwe Gender Commission for the year ended December 31, 2022. These financial statements comprise of the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserves ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Under Spending ZWL$
$1 004 876 000	-	$1 004 876 000	$777 096 872	$227 779 128

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the state of affairs of the Zimbabwe Gender Commission as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Expenditure on Employment Costs

Finding

The expenditure on employment costs as per Salary Service Bureau (SSB) bill was ZWL$44 672 404. However, the actual employment costs financed by Treasury amounted to ZWL$47 900 672 giving a variance of ZWL$3 228 268 between the two figures. The Commission accounted for ZWL$44 672 404 in the Appropriation Account and the variance of ZWL$3 228 268 which was in respect of exchange rate variations was excluded from the Commission's reported expenditure. Therefore, the reported expenditure was understated by the amount of ZWL$3 228 268.

Risk/Implication

The Appropriation Account may be misstated and the integrity of the financial statements may be compromised.

Recommendation

The Commission should liaise with Treasury and reconcile the figures.

Management Response

There is need for Treasury guidance on the treatment of exchange rate variations. A minute would be written to Treasury on the way forward.

However, below are other issues noted during the audit:

1 Management of Assets

1.1 Donations

Findings

The Commission received a donation of a gazebo tent valued at US$1 178 in 2022 without Treasury Authority contrary to Section 112(1) of the Public Finance Management (Treasury Instructions), 2019. The tent was not recorded in both the master asset register and the gifts and donations register.

Furthermore, all donated assets were not captured in the Public Financial Management System (PFMS).

Risk/Implication

The absence of a separate Public Financial Management non-current asset register compromises the accountability for non-current assets as they may be exposed to abuse or misappropriation.

Recommendations

The Commission should always obtain Treasury Authority for all donations received in compliance with Treasury Instructions.

Management should ensure that all assets are captured in the PFM system in compliance with Treasury Instructions in order to safeguard public assets.

Management Response

We take note of this anomaly. Efforts are underway to make good of the observation, including seeking Treasury concurrence to accept the donation.

We take note of the observation. Donations and other assets received outside the system are recorded in a register. Administration will seek the technical expertise to capture them on PFMS as soon as possible.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

2.1 Computerised Master Assets Register (PFMS)

The audit finding was not addressed. The same issue was also noted during the year under review.

2.2 Non-Submission of Annual Report to Parliament

The Annual Report for the year 2022 was submitted to Parliament.

2.3 Outstanding Travelling and Subsistence Advances

All the outstanding amounts for travelling and subsistence were cleared.

VOTE 34. - ZIMBABWE LAND COMMISSION

APPROPRIATION ACCOUNT 2022

Mandate

The Commission's mandate is to carry out land audit, farm inspections, resolve disputes and make recommendations to Government on appropriate land tenure systems.

Opinion

I have audited the financial statements of the Zimbabwe Land Commission for the year ended December 31, 2022. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Under Spending ZWL$
$6 447 718 000	-	$6 447 718 000	$3 963 718 900	$2 483 999 100

In my opinion, the financial statements present fairly the state of affairs of the Zimbabwe Land Commission for the year ended December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Audit Committee

Finding

The Zimbabwe Land Commission did not have an Audit Committee for the year ended December 31, 2022. This was contrary to Section 84 of the Public Finance Management Act [*Chapter 22.19*], which requires every public entity to establish an audit committee. This was due to challenges in finding the suitable members for the committee.

Risk/Implication

Without an Audit Committee in place, the Commission will lack guidance in fulfilling its oversight responsibilities regarding financial reporting, internal control systems, risk management systems, internal and external audit functions.

Recommendation

Management should appoint an Audit Committee that will monitor its financial reporting, internal control systems, risk management systems and the internal and external audits.

Management Response

The observation is noted. The procedural processes for appointment of an Audit Committee are current work in progress which is targeted for completion during the first half of the year 2023 to enable commencement of its functionality during the year.

