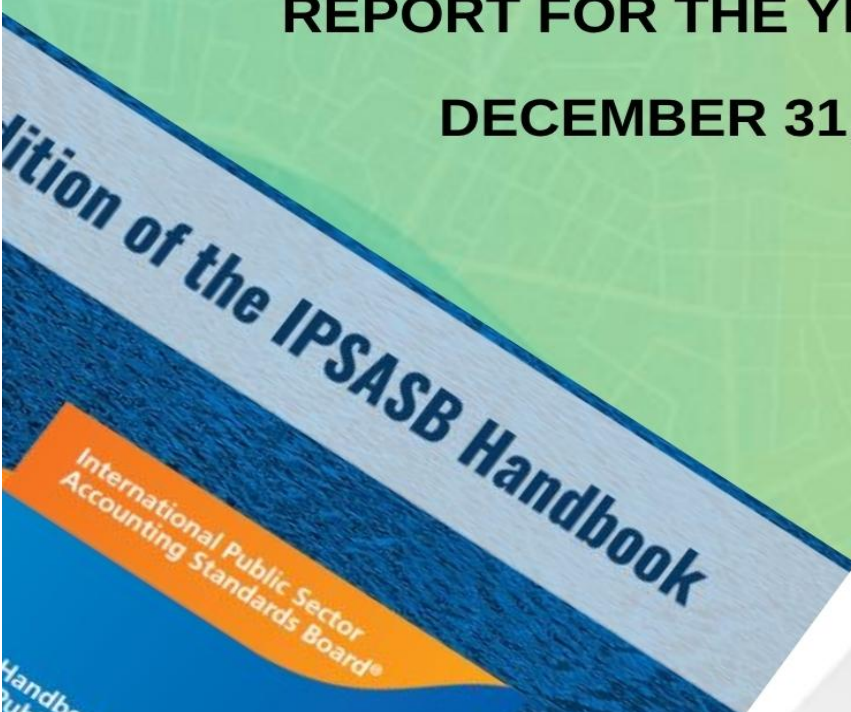


# SUMMARY OF AUDITOR-GENERAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2024







**The constitutional mandate of the Auditor-General as outlined in Section 309 of the Constitution and the Audit Office Act [*Chapter 22:18*], is to audit the accounts, financial systems, and financial management of all public entities and institutions. This includes government departments, provincial and metropolitan councils, local authorities, and any other entity that uses public funds.**

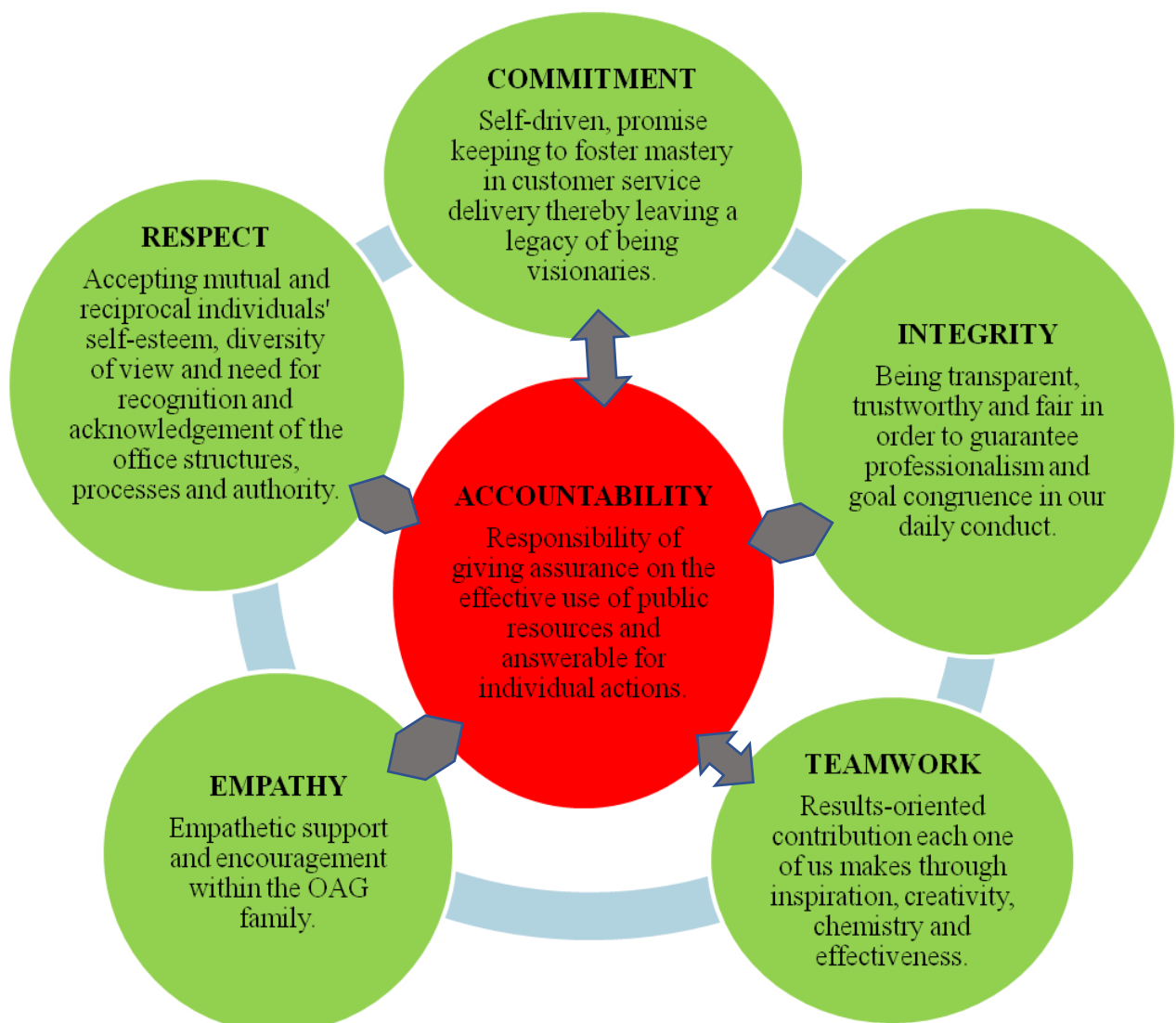


## OAG Vision

To be the Center 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.



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## DEFINITION OF TERMS

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**“Public entity” means—**

- a) any corporate body established by or in terms of any Act for special purposes;
- b) any company in which the State has a controlling interest, whether by virtue of holding or controlling shares therein or by virtue of a right of appointment of members to the controlling body thereof or otherwise, and includes any company which is a subsidiary, as determined in accordance with section 143 of the Companies and Other Businesses Entities Act [*Chapter 24:03*], of such a body;
- c) a local authority;
- d) any partnership or joint venture between the State and any person and which is prescribed by the Minister for the purposes of the application of this Act to be a partnership or joint venture;

**“Consolidated financial statements”** - in relation to annual financial statements, means to combine the annual financial statements of reporting unit, public entity and constitutional entity;

**“Transitional financial statements”** – Financial statements prepared under IPSAS financial reporting framework for review before adoption of IPSAS framework.

**“Going concern assumption”** – an entity is viewed as continuing in business for the foreseeable future. Financial statements are prepared on going concern basis, unless management intends to liquidate the entity or cease operations or has no realistic alternative to do so.

**“Misstatement of financial statements”**- according to the International Standards on Auditing (ISAs) a misstatement represents: “A difference between the amount, classification, presentation or disclosure of a reported financial statement item and the amount classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.

### **Types of Audit opinions**

- **“Unqualified / clean audit opinion”** – The financial statements contain no material misstatements.
- **“Qualified audit opinion”** – 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 audit opinion”** – The financial statements contain material misstatements that are not confined to, or misstatements represent a substantial portion of the financial statements.
- **“Disclaimer of opinion”** – The auditor has not been able to obtain sufficient evidence to provide a basis of an audit opinion. The lack of sufficient evidence is not confined to specific, or represents a substantial portion of the financial statements.



