



VALUE FOR MONEY AUDIT REPORT OF THE AUDITOR-GENERAL

on

COVID-19 SUPPORT TOWARDS PRODUCTION OF PERSONAL PROTECTIVE EQUIPMENT (PPE) AND SANITIZERS

by the

MINISTRY OF HIGHER AND TERTIARY EDUCATION, INNOVATION, SCIENCE AND TECHNOLOGY DEVELOPMENT



Presented to Parliament of Zimbabwe

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Office of the Auditor-General
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Dear Sir

I hereby submit my Value for Money Audit Report, on Covid-19 Support Towards Production of Personal Protective Equipment and Sanitizers under the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development in terms of Section 11 of the Audit Office Act [*Chapter 22:18*].

Yours faithfully,

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ACTING AUDITOR-GENERAL

Harare
January 15, 2024



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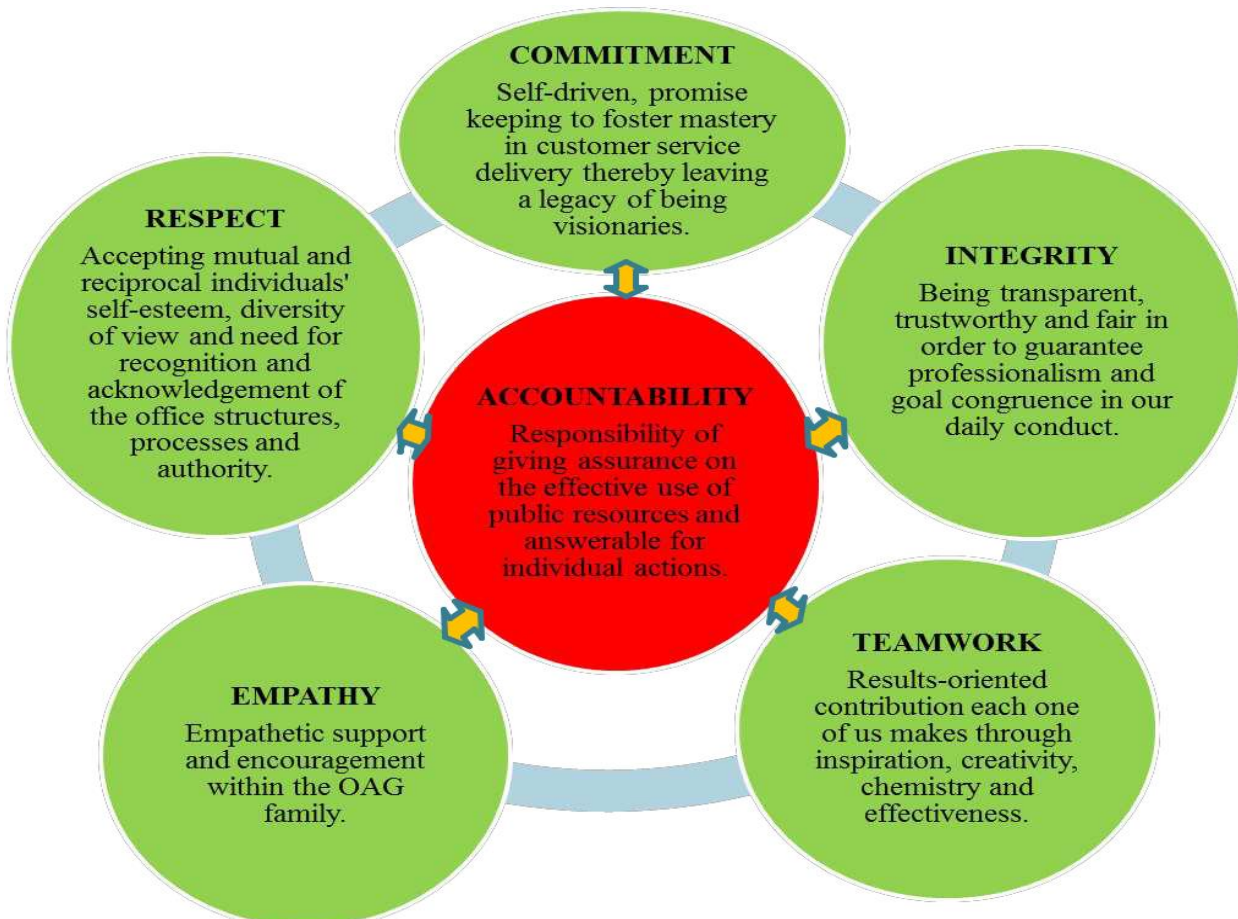


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GLOSSARY OF TERMS

Aprons/Gowns: Is a garment that is worn over other clothing and covers mainly the front of the body.