1.2 Risk Management Policy

Finding

The Commission was yet to finalize the draft Risk Management Policy six years after it started its operations. This was in violation of Section 162(1)(3) of the Public Finance Management (Treasury Instructions), 2019 which requires the Accounting Officer to carry out a risk assessment and submit a copy of the risk profile report to the Auditor- General annually. Management did not state the reasons for not coming up with the Risk Management Policy.

Risk/Implication

The absence of a Risk Management Policy may lead to failure to identify potential risks and mitigatory measures which may affect operations of the Commission.

Recommendation

The Commission should put in place a Risk Management Policy to mitigate the business risk of the Commission.

Management Response

There is a Draft Risk Management Policy which is undergoing procedural approval processes and should be approved by the end of the second quarter of 2023.

Evaluation of Management Response

The policy has been in draft form for six (6) years.

1.3 Disaster Recovery/ Business Continuity Plan

Finding

Since starting its operations in 2016, the Commission still did not have a Disaster Recovery Plan to enable it to continue offering critical services in the event of a system disruption and to survive a disastrous interruption of services. This was contrary to Section 44(1)(a)(i) of the Public Finance Management Act [*Chapter 22:19*], which requires an Accounting Authority for a public entity to establish and maintain an effective and transparent system of financial and risk management and internal control.

Risk/Implication

Data can be lost without recovery in the event of an unforeseen tragedy.

Recommendation

The Commission should come up with a Disaster Recovery Plan to enable continuity of services in the event of a disaster.

Management Response

The observation is noted. The Commission entered into a contract with a service provider in 2022 to deposit its second set of servers with them. The Commission is yet to pay for the service.

1.4 Annual Performance Report

Finding

The Commission did not prepare an annual report for the year under review. This was contrary to the provisions of Section 156(2) of the Public Finance Management (Treasury Instructions), 2019 which requires the Accounting Officers to ensure the timely submission of their annual reports and audited financial statements that contain a report on the activities, outputs and outcomes of the Commission. I was not provided with a cause for non-submission.

Risk/Implication

Without the Annual report there will be no clear objective measure of the Commission`s performance.

Recommendation

The Commission should produce an Annual Report to conform to the requirements of Section 156(2) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

The Commission has a draft annual report that can only be completed when the audited financial statements have been signed.

Evaluation of Management Response

The Commission did not avail the draft annual report.

2 COMPENSATION OF EMPLOYEES

2.1 Salary Reconciliations

Finding

Salary Service Bureau (SSB) records for compensation of employees had total expenditure amounting to ZWL$96 096 063 whilst the Public Financial Management System (PFMS) ledgers had a total amount of ZWL$101 287 244 for United States dollars component (cushion and COVID-19 allowances) during the year under review, resulting in an unreconciled variance of ZWL$5 191 181. The Commission did not perform monthly reconciliations, contrary to Treasury Circular B/1/88 dated June 5, 2018 which requires

Directors of Finance to perform monthly reconciliations of billed amounts by SSB against employment cost expenditure shown in PFMS ledgers.

Risks/Implications

Failure to perform monthly reconciliations may result in incorrect payment of salaries and errors going undetected.

The reported compensation of employees' figure may be misstated.

Recommendation

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

Management Response

The variance is noted. It was caused by fluctuations in Interbank exchange rate between date of wage bill parking and payment by Treasury, resulting in exchange rate loss.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Commission made progress in addressing audit findings raised in my previous audit report. All the two (2) issues that were raised were addressed as outlined below.

3.1 Land Audit

The issue was addressed as land audits were carried out during the year under review and a report was produced.

3.2 Land Tenure Systems

The Commission engaged a Consultant in 2022 to review the existing Land Tenure systems who managed to produce an inception report by year end.