# FOREWORD

## FROM THE AUDITOR-GENERAL

*A culture of performance, accountability, transparency and institutional integrity will strengthen trust in public institutions.*

As the Auditor-General of Zimbabwe, it is my pleasure to present the Executive Summary of the Annual Report for the financial year ended December 31, 2024. The annual report reflects the Audit Office's commitment in promoting transparency, accountability and good governance within the public sector. We aspire to steer accountability in the administration of public funds towards fulfilling the Office's mandate and living up to the functions, values and principles enshrined in section 309 of the Constitution of Zimbabwe Amendment (No.20) Act 2013. The audits provide insights into the financial health and operational efficiency of government entities, ensuring that public resources are managed responsibly and effectively. The audit findings in the annual report provides opportunities for improvement and encourages continuous enhancement of public service delivery.

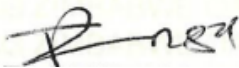
The Ministries, Local Authorities and State-Owned Enterprises and Parastatals are instrumental in building trust by delivering basic services such as healthcare, education, housing, infrastructure and utilities, peace and security, water and sanitation, and social security to enable economic growth.

The year 2024, marked the fourth year of the implementation of the National Development Strategy (NDS) 1 which aims to achieve an upper middle-income society for Zimbabwe by 2030. I remain convinced that capable, cooperative, accountable and responsive institutions delivering on their mandates is the key to building trust and achieving National Development Priorities.

My special tribute goes to our valued stakeholders who made it possible for me to submit the annual report for the year under review. I extend my appreciation to the Public Accounts Committee for their support and oversight role, development partners for their unwavering financial and technical support and our printers for printing the 2024 reports. Finally, I extend my sincere appreciation to the Audit Office Board for their support, management and staff for their continued commitment and dedication to duty. Without all this support, the production of the 2024 report could not have been possible.

I urge all stakeholders, Government officials, policy makers to take action on the findings and recommendations presented in the Appropriation Accounts, Finance and Revenue Statements and Fund Accounts, State-Owned Enterprises and Parastatals and Local Authorities reports. Together, we can foster a culture of accountability that strengthens trust and integrity in public institutions to ensure the effective use of public resources for the benefit of the Zimbabwe citizenry.

**HARARE**  
**JUNE 24, 2025**

  
**R. KUJINGA,**  
**ACTING AUDITOR-GENERAL.**



## **PREAMBLE**

---

### **Introduction**

This report is a summary on the results of audits of Ministries, Local Authorities and State-Owned Enterprises and Parastatals following the end of the 2024 financial year. The primary purpose of financial statements is to provide relevant and reliable information to users about a reporting entity's financial position. In the public sector, the users of financial statements include various stakeholders, inter alia the executive, parliament, development partners and the public at large. The objectives of financial statements audit in the public sector are often broader than expressing an opinion on whether the financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework but also address service delivery issues.

### **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, Economic Development, and Investment Promotion not later than June 30 of each year, a report of my examination and audit of the public accounts of Zimbabwe.

### **Mandate of the Auditor-General**

My mandate is set out in the Constitution of Zimbabwe Amendment (No. 20) Act 2013 and amplified in the Audit Office Act [*Chapter 22:18*]. I am required to audit and report to Parliament my findings on the examination of accounts of all entities. In fulfilling this mandate, I do contract from time to time, some of the audits of public entities to registered public auditors in terms of the Public Accountants and Auditors Act [*Chapter 27:12*] as stated in section 9 of the Audit Office Act [*Chapter 22:18*]. Accordingly, I have included audit findings from such auditors in this report.

### **Basis of preparation of public entities financial statements**

Management of public funds is governed primarily by the Constitution of Zimbabwe and the Public Finance Management Act [*Chapter 22:19*] section 37 read together Statutory Instrument 41 of 2019 which requires the preparation of financial statements that comply with International Financial Reporting Standards (IFRSs) and International Public Sector Accounting Standards (IPSASs). IFRSs and IPSASs comprise interpretations adopted by the International Accounting Standards Board (IASB) and the International Public Sector Accounting Standards Board (IPSASB) which set common rules so that financial statements can be consistent, transparent and comparable around the world.

The regulator of the accountancy profession in Zimbabwe, Public Accountants and Auditors Board (PAAB) prescribed the International Public Sector Accounting Standards (IPSASs) for use in Zimbabwe on March 1, 2019 following the gazette of Statutory Instrument 41 of 2019. IPSASs have been adopted by the Government of Zimbabwe as the financial reporting framework. The Ministries, Local Authorities and selected State-Owned Enterprises and Parastatals are expected to have fully implemented the IPSASs reporting framework by December 31, 2025. Central Government had been using cash accounting basis for Appropriation Accounts and accruals accounting for Fund Accounts.

I appreciate the efforts being made by the entities, Ministry of Finance, Economic Development and Investment Promotion and other stakeholders in the adoption and

implementation of IPSASs. My Office is fully committed to play its part in the IPSASs implementation drive.

### **Audit Approach**

I conducted my statutory audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and the International Standards on Auditing (ISAs). These standards require that I comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. My audit approach was designed to enable me to express an opinion on the entities' financial statements.

All aspects of the entities' activities and procedures may not have been examined. I consider maintenance of adequate internal controls to be the responsibility of management. My work cannot therefore, be expected to identify all weaknesses in the systems and procedures, which a special investigation directed at those areas might reveal. As to the possibility of fraud, I plan my audits to have a reasonable expectation of its disclosure in the financial statements, if the potential effects of the fraud would be material in the financial statements. However, there are many kinds of fraudulent activities, particularly those involving defalcation, forgery, collusion and management override of controls, which would be unreasonable to expect the normal audit to uncover.

### **Audit Opinion**

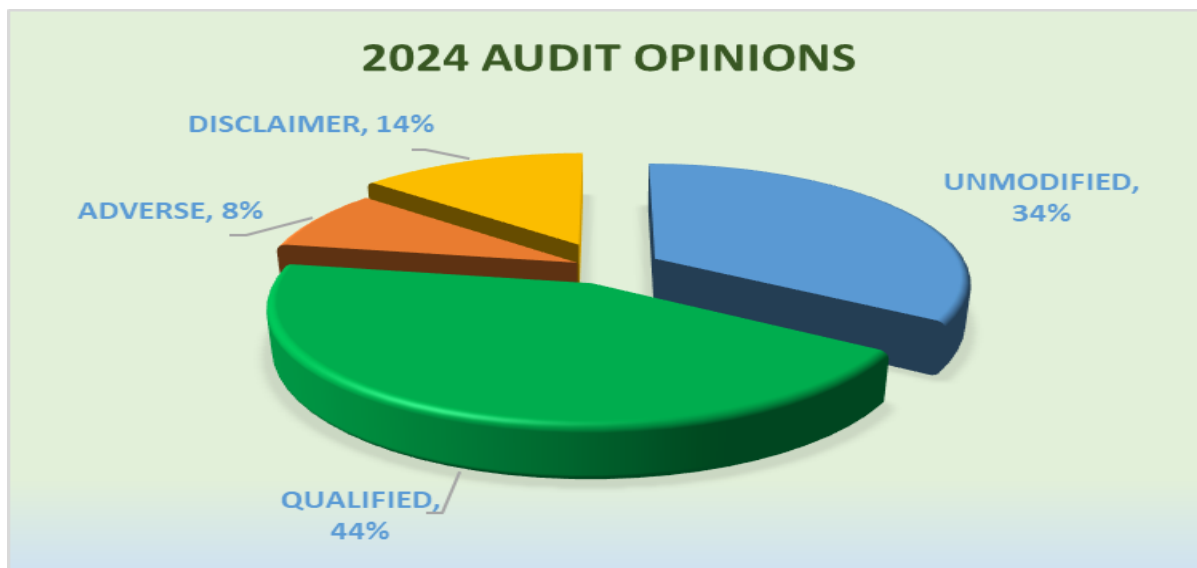
The principal objective of my audit procedures is to enable me to express an opinion on the truth and fairness of the financial statements as a whole. An audit opinion is based on the concept of reasonable assurance. It is not a guarantee that the financial statements are free of misstatements. Where I have issued an unqualified / clean, qualified and adverse opinion, I believe that the audit evidence I have obtained is sufficient and appropriate to provide the basis for my opinion of the respective financial statements. Where an entity received a disclaimer of opinion, it is mainly that I was unable to obtain sufficient and appropriate audit evidence to express an opinion.