Bin liner: Is a plastic bag that is put inside a waste bin or dustbin.

Detergents: A water-soluble cleansing agent which combines with impurities and dirt to make them more soluble.

Face mask: A protective mask covering the nose and mouth or nose and eyes.

Face shield: A protective plate or screen that covers the face covering for all or part of the face that is commonly made of clear plastic and is worn specially to prevent injury or to reduce the spread of transmissible disease.

Foot/Pedal operated sanitizer dispenser: A sanitiser dispenser, which dispenses a controlled amount of soap solution (or a similar liquid such as a hand sanitizer). through the operation of or by pressing a foot pedal.

Foot Bath Mat: A high quality solid rubber boots deep mat commonly known as a foot bath designed to combat dirt, germs and viruses to stop them from spreading.

Hazmat suit: Personal protective equipment (PPE) that includes an impermeable garment and other equipment that are specially designed to protect the wearer from hazardous substances and materials, chemicals, biological and radioactive agents (not intended for warfare) during handling or in an environment where there is a possibility of presence of such materials.

Liquid hand wash: An anti-bacterial liquid that has an active substance used to inhibit, destroy, or render harmless the active bacteria on hands.

Personal Protective

Equipment: Protective clothing, helmets, gloves, face shields, goggles, facemasks and/or respirators or other equipment designed to protect the wearer from injury or the spread of infection or illness.

Sanitary bag: A disposable bag used to contain used hygiene products.

Sanitizer: A substance or product that is used to reduce or eliminate pathogenic agents (such as bacteria) on surfaces.

Scrubs: A protective garment designed to be worn by the doctor, nurse and others in the operating room.

Special Business

Unit: A business with its own plans for activities and use of resources to achieve growth and profits.

Ventilator: A machine that blow air with extra oxygen into airways and lungs.

ABBREVIATIONS

BUSE	:	Bindura University of Science Education
CUT	:	Chinhoyi University of Technology
GZU	:	Great Zimbabwe University
HIT	:	Harare Institute of Technology
MSU	:	Midlands State University
MHTEISTD	:	Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development
MoFED	:	Ministry of Finance and Economic Development
MoLGPW	:	Ministry of Local Government and Public Works
NatPharm	:	National Pharmaceutical Company of Zimbabwe
NUST	:	National University of Science and Technology
PPE	:	Personal Protective Equipment
SAZ	:	Standards Association of Zimbabwe
SBU	:	Special Business Unit
UZ	:	University of Zimbabwe

EXECUTIVE SUMMARY

The audit of the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development (MHTEISTD) on the production of Covid-19 related materials was carried out in order to assess whether funds disbursed were efficiently and effectively used for the intended purpose.

The guidelines on the use of these funds were contained in a circular dated April 29, 2020 from the secretary for Higher and Tertiary Education, Innovation, Science and Technology Development (HTEISTD). The initiative came as a result of the need to contain the spread of the Covid-19 (Corona Virus) that had struck the nation. The initiative was also implemented in order to save lives, reduce the import bill for Covid-19 related equipment and to help towards the implementation of the education 5.0 strategy.

Soon after the announcement of Covid-19 lockdown measures by His Excellency the President of the Republic of Zimbabwe on the 27th of March 2020, the MHTEISTD took the initiative and requested some of its staff members to report for duty as essential services in order for them to start the project on production of PPEs and sanitizers. Universities started by preparing and submitting production budgets/plans to the MHTEISTD in order for funds to be released. The funds were disbursed to universities in April 2020.

The press reports which highlighted that Ministry of Finance and Economic Development (MoFED) had released an initial ZWL\$33 million in seed capital to state universities through the MHTEISTD for the production of Covid-19 related PPEs and sanitizers motivated the carrying out of the audit.

SUMMARY OF FINDINGS

My audit of the project on the production of PPEs and sanitizers by seven (7) universities under the MHTEISTD focused on the following areas:

1. Production of sanitizers and Masks
2. Monitoring and supervision of utilization of Covid-19 funds
3. Management and supervision of Special Business Units (SBUs)

The findings from my audit which are detailed in Chapter 3 of this report are summarised as follows:

1. Production of Sanitizers and Masks

From the ZWL\$42 933 870 received by SBUs to mitigate national shortage of the materials needed to fight the corona virus, the SBUs produced a total of 1 347 180 litres of sanitizers and 1 673 630 units of face masks during the period April 2020 to October 2021.