VOTE 35. - ZIMBABWE MEDIA COMMISSION

APPROPRIATION ACCOUNT 2019 AND 2020

Mandate

The mandate of the Zimbabwe Media Commission is to promote freedom of expression and equitable access of information. The Commission is also mandated to promote media development and contribute to the training of media practitioners.

Opinion

I have audited the financial statements of the Zimbabwe Media Commission for the years 2019 and 2020. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

Below is a summary of what was allocated and spent during the year 2020:

Voted Funds ZWL$	Unallocated Reserve ZWL$	Total Allocated ZWL$	Expenditure ZWL$	Net Overspending ZWL$
$13 900 000	-	$13 900 000	$14 849 975	($949 374)

In my opinion, the financial statements present fairly, the state of affairs of the Zimbabwe Media Commission as at December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1. Risk management policy

Finding

The Zimbabwe Media Commission did not have a Risk Management Policy during the period under review. Section 188 of the Public Entities Corporate Governance Act [*Chapter 10:31*] requires an accounting authority for a public entity to ensure that public entity establishes and maintains effective, efficient and transparent systems of financial and risk management and internal controls.

Risk/Implication

The Commission may fail to identify potential risks that may affect its operations.

Recommendation

The Commission should put in place a Risk Management Policy that guides its operations in compliance with Section 188 of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Management response

The Zimbabwe Media Commission in 2020 set out to correct the lack of a risk management policy by approaching ZIPAM for assistance in drafting it. This policy was one of about eight which the Commission planned to outsource to the consultant.

But by the time ZIPAM came back with its quotations the funds originally earmarked for the purpose were eroded because they were being diverted to efforts to cope with the Corona Virus pandemic.

However, in 2021, the ZMC again budgeted for production of the postponed policies and we hope that the current inflationary spiral does not wipe out that budget.

1.2. Submission of the Appropriation Account

Finding

The Commission did not submit the financial statements for the years ended December 31, 2019 and 2020 within the expected sixty (60) days from the year end. The financial statements were submitted on February 10, 2022 in violation of Section 35(6)(b)(i) of the Public Finance Management Act [*Chapter 22:19*].

Risk/Implication

The evaluation of operations of the Appropriation Account may not be done in time and the recommendations may not be implemented.

Recommendation

The Accounting Officer should submit the Appropriation Account within sixty-days from the year end in compliance with Section 35(6)(b)(i) of the Public Finance Management Act [*Chapter 22:19*].

Management response

It is true that the Commission did not submit the Appropriation accounts within the specified period as stated by the Public Finance Act [*Chapter 22:19*]. In future, submission of the accounts will be done accordingly as the Commission has enough and competent human capital to perform their duties within scheduled timeframes.

ANNEXURES

ANNEXURE A

STATIONS VISITED

Vote No.	Ministry/Commissions	Total Number of Stations	Number of Stations Visited	
			2022	**2021**
1	Office of the President and Cabinet	89	0	0
2	Parliament of Zimbabwe	210	27	0
3	Public Service, Labour and Social Welfare	152	40	0
4	Defence and War Veterans Affairs	122	6	0
5	Finance and Economic Development	63	22	0
7	Industry and Commerce	10	0	0
8	Lands, Agriculture, Fisheries, Water and Rural Development	1 404	8	30
9	Mines and Mining Development	10	0	0
10	Environment, Climate Change, Tourism and Hospitality Industry	66	0	0
11	Transport and Infrastructural Development	40	23	0
12	Foreign Affairs and International Trade	50	2	0
13	Local Government and Public Works	162	8	0
14	Health and Child Care	61	15	0
15	Primary and Secondary Education	590	30	0
16	Higher and Tertiary Education, Innovation, Science and Technology Development	43	0	0
17	Women Affairs, Community, Small and Medium Enterprises Development	69	6	5
18	Home Affairs and Cultural Heritage	216	41	6
19	Justice, Legal and Parliamentary Affairs	96	0	0
20	Information, Publicity and Broadcasting Services	61	0	0
21	Youth, Sports, Arts and Recreation	120	13	0
22	Energy and Power Development	2	0	0
23	Information Communication Technology and Courier Services	145	44	
24	National Housing and Social Amenities	75	9	0
25	Judicial Services Commission	32	0	0
26	Public Service Commission	88	0	0
27	National Council of Chiefs	126	6	0
28	Zimbabwe Human Rights Commission	3	0	0
29	National Peace and Reconciliation Commission	4	0	0
30	National Prosecuting Authority	52	0	0
34	Zimbabwe Land Commission	8	0	0
	Total	**2 757**	**297**	**41**