#### **i. Audit opinions for Appropriation Accounts, Finance and Revenue Statements and Fund Accounts**

A total of 130 (2023:80) financial statements are included in the report for Appropriation Accounts, Finance and Revenue Statements and Fund Accounts. The audit opinions on the financial statements are shown on the table and pie chart below:

<b>Opinion Issued</b>	<b>Number of financial statements</b>	<b>Percentage %</b>
Unmodified / Clean	44	34%
Qualified	57	44%
Adverse	11	8%
Disclaimer	18	14%
<b>Total</b>	<b>130</b>	<b>100%</b>





Ministries and Commissions are required to submit their financial statements by January 31, and supporting statements by February 28 of each year. However, some of the financial statements were not submitted for audit on time, hence they are not included in my report. At the time of concluding this report in June 2025, audits of other twenty-three (23) financial statements were in progress, audits of thirty-one (31) financial statements had not commenced due to manpower shortage and late submission of financial statements, while thirty-eight (38) financial statements had not been submitted for audit. Two (2) financial statements were withdrawn at signing stage.

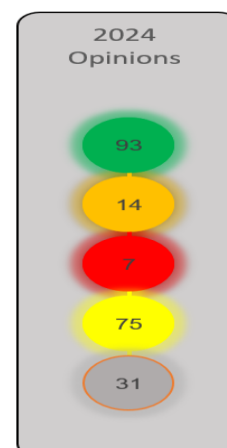
I also carried and concluded five (5) Value for Money Audits and the reports are tabled separately. In addition, my Office audited ten (10) financial statements of Donor Funded Projects that are implemented under some MDAs whose findings are not in this report.

## ii. Audit opinions for State Owned Enterprises and Parastatals

On the audits of SOEs, I had issued ninety-three (93) unmodified opinions, fourteen (14) adverse opinions, seven (7) disclaimer of opinions and seventy-five (75) financials received qualified opinions due to non-compliance with the reporting framework. I have reported thirty-one (31) entities with conditions that may cast doubt on the entity's ability to continue as a going concern due to net liability position, under capitalisation or inability to service legacy loans. Below is the analysis of the opinions issued.

**Audit opinions included in this report**

Key	
Unqualified / Clean	
Adverse	
Disclaimer	
Qualified	
Report on going concern	



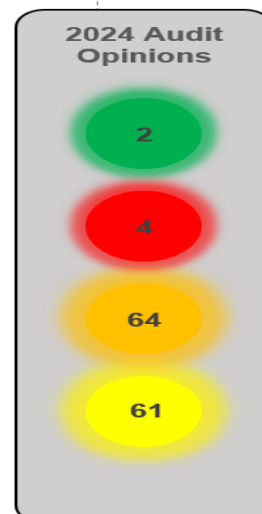
### iii. Audit opinions for Local Authorities

On audits of Local Authorities, I issued two (2) unmodified opinions, sixty-one (61) qualified opinions, sixty-four (64) adverse opinions and four (4) disclaimers of opinion. The basis of these opinions were mainly non-compliance with standards in particular IPSAS 17/ IPSAS 45 – “Property, Plant and Equipment, IPSAS 16 – “Investment Property”, IPSAS 29/ IPSAS 41 – “Financial Instruments”, IPSAS 35 – “Consolidated Financial Statements”, IPSAS 10 – Financial Reporting in Hyperinflationary Economies, IPSAS 4 – “The effects of Changes in Foreign Exchange Rates”, IPSAS 12 – “Inventories” and because of, inter alia, unsupported journals, incomplete records of inventories, unsupported expenditure and suspense accounts. Below is the analysis of the opinions issued.

#### Audit Opinions included in this report

##### Key

Unqualified / Clean	
Disclaimer	
Adverse	
Qualified	



I have reported also on entities that have unmodified / clean opinions that have material issues although not affecting the audit opinion while there are also other entities with unmodified / clean opinions that have no material reportable issues.

### Report Structure

The detailed report outlines the material audit findings noted during the audit of the financial statements. Under each audited entity, are audit findings and its associated possible risks / implications, audit recommendations, management responses, and audit comments to management responses where necessary. Although some of the issues identified are common within the audited entities, the majority of the findings are not the same due to the nature, uniqueness and varying mandates of the entities.

I also followed up on the audit findings that I raised in my previous annual reports and reported on the progress towards addressing these findings in the current report.

# APPROPRIATION ACCOUNTS, FINANCE AND REVENUE STATEMENTS AND FUND ACCOUNTS REPORT

---

## Introduction

The report outlines results of my audit of financial statements which comprise Appropriation Accounts, Finance and Revenue Statements, Statements of Comprehensive Income and Statements of Financial Position and Statements of Cash Flows. A combined financial and compliance audit was conducted with the aim of improving public sector transparency, accountability, compliance with regulations, good corporate governance and service delivery.

I also audited the Public Financial Management System (PFMS) which is an Enterprise Resource Planning platform used by Ministries and Commissions for processing of financial transactions. I reviewed the controls of the Information Technology system to gain assurance about their adequacy and effectiveness.

The financial audit seeks 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 considered compliance with legislative provisions which directly and materially affect the financial statements and whether the provisions in the applicable laws, rules, regulations and instructions issued by a competent authority were complied with.

My report highlights, the key audit findings, risks and recommendations. These findings were communicated to and discussed with management and those charged with governance. The findings were classified under the following headings: governance issues, revenue collection and debt recovery, compensation of employees, procurement of goods and services, management of assets.

My audit also included an evaluation of the budget utilisation and funding received by the various MDAs to assess extent to which mandates were fulfilled.

I evaluated the actions taken and determined the extent to which prior year audit findings had been addressed. Those charged with governance in the various institutions are urged to pay attention to matters raised herein, so as to improve public sector transparency, accountability, good corporate governance and service delivery. It is expected that the impact of addressing my findings will have a positive effect on the lives of the citizens.

I appreciate efforts made by Government in the form of statutory/structural reforms, which included development and implementation of National Development Strategy (NDS) 1 towards the attainment of Vision 2030, the requirements by the Office of the President and Cabinet for senior management to sign performance contracts. In addition, the signing of integrity pledges and the establishment of integrity committees will go a long way in improving accountability and promoting sound corporate governance.

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



## 1. Conversion of Financial Transactions from ZWL to ZWG

The Government of Zimbabwe changed currency from ZWL to Zimbabwe Gold (ZWG) effective April 6, 2024. The reporting currency for the 2024 financial statements was the ZWG. Ministries, Departments and Agencies (MDAs) were supposed to produce financial statements for the whole financial year in one currency (ZWG). This meant translating the ZWL transactions to ZWG. To achieve this, Treasury provided guidance to MDAs on how the ZWL financial transactions were to be translated. However, the circular was not uniformly applied by MDAs. As a result, almost all MDAs withdrew and resubmitted financial statements during audit, some withdrew and resubmitted more than four (4) times.

## 2. Budget Utilisation and Budgetary Control

The initial 2024 Voted funds as per the Appropriation (2024) Act, 2023 for the thirty-two (32) Appropriation Accounts included in this report was ZWG41 122 109 960. Unallocated Reserve Transfers amounting to ZWG14 547 940 934 were subsequently made to almost all MDAs. An analysis of the Appropriation Accounts indicated that some MDAs that received additional budget allocations had not exhausted their original budgets signaling ineffective management of budget. Total expenditure for mentioned votes amounted to ZWG43 874 983 672 leaving a net underspending of ZWG11 794 703 221. In addition, the budget allocation for Constitutional and Statutory Appropriations was ZWG11 187 409 335 with additional budget allocation of ZWG4 763 839 455. Total expenditure amounted to ZWG11 113 702 575 resulting in an underspending of ZWG1 282 810 505.