As part of the requirements to receive funding to produce Sanitizers and Masks, Universities were supposed to submit production budgets/plans. However, I noted that from the ZWL\$42 933 870 disbursed to universities, a total amount of ZWL\$33 377 461 was supported with production budgets/plans while production budgets/plans for ZWL\$9 566 409 were not availed for audit. The unsupported amount could have been used for other purposes rather than production of sanitisers and masks.

While the objective was to come up with mitigatory measures to deal with national shortage of materials needed to fight Covid-19, universities went further to diversify their products range so that they could continue in business after Covid-19 in fulfilment of the guidance from the parent ministry. The new products range included detergents, school uniforms, sanitary bags, foot bath mats, bin liners, liquid soap, work suits, pine gel, theatre caps, gloves and overalls. Marketing departments were eventually introduced to market the products.

2. Monitoring and Supervision of Covid-19 Funds Utilization

The MHTEISTD as part of its monitoring and supervision of the projects, made use of the submitted internal audit reports, production reports, acquittals of funds disbursed and product certification by SAZ. However, I noted that Internal Audit visited the project sites once during the inception stages of the Covid-19 project, between April and May 2020. In view of the fact that these were new projects that required close monitoring, regular visits providing guidance in the use of funds and other controls was needed.

My documentary review showed that production reports were being submitted by the Universities to the MHTEISTD. However, all 4 SBUs visited were not submitting financial reports to the MHTEISTD. As a result, the MHTEISTD could not measure performance of SBUs for financial prudence and business acumen in growing seed capital.

On acquittals, I noted that the universities were submitting acquittals to the MHTEISTD in support of their expenditure. A follow up on the matter revealed that the MHTEISTD was not acquitting the same to the MoFED. Non acquittal by the Ministry could have affected the disbursement of additional funds/capital to universities to sustain their operations.

The MHTEISTD had as a requirement, that all production systems and products produced needed to be certified by SAZ and a SAZ certificate to that effect issued. I noted that SAZ certificates in some universities had expired and had not been renewed as at the date of audit (October 8, 2021) despite that products were still being produced.

3. Management of Special Business Units

Guided by the need to see the project as a going concern, the following issues were considered by the MHTEISTD for assessment of how the SBUs were being managed:

Project Management Structures

A review of staff files and interviews with management of the SBUs visited revealed that all universities managed to come up with proposed management structures for the SBUs. However, proposed structures had not yet been approved by the MHTEISTD as at the date of audit, on October 15, 2021. Staff who were managing and running the visited SBUs were lecturers and students who worked on part time basis with the exception of MSU which had a structure that was completely devoted to the SBU but students would come and work or introduce their created products through the SBU. Absence of a full time workforce could compromise production from the SBUs and suppress the much needed innovation and the achievement of the education 5.0.

Interviews with management from all the four (4) SBUs visited revealed that the MHTEISTD had not provided clear guidelines on whether the universities should set up separate departments or whether they could register a company for the production of PPE. This was also raised in the internal audit reports which were circulated to the management at the MHTEISTD. As a result, the SBUs were engaging part time lecturers to be staff members of the SBU.

Cash flow Management Framework

Management representations from the various SBUs revealed that all the four SBUs visited did not put in place cash flow management frame works. Management indicated that the projects were a response to an urgent crisis hence the need for a cash flow management frame work was not considered necessary.

Pricing Model

I observed that all the four SBUs visited managed to develop pricing models guided by the pricing model developed by the UZ. This evidenced effects of cooperation which resulted in a positive development within the institutions.

Sales and Marketing of Products

While it was a noble idea to have products marketed through NATPHAM as a measure to control unscrupulous dealers, the move saw the highest consumer NATPHAM not responding positively by making payments timeously to the Universities in order for them to continue producing.

Documentary review of debtors schedules, invoices and debtors' age analysis and interviews

with management from the SBUs visited revealed that customers were being invoiced on delivery. However, I observed that the collection of funds from the debtors was not fully done especially from NatPharm which was the largest customer. The total outstanding from NatPharm for all SBUs amounted to ZWL\$226 065 388 (88%) out of the **total debtors' figure** of \$256 563 536 despite several follow-ups being made. The absence of cash flow management framework in all the SBUs visited may have resulted in the lack of guidance on procedures for collection of funds from NatPharm and other customers.