ANNEXURE B
OPINION PER ACCOUNT IN CURRENT YEAR REPORT COMPARED TO OPINIONS IN PREVIOUS YEAR REPORTS

Vote No	Name of Account and Financial Year Audited	Current Report Audit Opinion 2022	Opinions in Prior Years Audit Reports 2021	2020	2019
1	**Office of the President and Cabinet**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	Unqualified
	District Development Fund 2021	Qualified	-	Qualified	Qualified
3	**Public Service, Labour and Social Welfare**				
	Appropriation Account 2022	Unqualified	Qualified	Qualified	Unqualified
	Older Persons Fund 2021	Unqualified	Unqualified	Unqualified	Unqualified
4	**Defence and War Veterans Affairs**				
	Defence Procurement Fund -2019 -2020	 Qualified Qualified	 -	 -	 Qualified
5	**Ministry of Finance and Economic Development**				
	National Development Fund 2019 National Development Fund- 2018 and 2017	Qualified	-	-	 Adverse Adverse
	Senior Officers Housing Fund -2020 -2019 -2018 -2017 -2016	 Qualified Qualified Qualified Qualified Qualified	-	-	-
6	**Audit Office**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	Unqualified
7	**Industry and Commerce**				
	Appropriation Account 2022	Qualified	Unqualified	Unqualified	Unqualified
8	**Lands, Agriculture, Fisheries, Water and Rural Development**				
	Appropriation 2022	Qualified	Unqualified	Unqualified	Qualified
	Agriculture Revolving Fund -2021 -2020 -2019	 Qualified Qualified Qualified	 -	 -	 Qualified
	Water Fund 2021	Qualified	Unqualified	Unqualified	Unqualified
	Tobacco Levy Fund 2021	Unqualified	Unqualified	Unqualified	Disclaimer
	Lands and Resettlement Fund 2021	Qualified	Unqualified	Unqualified	Unqualified

ANNEXURE B (*Continued*)

	Pig Levy Fund 2021	Unqualified	Unqualified	Unqualified	Disclaimer
	Lands Compensation Fund 2021	Qualified	Unqualified	Unqualified	Unqualified
9	**Mines and Mining Development**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	Unqualified
10	**Environment, Climate Change, Tourism and Hospitality Industry**				
	Appropriation Account 2022	Qualified	Unqualified	Unqualified	Qualified
11	**Transport and Infrastructural Development**				
	Appropriation Account 2022	Qualified	Qualified	Qualified	Qualified
	New Limpopo Bridge Fund -2019 -2020	 Adverse Adverse	-	-	Unqualified
	Department of Roads Fund -2019 -2020	 Qualified Qualified	-	-	Qualified
12	**Foreign Affairs and International Trade**				
	Appropriation Account 2022	Qualified	Qualified	Qualified	Qualified
13	**Local Government and Public Works**				
	Appropriation Account 2022	Qualified	Qualified	Qualified	Qualified
14	**Health and Child Care**				
	Appropriation Account 2022	Qualified	Qualified	Qualified	Qualified
	Health Services Fund 2021 Health Services Fund -2020 and 2019	Qualified	 Qualified Qualified	-	Qualified
15	**Primary and Secondary Education**				
	School Services Fund 2021 School Services Fund -2020 and 2019	Qualified	 Qualified Qualified	-	Qualified
16	**Higher and Tertiary Education, Innovation, Science and Technology Development**				
	Appropriation 2022	Adverse	Qualified	Qualified	Qualified
	Tertiary Education and Training Development Fund 2019	Disclaimer	Disclaimer	-	-
17	**Women Affairs, Community, Small and Medium Enterprises Development**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	Qualified