The 32 MDAs were given a total budget of ZWG55 669 686 893 and utilized ZWG43 878 983 672, which is 79% of the allocated budget. Most MDAs struggled to fully fulfil their objectives due to insufficient funding. The underutilization of the budget largely stemmed from inadequate cash support by Treasury. This had negative impact on the attainment of some programme goals and the quality-of-service delivery by the Ministries and Commissions.

Total approved budget for unallocated reserves was ZWG9 522 754 659. However, disbursements made to 32 MDAs amounted to ZWG14 547 940 934, resulting in an unauthorized excess of ZWG 5 025 186 275 (52%). This issue was also raised in my 2023 audit report.



### **3. Accounting System**

The MDAs could not access the Public Financial Management Systems (PFMS) during the currency changeover from ZWL\$ to Zimbabwe Gold (ZWG) for almost five (5) months (April to August 2024). During that time most MDAs operated outside the PFMS. The financial information that would have been processed outside the system was not uploaded onto the system in some cases. Such information would misstate expenditure figures.

### **4. Open Items**

Review of the Public Financial Management System indicated that most MDAs had open items. Open items or uncleared entries disrupt budgetary control as they represent unconfirmed or unresolved expenditures. This would make it difficult to track actual expenditure against allocated funds. Treasury Circular No. 1 of 2025 requires Accounting Officers to clear all open items in the system before preparation of bank reconciliations, annual returns and financial statements to ensure completeness and alignment of financial information. Most MDAs had challenges in clearing such transactions and were seeking Treasury assistance in clearing the open items.

There is need for Ministry of Finance to relook into the issue of releasing budget without the necessary cash resource as MDAs spend a lot of time and financial resources going through procurement processes and some receiving goods that would not be funded. This would require reversing all the unfunded transactions at the end of the year.

### **5. Direct Payments**

Direct payments amounting to US\$1 986 391 797 were made to service providers on behalf of the MDAs by Treasury during the 2024 financial year. However, MDAs accounted for US\$1 388 673 713, leaving a balance of US\$597 718 082 as at June 18, 2025. In some instances, the payments were not uploaded onto the PFMS. MDAs expenditure was understated by the direct payments.

### **6. Payment Arrears**

Thirty-nine (39) Ministries, Departments and Agencies had arrear payments amounting to ZWG14 742 728 388, US\$61 046 894, ZAR733 058 and €214 709. Some of these amounts have been outstanding since 2021. These arrear payments have been on the increase. The accumulation of arrears if left unattended, erodes the budget of the subsequent year and negatively impacts on Government service delivery and reputation. There is need to prioritise funding of MDAs to avoid accumulation of arrears.

### **7. Fuel Management**

Cases of loss of fuel were on the increase. These were attributed to control weaknesses in fuel management ranging from non-maintenance of fuel registers, inconsistent fuel recordings, non-performance of fuel reconciliations, absence of segregation of duties and weak supervisory checks. In this report, seven (7) MDAs had issues on fuel management. Measures around fuel management should be enhanced.

### **8. Sub-Paymaster General's Account Reconciliations (Government Paying Accounts)**

Differences were noted on expenditure reported between the Sub-Paymaster General's Accounts of certain MDAs and their corresponding Appropriation Accounts. These differences had not been resolved by June 5, 2025. MDAs are encouraged to reconcile the Sub-PMG's Account with the Appropriation Account, as this would improve the accuracy of the financial information.

## 9. Undelivered Motor Vehicles and Other Assets

Non-delivery of procured goods is still a cause for concern in Government. Some MDAs had undelivered goods dating back to 2021. I noted that contract monitoring was not effectively done as provisions of the contract on non-performance by the supplier were not invoked. A total of forty (40) vehicles, seventeen (17) fire trucks, eighty-three (83) desktops, seventy-five (75) laptops and various office furniture paid for between 2021 and 2024 had not been delivered as at May 30, 2025. There is risk of excessive contract price variations if payments and deliveries are not made within the agreed contract period. Service delivery was also compromised as the assets are tools of trade required for the well-functioning of MDAs.

## 10. Management of Assets and Government Properties

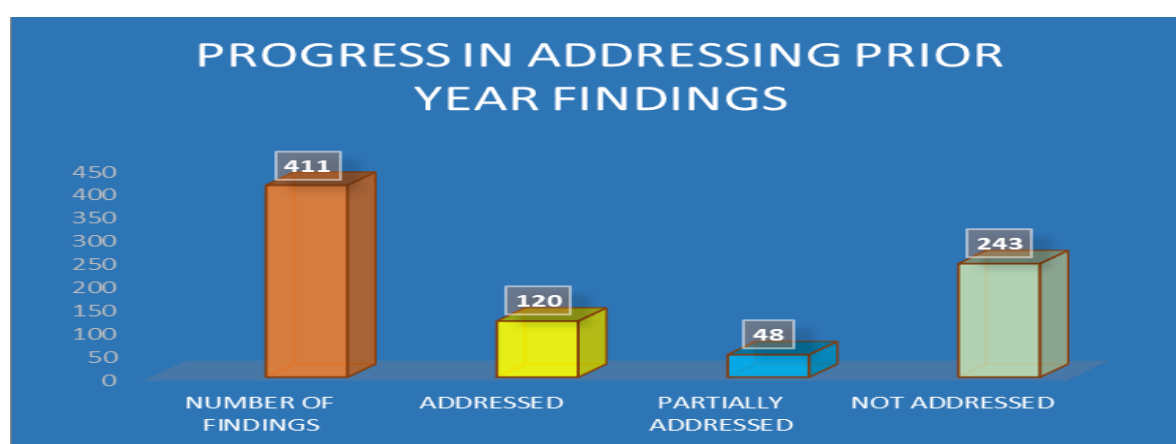
The issue of maintenance of Assets registers remains a challenge in Ministries and their respective Fund Accounts. In some instances, Assets registers were not in place, had incorrect quantities recorded, did not have serial numbers, date of purchase and location to facilitate identification of the assets. Ministries are urged to maintain and update Assets registers to guard against loss of state property and ensure smooth transition to IPSAS financial reporting framework.

## 11. Revenue Collection and Debt Recovery

Revenue collection remained low in 2024. The outstanding revenue from seven (7) ministries amounted to ZWG20 221 636 and US\$14 560 697. Adequate steps and strategies were not being taken to collect outstanding revenue and recover outstanding debts. MDAs should continuously engage debtors for the recovery of outstanding revenue. Government should also monitor and disclose investments made in various companies and any dividends paid should be deposited in the Sub-Exchequer Account.