Record keeping

A review of weekly production reports from the Universities SBUs and consolidated weekly report from the MHTEISTD for the period under review revealed that from February 15 to May 31, 2021 HIT had a production report for sanitizers of 14 880 litres while the MHTEISTD had nil records for the same period. This reflects lack of follow ups by the MHTEISTD to ensure all production statistics are submitted to the Ministry by universities. Such anomalies result in misstatement of the consolidated production statistics.

RECOMMENDATIONS

The recommendations to enable the SBUs to improve on how the Covid-19 funds are to be utilized in the production of PPEs and sanitizers by the MHTEISTD are contained in Chapter 5 of this report. The recommendations are summarised below:

1. Follow ups on Universities that did not submit production budgets/plans should be made by the Ministry so that the difference of ZWL\$9 566 409 would be reconciled and remedial action taken.
2. The Ministry should ensure regular visits through its internal audit as a monitoring tool in the event of new projects being implemented. These visits will assist management to assess the progress made by the SBUs. In addition, the Ministry should make follow ups on SBUs that do not submit their financial reports so as to assess their performance.
3. The Ministry should ensure that all acquittals from SBUs are consolidated and submitted to the MoFED so as to give a full account on the funds released. This also works as evidence in the event that the SBUs need more funding.
4. Controls should be put in place to ensure that SAZ certificates for SBUs are renewed when due as this increases customer satisfaction and ensures safety to the users of the products.
5. University management should prioritise the authorisation of the project management structures so that there will be clearly defined roles and responsibility for those in the structures to enhance accountability.
6. Mechanisms should be put in place to ensure that SBUs prepare and implement a cash flow management framework. Policies and Procedures will also help to ensure that goods are invoiced on delivery and funds timeously collected from customers for business viability.
7. The MHTEISTD should put in place controls to ensure that all records are updated for accountability purposes.

CHAPTER 1: INTRODUCTION

1.1 Background

The outbreak of the Covid-19 pandemic started with a report made on December 31, 2019 in the Chinese town of Wuhan in the Hubei Province where the first case was tested positive.

On March 20, 2020, the Zimbabwe National Reference Laboratory (ZNRL) at Sally Mugabe Central Hospital (Formerly Harare Central Hospital) confirmed that a suspected case of Corona Virus has tested positive. This triggered a reaction button to the highest office to respond to the possible health threat.

On March 27, 2020, the President of the Republic of Zimbabwe announced a total national lockdown across the country for 21 days as a response to the spread of the Covid-19 virus. In that announcement a number of restrictions were effected with the exception to those in the essential services such as health to continue to operate during the lockdown as guided by Statutory Instrument 82 of 2020 (Public Health (COVID-19 Prevention, Containment and Treatment) (Amendment) Regulations, 2020 (No. 1)) and SI 83 Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) Order, 2020.

When the President declared Covid-19 pandemic as a national disaster on the 27th of March 2020, the local health services had to move quickly to bring in appropriate policies and protocols. According to a report by the Tropical Health and Education Trust (THET) partnerships for global health dated September 15, 2020, there were discussions between the UK partners and local clinicians that identified lack of Personal Protective Equipment (PPE) as the key risk in fighting Covid-19.

In addition, Zimbabwe was faced with a national shortage of the materials needed to fight the corona virus according to The University World Africa News dated April 6, 2020.

In response to the declaration of the national disaster, Ministry of Finance and Economic Development availed seed money to the tune of ZWL\$33 000 000 to seven (7) universities that were involved in the production of PPEs and sanitizers through the MHTEISTD together with guidelines and regulations for the production of PPEs that included face masks and sanitisers. The universities involved in the production of PPEs are the UZ, BUSE, CUT, GZU, HIT, MSU and NUST.

On March 27, 2020 the MHTEISTD disbursed ZWL\$33 377 461 for the manufacture of respiratory masks and liquid sanitizers after instructing the institutions to submit production plans and budgets before the release of funds. Furthermore, on March 30, 2020 the MHTEISTD issued a circular requesting all its staff members to report for duty from April 1, 2020 until further notice.