ANNEXURE B *(Continued)*

	Women's Development Fund 2020 Women's Development Fund - 2018 and 2017	Qualified	Unqualified	-	Unqualified Unqualified
	Small and Medium Enterprises Revolving Fund - 2020 - 2021 Small and Medium Enterprises Revolving Fund -2019 and 2018	Qualified Qualified	Disclaimer Disclaimer	-	-
	Zimbabwe Community Development Fund 2020	Disclaimer	Disclaimer	-	Qualified
18	**Home Affairs and Cultural Heritage**				
	Appropriation Account 2022	Qualified	Unqualified	Qualified	Qualified
	Registrar-General Retention Fund 2020	Adverse	-	Adverse	Adverse
19	**Justice ,Legal and Parliamentary Affairs**				
	Attorney General's Fund -2020 -2019	Qualified Adverse	-	-	Unqualified
	Zimbabwe Prisons and Correctional Service Fund -2020 -2019	Qualified Adverse	-	-	Unqualified
	Deeds and Companies Office Fund -2020 -2019	Disclaimer Disclaimer	-	-	Unqualified
	Legal Aid Fund -2020 -2019	Unqualified Unqualified	-	-	Unqualified
20	**Information, Publicity and Broadcasting Services**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	Unqualified
21	**Youth, Sports, Arts and Recreation**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	Unqualified
22	**Energy and Power Development**				
	Appropriation Account 2022	Qualified	Unqualified	Unqualified	Qualified

ANNEXURE B (*Continued)*

23	**Information Communication Technology and Courier Services**				
	Appropriation Account 2022	Qualified	Unqualified	Unqualified	Unqualified
24	**National Housing and Social Amenities**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	-
	Civil Service Housing Loan Fund -2019 -2018 -2017	Unqualified Unqualified Unqualified	-	-	Unqualified
25	**Judicial Services Commission**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	Unqualified
26	**Public Service Commission**				
	Appropriation 2022	Qualified	Unqualified	Unqualified	Unqualified
	Public Service Transport Management Fund 2021 Public Service Transport Management Fund- 2019 and 2020	Unqualified	Unqualified Unqualified	-	Qualified
	Training Centres -2020 -2021	Unqualified Unqualified	Unqualified	-	Qualified
	Civil Service Training Loan Fund 2021 Civil Service Training Loan Fund – 2019 and 2020	Unqualified	Unqualified Unqualified	-	Qualified
	Salary Service Bureau General Purpose Fund 2020	Unqualified	Unqualified	-	Unqualified
	Pensions Agency Retention Fund 2020	Unqualified	Unqualified	-	Unqualified
27	**National Council of Chiefs**				
	Appropriation Account 2022	Qualified	Qualified	Unqualified	Qualified
28	**Zimbabwe Human Rights Commission**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	Unqualified
29	**National Peace and Reconciliation Commission**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	Unqualified

ANNEXURE B (*Continued*)

30	**National Prosecuting Authority**				
	Appropriation Account 2022	Qualified	Unqualified	Unqualified	Unqualified
32	**Zimbabwe Electoral Commission**				
	Appropriation Account 2022 Appropriation Account -2021and 2020.	Unqualified	Unqualified Unqualified	-	-
33	**Zimbabwe Gender Commission**				
	Appropriation Account 2022	Qualified	Unqualified	Unqualified	Qualified
34	**Zimbabwe Land Commission**				
	Appropriation Account 2022	Unqualified	Unqualified	Unqualified	Unqualified
35	**Zimbabwe Media Commission**				
	Appropriation Account -2019 -2020	Unqualified Unqualified	-	-	Unqualified