## 12. Progress in Addressing Prior Year Audit Findings

I would like to acknowledge the Ministries which have taken steps to address my findings. Out of the 411 audit findings raised during the 2023 financial year, 120 (29%) were addressed, 48 (12%) were partially addressed and 243 (59%) were yet to be addressed. The progress made is graphically shown below:



1. Introduction

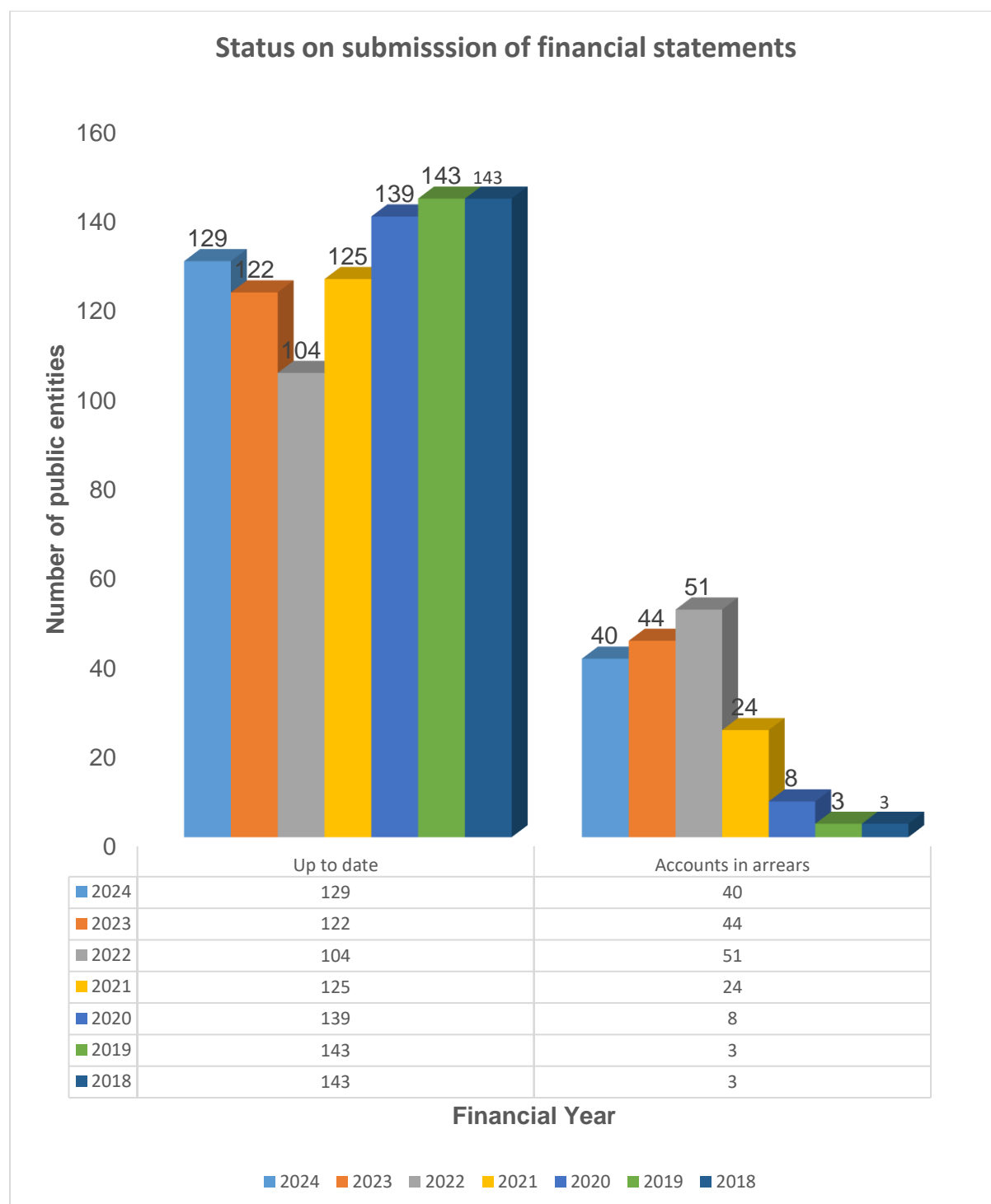
The report covers the audit results of one hundred and eighty-nine (189) financial statements of one hundred and seventy-six (176) audited State-Owned Enterprises and Parastatals. The financial statements audited comprises of the statement of financial position, the statement of financial performance, statement of changes in equity, statement of cash flows, statement of comparison of budget and actual and notes to the financial statements. The report highlights key audit findings noted during the audits and recommendations on how issues raised may be addressed in order to improve public sector transparency, accountability, good corporate governance and service delivery.

There has been an increase in the non-submission of financial statements by entities from forty-five (45) entities in 2023 to fifty (50) entities in 2024 with six (6) entities being in arrears of more than three (3) years as shown in the graph below. Late submission of financial statements negatively impacts transparency and accountability. This has resulted in most of the State-Owned Enterprises and Parastatals not being able to avail supporting documents and reconciling variances noted during the audit.



There is a positive development in that the entities are moving towards being current hence

improving transparency and accountability. At this reporting date, one hundred and twenty-nine (129) public entities are now up to date in terms of submission of financial statements as compared to the previous year of one hundred and twenty-two (122) which were up to date. Graphical trend on accounts submissions status is as shown below:

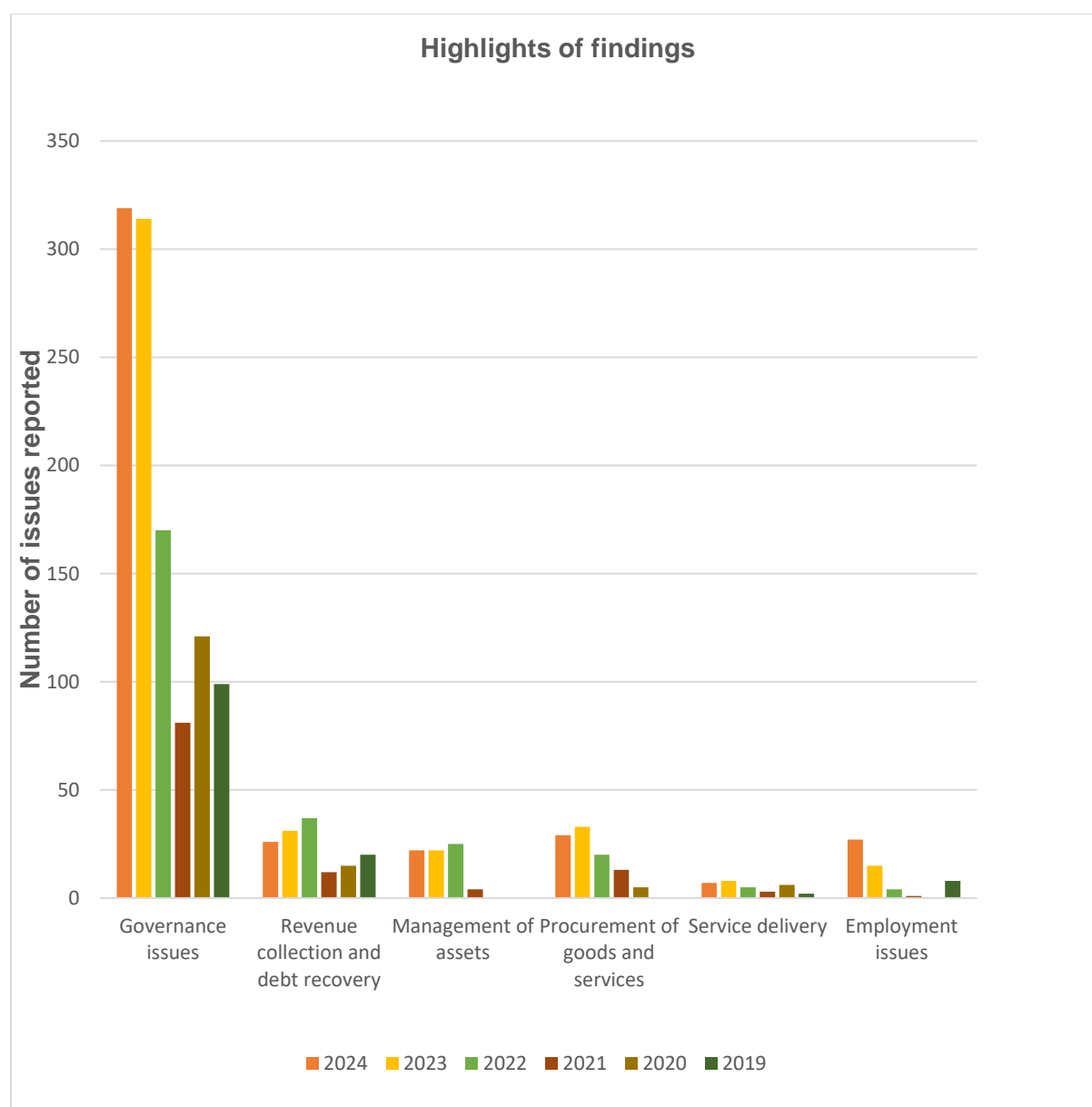


## 2. Highlights of findings

The audit covered aspects on corporate governance, revenue collection and debt recovery, management of assets, procurement of goods and services, employment and service delivery. These aspects in the quest to promote accountability, transparency and service delivery. It is expected that the impact of addressing my audit findings will have a positive effect on the lives of citizens of Zimbabwe. Below is a graphical and tabulated overview of



the aspects covered during the audit.