The beneficiary universities responded by setting up SBUs to carry out production activities as instructed by the MHTEISTD. The institutions were to carry out the activities in part implementation of the Education 5.0 strategy. The MHESTED's **vision on Education 5.0** entails that graduates from Technical Educational Institutions should be equipped with skills that empower them to become innovative towards societal development through transformative science, technology and knowledge application that delivers goods and services.

The MHTEISTD has traditionally been focusing on three missions namely teaching, community service and research, equivalent to Education 3.0. However, in order to deliver a competitive, industrialised and modernised educational environment, the MHTEISTD adopted two additional missions which are Innovation and Industrialisation, effectively reorienting Education 3.0 to Education 5.0.

1.2 Audit Motivation

The audit was motivated by press reports about the funds that had been channelled by MoFED towards the production of PPEs and sanitizers by Universities through the MHTEISTD. The media had reported that the UZ and MSU had the capacity to produce masks and sanitizers.

The University World Africa News report dated April 6, 2020 highlighted that universities were to make personal protective equipment (PPE) to reduce a national shortage of the materials needed to fight the corona virus.

According to the Cabinet media briefing on the 9th meeting decision matrix on March 31, 2020, Cabinet proposed that hand sanitizers and face masks should be produced locally by pharmaceutical companies and institutions of higher learning.

The government decided to make use of universities because the universities had capacity in terms of knowledge and infrastructure. The government said that the UZ had the capacity to

produce 60,000 masks and 5 000 litres of sanitizers per day while MSU could produce 42 000 litres of sanitizer and 10,000 masks a month.

The Herald of May 23, 2020 also reported that **the Harare Institute of Technology's (HIT)** proactive approach was paying off with its wealth of trained engineering talent developing a mobile phone application that could allow users to report suspected Covid-19 cases and deaths.

The above events triggered the need by the Office to carry out a special audit to assess the management by the MHTEISTD of the projects on production of PPEs and sanitizers as to whether the funds were economically, effectively and efficiently utilised.

1.3 Funding

The University SBUs received a total funding of \$42 933 871. The funding was disbursed as shown in table 1.

Table 1: Funding/Seed money

Institution	Disbursement				
	1 st (ZWL\$)	2 nd (ZWL\$)	3 rd (ZWL\$)	4 th (ZWL\$)	Total (ZWL\$)
BUSE	413 590	837 860			1 251 450
CUT	383 280	2 000 000	1 402 720		3 786 000
GZU	1 000 000	65 860			1 065 860
HIT	929 580	856 033	2 000 000		3 785 613
MSU	3 448 571	4 568 360	731 640	548 880	9 297 451
NUST	1 515 777	950 400	250 000		2 716 177
UZ	8 934 140	8 202 500	3 894 680		21 031 320
TOTAL	\$16 624 938	\$17 481 013	\$8 279 040	\$548 880	\$42 933 871

Source: MHTEISTD SAP Print out/Disbursement reports

1.4 Audit Design

Audit Objective

The audit objective was to assess the MHTEISTD `s contribution in the fight against Covid-19 pandemic through the production of Covid-19 PPEs and sanitizers and also to verify whether the funds released to the MHTEISTD were economically, efficiently and effectively utilized.

Audit Scope

The audit covered the period March 31, 2020 to October 15, 2021. The geographic limit is Zimbabwe. The audit covered the MHTEISTD and all the seven (7) Universities that received seed money from the government.

Audit Questions and Audit Criteria

Audit criteria used in the audit were Circulars from the MoFED, MHTEISTD and management representations for the period under review.

Table 2: Audit Questions and Criteria

No.	Audit Question	Criteria
1.	Production of sanitizers and masks	
1.1	Are the SBUs carrying out production of Covid-19 PPEs and sanitizers to reduce a national shortage of the materials needed to fight the corona virus	According to a letter dated April 29, 2021, from the Secretary for MHTEISTD, a total amount of ZWL\$33 000 000 was availed to state Universities for the production of respiratory masks and sanitizers so as to reduce a national shortage of the materials needed to fight the corona virus.
1.1.1	To what extent are university SBUs growing out of Covid-19	The SBUs that the universities had started were first fruits of education 5.0 and were expected to grow beyond Covid-19 according to a circular dated April 29, 2020.
1.1.2	Did the MHTEISTD receive production plans before the release of seed capital	According to interviews with MHTEISTD management, it was a requirement that production plans/budgets were supposed to be submitted before the release of funds.
2.2	Monitoring and supervision of Covi-19 funds	
2.2.1	To what extent is the MHTEISTD monitoring the production of PPEs and sanitizers by SBUs?	According to a circular dated May 19, 2020 and interviews with the MHTEISTD management, the Ministry monitors the utilization of funds by SBUs through the use of internal audit department visits, submission of weekly and monthly reports