ANNEXURE C

ANALYSIS OF BUDGET UTILISATION BY MINISTRIES/COMMISSIONS					
Vote	**Name**	**Total Allocated Amount ZWL$**	**Expenditure Amount ZWL$**	**Underspending/(Overspending) ZWL$**	**Percentage Utilisation**
1	Office of the President	147 100 625 488	134 918 857 383	12 181 768 105	92%
3	Public Service, Labour and Social Welfare	54 374 772 000	39 939 565 495	14 435 206 505	73%
6	Audit Office	1 565 740 000	564 343 806	1 001 393 194	36%
7	Industry and Commerce	5 542 077 000	3 720 484 680	1 821 592 320	67%
8	Land, Agriculture, Fisheries, Water and Rural Development	405 656 659 441	363 120 080 269	42 536 579 172	90%
9	Mines and Mining Development	4 783 743 000	4 213 606 622	565 136 378	88%
10	Environment, Climate, Tourism and Hospitality Industry	7 335 943 000	5 441 510 731	1 894 432 269	74%
11	Transport and Infrastructural Development	175 317 398 200	165 452 461 820	9 933 712 380	94%
12	Foreign Affairs and International Trade	18 725 301 000	17 649 231 546	1 076 069 454	94%
13	Local Government and Publics Works	47 237 686 385	42 657 896 810	4 579 789 575	90%
14	Health and Child Care	179 924 742 000	161 179 859 379	18 744 882 621	90%
16	Higher and Tertiary, Innovation, Science and Technology Development	70 810 350 000	60 820 637 786	9 989 712 214	86%

17	Women's Affairs, Community, Small and Medium Enterprises	7 873 457 000	7 651 341 573	222 115 427	97%
18	Home Affairs and Cultural Heritage	138 940 111 719	122 532 556 035	16 407 555 684	88%
20	Information, Publicity and Broadcasting Services	3 665 477 000	3 024 297 411	641 179 589	83%
21	Youth, Sport, Arts and Recreation	12 207 884 468	11 649 580 598	558 303 871	95%
22	Energy and Power Development	8 183 571 000	5 520 962 070	2 662 608 930	67%
23	Information Communication Technology and Courier Services	8 088 216 000	5 496 795 943	2 591 420 057	68%
24	National Housing and Social Amenities	16 956 191 000	14 958 309 908	1 997 881 092	88%
25	Judicial Service Commission	11 393 234 612	10 515 907 583	877 237 029	92%
26	Public Service Commission	71 552 101 000	41 342 804 721	30 209 296 279	58%
27	National Council of Chiefs	1 171 030 000	726 484 872	444 545 128	62%
28	Zimbabwe Human Rights Commission	1 014 714 161	962 013 719	52 700 442	95%
29	National Peace and Reconciliation Commission	1 015 498 958	919 494 332	96 004 626	91%
30	National Prosecuting Authority	3 828 575 000	3 274 854 759	553 720 241	86%
32	Zimbabwe Electoral Commission	44 326 268 000	30 157 704 329	14 168 563 671	68%

ANNEXURE C (*Continued*)

33	Zimbabwe Gender Commission	1 004 876 000	777 096 872	227 779 128	77%
34	Zimbabwe Land Commission	6 447 718 000	3 963 718 900	2 483 999 100	61%
35	Zimbabwe Media Commission	13 900 000	14 849 975	(949 975)	107%
	Total	**$1 455 657 861 432**	**$1 263 167 309 927**	**$192 955 186 880**	