	2024	2023	2022	2021	2020	2019
Governance issues	319	314	170	81	121	99
Revenue collection and debt recovery	26	31	37	12	15	20
Management of assets	22	22	25	4	0	0
Procurement of goods and services	29	33	20	13	5	0
Service delivery	7	8	5	3	6	2
Employment issues	27	15	4	1	0	8

## 2.1. Governance issues

There was an increase in reported issues on governance from three hundred and fourteen (314) reported in the 2023 report to three hundred and nineteen (319) in 2024. A number of State-Owned Enterprises and Parastatals experienced governance issues relating to deficiencies in internal controls as evidenced by unsupported expenditure, unallocated deposits, non-alignment of accounting policies and processes with the reporting framework (accounting standards), manual systems, non-compliance with tax laws and regulations, non-performance of bank reconciliations, and direct foreign prepayments made by universities and

other entities resulting in non-delivery of goods and services.

The late or non-submission of financial statements by SOEs created gaps on accountability, limited my scope of audit and delayed the commencement of the audit thereby affecting completion of audits. For instance, the National Handcraft Centre did not submit financial statements for the period 2009 to 2018. Some entities acquired new accounting systems which were not compatible to their operations resulting in partial automation and backlogs. In addition, non-delivery of goods and services resulted in SOEs losing values on currency changes. While the Government is in a drive to shift to full IPSAS implementation, a number of SOEs earmarked for migration were still in arrears. However, some entities that early adopted the IPSAS in line with the Zimbabwe Financial Reporting Framework (ZFRM) have improved the quality of their financial statement submissions.

I appreciate efforts made by Government in the form of statutory and or structural reforms, inter alia, development and implementation of National Development Strategy (NDS) 1 towards the attainment of Vision 2030, enactment of the Public Entities Corporate Governance Act [Chapter 10:31] and role of the Corporate Governance Unit (CGU) in the Office of the President and Cabinet including the requirements for senior management to sign performance contracts. This has resulted in most entities having boards of directors. In addition, the other reforms include the implementation of the public sector wide Integrated Results Based Performance Management system, signing of integrity pledges and the establishment of Integrity committees on boards of public entities.

In this regard, I urge boards to pay attention to matters that I have raised so as to improve transparency and accountability.

## **2.2. Revenue collection and debt recovery**

The findings in respect of revenue collection and debt recovery slightly decreased from thirty-one (31) in 2023 to twenty-six (26) for the year 2024. Issues of revenue leakages and long outstanding debts continued to persist and contributed to net liability position with a potential risk of threatening sustainability of service. Some entities could not account for deposits resulting in deposits not receipted on time. I have raised issues on revenue collection and some SOEs had report on going concern matters arising from continued operating losses / deficit, under capitalisation and liquidity challenges. These conditions if not addressed, may cast significant doubt on the entities' ability to continue operating as a going concern.

## **2.3. Management of assets**

I reported twenty-two (22) issues in respect of management of assets. I have raised issues on asset record keeping, lack of due diligence in placing investments and maintenance of assets which remained a challenge, absence of board of enquiries on damaged assets which may compromise service delivery in SOEs. Some entities had aged assets as they had no asset replacement policies to sustain their mandate. My report contains cases employees who did not surrender assets upon termination of employment.

## **2.4. Procurement of goods and services**

I appreciate efforts being made by SOEs in complying with the Public Procurement and Disposal of Public Assets Act [Chapter 22:23] and by setting up Procurement Management Units (PMU). I have seen a decrease in procurement issues to twenty-nine (29) in this report with majority of my findings relates to non-delivery of goods and services dating back to 2018 where recovery of amounts paid may be doubtful. Non-declaration of interest during procurement evaluation, direct procurement, procurements which had insufficient supporting documentations for instance no invoices and quotations continued to be noted on entities. There may be need to strengthen the due diligence processes to include evaluation of

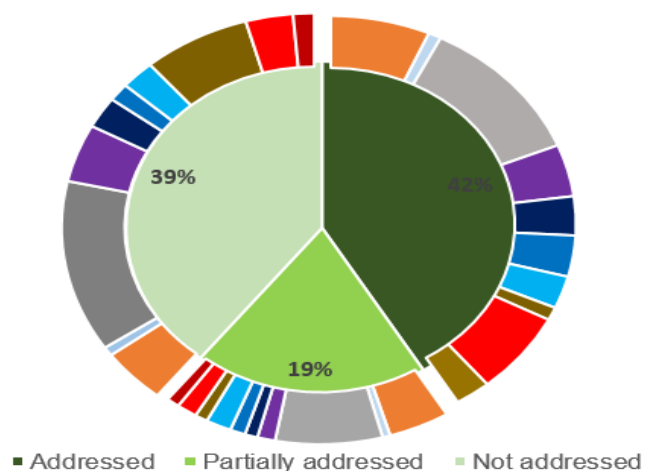
capacity to deliver goods to be procured.

## 2.5. Progress in addressing prior year audit findings

I followed up on five hundred and ninety-five (595) audit findings that were raised in my 2023 annual report and those outstanding from prior years for the entities that were audited and completed. Two hundred and forty-six (246) were addressed, one hundred and fifteen (115) were partially addressed and two hundred and thirty-four (234) were not addressed. The progress made is further analysed below;

**Status of prior year issues**

<b>Inner circle pie chart</b>	
<b>Key</b>	
Addressed	
Partially addressed	
Not addressed	
<b>Outer circle pie chart</b>	
<b>Key</b>	
Authorities and Agencies	
Boards	
Companies and Corporations	
Councils	
Commissions	
Financial Institutions	
Funds	
State Hospitals	
Tertiary Institutions	
Others	



**Tables for prior year issues**

	2024 AG's Report		2023 AG's Report		2022 AG's Report	
Findings	Number	Percentage	Number	Percentage	Number	Percentage
Addressed	246	41%	132	34%	92	45%
Partially addressed	115	19%	77	20%	60	29%
Not addressed	234	39%	179	46%	54	26%
<b>Total</b>	<b>595</b>	<b>100%</b>	<b>388</b>	<b>100%</b>	<b>206</b>	<b>100%</b>

Entities in arrears were also not addressing prior year audit findings compared to the ones on current year audits. There was an increase of entities not addressing prior year modifications and findings raised in my report. Most of the issues were emanating from the governance issues like board evaluations and board appointments which needed attention from the appointing Authorities and also non-delivery of goods.

## LOCAL AUTHORITIES REPORT

### 1. Introduction

The report covers the results of the audit of one hundred and thirty-two (132) financial statements of eighty-nine (89) Local Authorities. The financial statements audited comprises of the statement of financial position, statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts and notes to the financial statements. The report highlights key audit findings noted during the audits and recommendations on how issues raised may be addressed in order to improve public sector transparency, accountability, good corporate governance and service delivery.

At the time of finalising this report, in relation to 2019, 2020, 2021, 2022, 2023 and 2024 financial years, one hundred and thirty-two (132) financial statements that were submitted for audit have been completed while the audits of forty-eight (48) financial statements were in progress and some being finalized. However, only twenty-six (26) Local Authorities have submitted financial statements up to financial year ended December 31, 2024, while sixty-six (66) Local Authorities were yet to submit financial statements for the year ended December 31, 2024. This signifies a downward performance in terms of submission of financial statements. Among those in arrears, are entities that are expected to clear arrears and smoothly migrate to IPSAS.

In the current year, nine (9) Local Authorities (14%) had not submitted financial statements for 2023 and 2024 compared to eighteen (18) Local Authorities (24%) which had arrears of 2 years (2022 and 2023) in the prior year. These Local Authorities need to be monitored by the relevant stakeholders as their lagging behind will affect full IPSASs implementation. Late submission of financial statements creates gaps on accountability and this has resulted in most of the Local Authorities not being able to avail supporting documents and reconciling variances noted during the audit. Below are graphs on submission of financial statements;

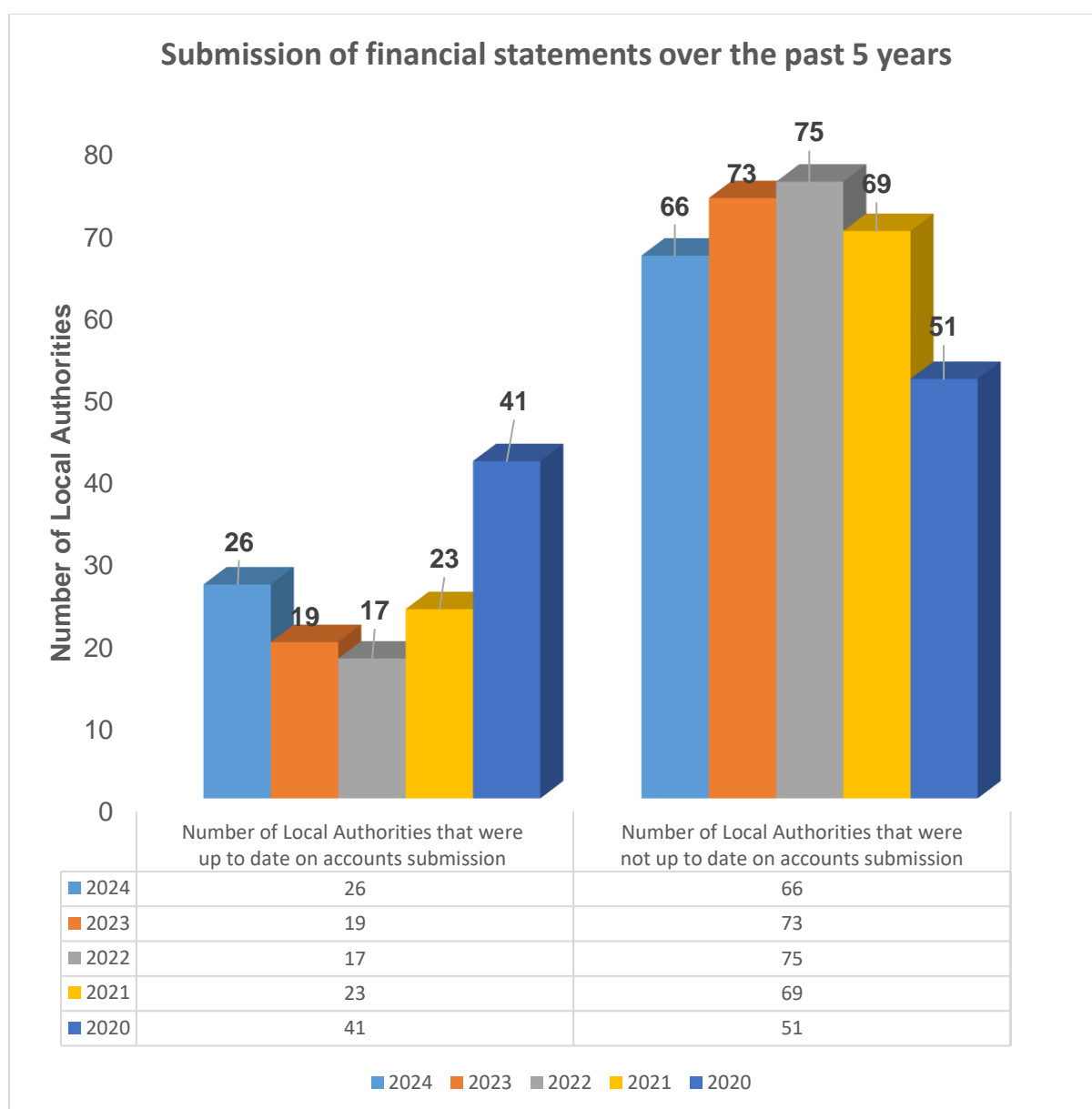
Below are graphs on submission of financial statements;

#### (a) Trend analysis on financial statements not submitted





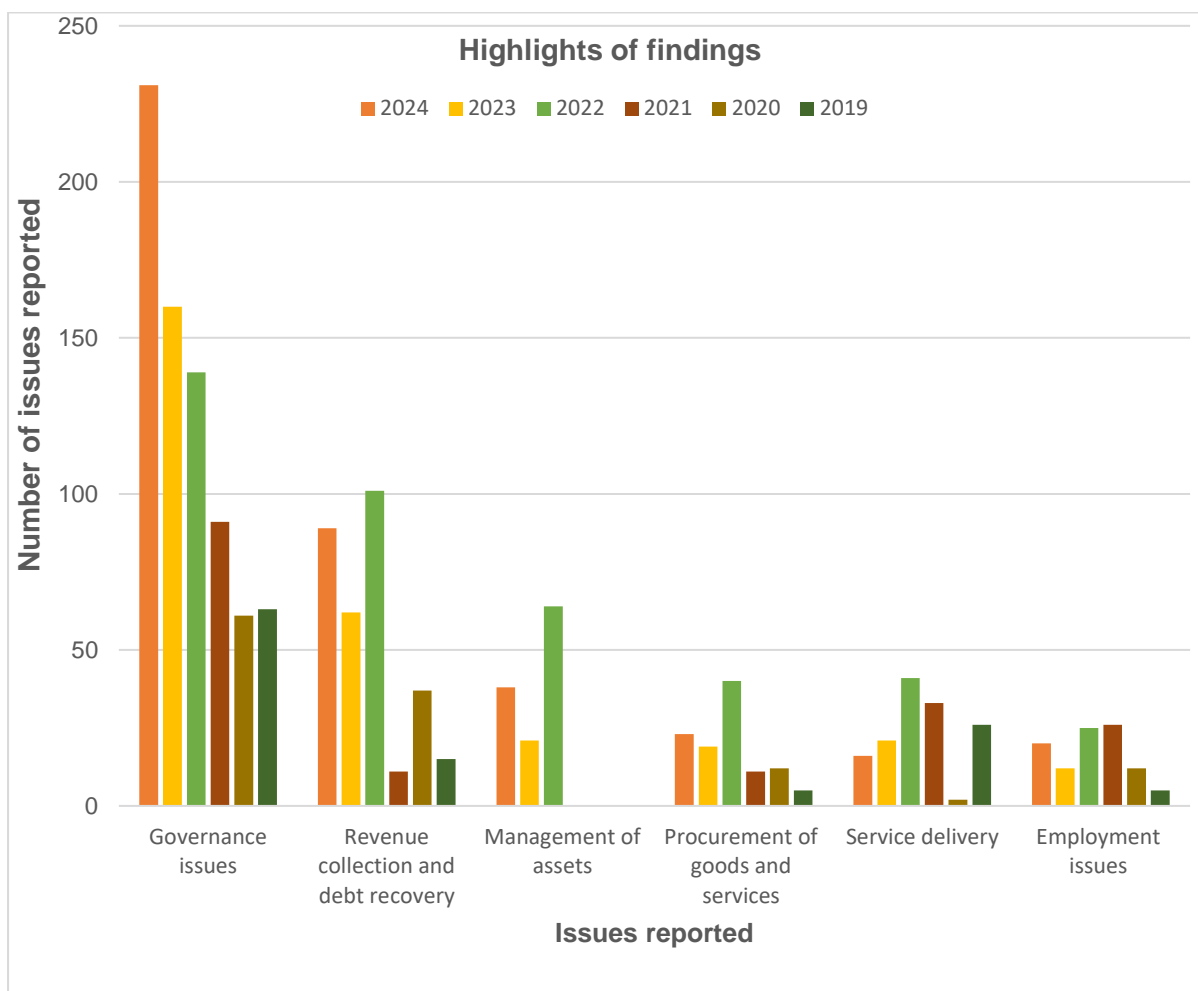
**(b) Five-year trend analysis on submission of financial statements**



## 2. Highlights of findings

The audit covered aspects on governance, revenue collection and debt recovery, management of assets, procurement of goods and services, employment costs and service delivery. The aspects covered are in line with the quest to promote transparency, accountability and service delivery. It is expected that the impact of addressing my findings will have a positive effect on the lives of the citizens of Zimbabwe.