ANNEXURE D

VARIANCES BETWEEN SUB-PAYMASTER GENERAL'S ACCOUNTS RECONCILIATIONS AND APPROPRIATION ACCOUNTS

Ministry/Commission	Appropriation Account ZWL$	Sub-PMG Account ZWL$	Variance ZWL$
Environment, Climate Change, Tourism and Hospitality Industry	5 441 510 731	5 500 605 527	(59 094 796)
Health and Child Care	161 179 859 379	106 150 513 250	55 029 346 129
Primary and Secondary Education	255 715 287 264	333 157 385 211	(77 447 405 004)
Higher and Tertiary Education, Innovation, Science and Technology Development	60 820 637 786	37 017 693 362	23 802 944 424
Home Affairs and Cultural Heritage	122 532 556 035	126 815 465 931	(4 282 909 896)
National Council of Chiefs	3 627 192 552	3 324 341 901	302 850 651
Zimbabwe Gender Commission	47 900 672	44 672 404	3 228 268
Information Communication Technology and Courier Services	5 496 795 943	2 901 464 417	2 595 331 526
National Prosecuting Authority	1 344 903 883	3 092 903 861	1 747 999 978
Total	**$616 206 644 245**	**$617 960 373 460**	**$1 205 890 897**

ANNEXURE E

ASSETS PROCURED BUT NOT DELIVERED

Ministry	Description	Quantity
Industry and Commerce	Vehicles	8
Mines and Mining Development	Vehicles	2
Land, Agriculture, Fisheries, Water and Rural Development	Vehicles	9
Home Affairs and Cultural Heritage	Vehicles	24
Youth, Sports, Arts and Recreation	Vehicles	19
Human Rights Commission	Vehicles	6
Information Communication Technology and Courier Services	Vehicles	6
Total		**74**
Primary and Secondary Education	50 kgs Maize (Bags) 2kgs White Rice (Packets) 2litres Cooking oil (Bottles) 1 kg Kapenta (Packets) 2 kgs Salt (Packets)	1 252 15 759 59 007 9 252 1 609
Higher and Tertiary Education, Innovation, Science and Technology Development	Desk Top Computers Vacuum Cleaners	39 11
Youth, Sports, Arts and Recreation	Laptop computers	8

ANNEXURE F

UNSUPPORTED EXPENDITURE

Vote No.	Ministry/Fund	Amount ZWL$
3	Public Service, Labour and Social Welfare	250 814 600
14	Health Services Fund	1 993 739
16	Higher and Tertiary Education, Innovation, Science and Technology Development	64 117 494
16	Vocational and Technical Examinations Fund	3 808 155
27	National Council of Chiefs	243 349 249
16	Tertiary Education and Training Development Fund	16 102 616
	Total	**$580 185 853**

ANNEXURE G

REVENUE COLLECTION AND DEBT MANAGEMENT

Vote No.	Ministry/Fund	Amount ZWL$
1	**Office of the President and Cabinet**	
	District Development Fund 2021	1 138 929
3	**Public Service, Labour and Social Welfare**	
	Appropriation Account 2022	5 483 989
5	**Finance and Economic Development**	
	Senior Officers Housing Fund 2016-2020	620 506
8	**Lands, Agriculture, Fisheries, Water and Rural Development**	
	Appropriation Account 2022	1 737 758 598
	Lands and Resettlement Fund 2021	86 770 770
	Pig Levy Fund 2021	1 565 583
	Lands Compensation Fund 2021	1 007 069 893
12	**Foreign Affairs and International Trade**	
	Appropriation Account 2022	1 919 210
13	**Local Government and Public Works**	
	Appropriation Account 2022	183 591 629
14	**Health and Child Care**	
	Appropriation Account 2022	137 800 119
	Health Services Fund 2021	172 458 368
15	**Primary and Secondary Education**	
	School Services Fund 2021	3 457 696
17	**Women Affairs, Community, Small and Medium Enterprises Development**	
	Small and Medium Enterprises Revolving Fund 2020 and 2021	784 047 319
18	**Home Affairs and Cultural Heritage**	
	Appropriation Account 2022	55 500 122
26	**Public service Commission**	
	Training Centres Amenities Fund 2020 and 2021	11 373 202
	TOTAL	**$4 190 655 933**