I continue to appreciate efforts made by Government in the form of statutory/structural reforms, which included development and implementation of National Development Strategy (NDS) 1 towards the attainment of Vision 2030, the requirements by Office of the President and Cabinet for senior management to sign performance contracts and the blue print on “A Call to Action- No Compromise to Service Delivery” which aims to improve service delivery, transparency and accountability in Local Authorities. In addition, the signing of integrity pledges and the establishment of integrity committees. Below is a graphical and tabulated overview of the aspects covered during the audit.



## 2.1. Governance issues

There was an increase in reported issues on good corporate governance from one hundred and ninety (190) for sixty-six (66) Local Authorities reported in the 2023 report to two hundred and thirty-five (235) for seventy-nine (79) Local Authorities. In this report there are instances of weak internal control over inventory, compliance with laws and regulations, cash management, unsupported adjustments and incomplete records. In addition, majority of the Local Authorities were lagging behind in embracing technology as most of their business processes were still manual or partially automated. Lack of full automation of accounting systems resulted in late submission of financial statements and due to lapse of time, document retention is compromised resulting in incomplete records. In light of the above, Local Authorities and those in charge of governance are therefore encouraged to embrace Government's thrust on implementation of Information Communication Technology which includes electronic Government Procurement (eGP) system and E-filing and bring their books to current.

The late or non-submission of financial statements created gaps on accountability, limited my scope of audit and delayed the commencement of the audit thereby affecting completion of audits. Some Local Authorities had accounting modules which were not activated resulting in partial automation and backlogs. Notably, non-delivery of goods and services resulted in loss of value. While the Government is in a drive for full IPSAS implementation, a number of Local Authorities were still in arrears. However, the migration to full IPSAS in line with the Zimbabwe Financial Reporting Manual (ZFRM) has resulted in improved quality of submitted financial statements.

## **2.2. Revenue collection and debt recovery**

The findings in respect of revenue collection and debt recovery slightly decreased from eighty-one (81) reported on fifty-one (51) Local Authorities in the prior year to ninety two (92) for sixty (60) LAs in this report. Most of the Local Authorities did not have Enterprise Resource Planning systems to manage their revenue collection processes prompting most of them to account for revenue on cash basis instead of accruals basis. As a result, Local Authorities are losing revenue due to the absence of complete/ updated databases for their various revenue streams. I noted instances of non-billing of revenue and unresolved variances between the revenue records and the reported figures in the financial statements. Most Councils were recognizing revenue on cash basis because of not billing customers therefore their receivables were incomplete. The resultant liquidity challenges have continued to compromise implementation of programmes and the improvement of service delivery.

## **2.3. Management of assets**

I reported forty (40) issues for twenty-five Local Authorities in respect of management of assets. The majority of Local Authorities did not maintain comprehensive asset registers which would have enabled accountability of public assets. In addition, Local Authorities' assets were not revalued to reflect fair values at the reporting date as required by the reporting frameworks. Under the current environment, assets will be under-valued without constant revaluations. Local Authorities cited lack of financial resources as one of the reasons why they were not able to carry out asset revaluations. In addition, the useful lives were not reviewed to assess the asset and plan for the replacement of these assets a practice that will enhance service delivery. In light of the above, Local Authorities and those in charge of governance are therefore encouraged to put in place systems that enhance the maintenance of assets, upgrading of registers, carrying out of board of inquiries for damaged or stolen assets.

## **2.4. Procurement of goods and services**

I reported twenty-four (24) issues for eighteen (18) Local Authorities in respect of procurement of goods and services. There were instances of unsupported expenditure on the procurement of goods. I reported twelve (12) local authorities that had procured goods and services that were yet to be delivered. The goods not delivered ranges from ambulances, frontend loaders, pickup trucks, fire tenders which are key in the operation of Local Authorities and service delivery. Gweru City Council could not avail procurement supporting documents for expenditure amounting to ZWL\$883 million (2021: ZWL\$155 million). Therefore, Local Authorities need to strengthen the due diligence processes to include evaluation of capacity to deliver the goods to be procured.

## **2.5. Service delivery**

Service delivery issues remained a challenge for the majority of the local authorities. I reported twenty-three (23) findings on service delivery issues. A number of Local Authorities are experiencing growth however facilities have not been upgraded to match with the growth. Water, sewerage infrastructure and waste management were not being upgraded to match the growth in population. I appreciate Government's efforts on Local Authorities for the financial support in devolution which should be utilized to enhance service delivery.

## **2.6. Follow up on prior year audit findings**

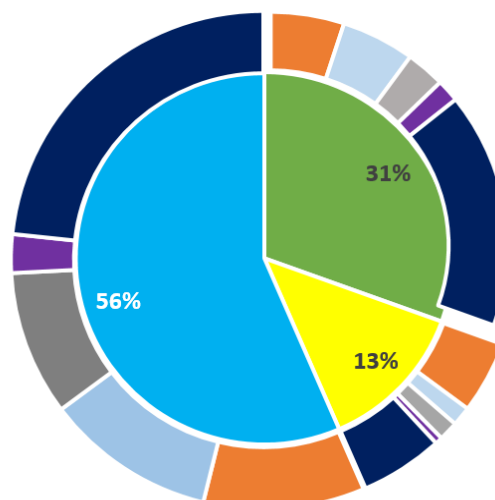
I followed up six hundred and thirty-nine (639) audit findings that were raised in my 2019 - 2023 reports and noted that only one hundred and ninety-five (195) were addressed, eighty-three (83) were partially addressed and three hundred and sixty-one (361) were not addressed. Issues not addressed included completeness of database, completeness of asset

registers, non-delivery of procured goods, non-compliance with environmental legislations. The progress made is further analysed below:

#### Status on prior year issues

Inner circle pie chart	
Key	
Addressed	
Partially addressed	
Not addressed	

Outer circle pie chart	
Key	
City Council	
Municipality	
Town Council	
Local Board	
Rural District Council	



	2024		2023		2022	
Findings	Number	Percentage	Number	Percentage	Number	Percentage
Addressed	195	31%	88	17%	39	18%
Partially addressed	83	13%	65	12%	28	13%
Not addressed	361	56%	380	71%	154	70%
Total	639	100%	533	100%	221	100%

## CONCLUSION

This report enables Parliament and those charged with public sector governance to discharge their oversight responsibilities, in addressing audit findings. Therefore, the report helps in building public trust in government institutions, resulting in contributing to a stable economic environment and the achievement of national development goals.

The issues I have raised if not addressed, service delivery, achievement of mandates and efforts made to enhance transparency and accountability through the various instruments that had been put in place such as the Public Entities Corporate Governance Act [*Chapter 10:31*], Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] and the Public Finance Management Act [*Chapter 22:19*] may be compromised. Those charged with governance and management are urged to pay attention to the audit findings so as to address them and improve transparency, accountability, good corporate governance and service delivery.

**FOR DETAILED REPORT**

**To find out more about the Report of the Auditor-General for the year ended  
December 31, 2024, visit our website on**

**[www.auditorgeneral.gov.zw](http://www.auditorgeneral.gov.zw)**

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