		and acquittals.
2.2.2	Are the products produced by SBUs being certified by the Standards Association of Zimbabwe?	According to a circular for funded projects for Covid-19 interventions from the MHTEISTD dated April 29, 2020, products being produced by SBUs are supposed to be certified by the SAZ as a guarantee for safety.
3.	Management of SBUs	
3.1	Did state universities manage to create special business units to carry out production of Covid-19 PPEs as required by the circular dated April 29, 2020?	According to a circular dated April 29, 2020 from the MHTEISTD, state universities were supposed to create special business units to carry out production of Covid-19 PPEs and sanitizers.
3.2	Did SBUs have project management structures with both technical and financial aspects?	According to a circular from the secretary for MHTEISTD dated April 29, 2020, state universities are required to put in place project management structures with both technical and financial aspects.
3.3	Did the SBUs have cash flow management frameworks in place?	According to a circular for funded projects for Covid-19 interventions from the secretary for MHTEISTD dated April 29, 2020, the universities are required to have a cash flow management framework in place.
3.4	Are the SBUs developing pricing models based on the pricing model developed by the UZ as guidance?	According to a circular for funded projects for Covid-19 interventions from the MHTEISTD dated April 29, 2020, state universities are required to develop pricing models based on the pricing model developed by the UZ as guidance.

1.5 Audit Methodology

The audit was carried out in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I used documentary review, interviews and inspections as methods of collecting data.

Documentary Review

Documentary review was done for all the seven (7) universities to gather information on the production of Covid-19 PPEs and sanitizers to assess utilisation of funds. **Annexure 1**

Interviews

Testimonial data was obtained through interviews. The interviews centred on day to day duties and responsibilities of the officers involved in the production of Covid-19 PPEs, the challenges faced and confirmation or corroboration of the data obtained from the documents reviewed. A detailed list of key personnel and stakeholders interviewed are on **Annexure 2**.

Physical Inspections

Inspected sanitizer and PPEs production plants to corroborate information obtained through documentary review and interviews.

1.6 Sampling

A total of seven (7) universities were audited. In the process of conducting my audit, I carried out physical inspections in four (4) universities while documentary review was done for all the seven (7) universities which were involved in the production of Covid-19 PPEs and sanitizers.

CHAPTER 2: SYSTEMS DESCRIPTION

2.0 Introduction:

This systems description outlines the roles and responsibilities of the key players or stakeholders in production of Covid-19 PPEs and sanitizers by the MHTEISTD through the Seven (7) Universities.

2.1 Roles and responsibilities of key players:

MHTEISTD

The MHTEISTD performed a supervisory role in the project on Covid-19 PPE and sanitizer production with the help of other players as listed below:

2.1.1 National Pharmaceutical Company (NatPharm)

NatPharm is the major customer to all the universities producing PPEs and sanitizers. NatPharm makes formal requests for supplies of PPEs, sanitisers and face masks to universities and the procurement is done according to government procurement procedures.

2.1.2 Ministry of Local Government, Public Works and National Housing (Department of Civil Protection)

The department provides logistical arrangements with Tongaat Hulett's to ensure availability of ethanol when required.

2.1.3 Standards Association of Zimbabwe (SAZ)

Due to the public health nature of the products being manufactured for Covid-19 interventions, SAZ independently batch certifies the products. The batch certificate attests that the batch meets the specifications and that the products have been manufactured in accordance with the required standards.

2.2 Process Description

2.2.1 Disbursement of Funds towards Production of PPEs and Sanitizers

The Ministry of Finance and Economic Development disbursed seed money to Universities through the MHTEISTD. The disbursements were done upon submission of consolidated budgets or production plans to the Ministry of Finance and Economic Development. According to a letter dated April 29, 2021, to the Secretary for MHTEISTD, a total amount of ZWL\$33 000 000 was availed to state Universities for the production of respiratory masks

and sanitizers so as to reduce a national shortage of the materials needed to fight the corona virus.

2.2.2 Regulations or Guidelines on the Use of Disbursed Covid-19 Funds

The MoFED and MHTEISTD issued the following circulars containing some of the regulations or guidelines on how the Covid-19 funds were to be utilised.

- **Budgets towards the manufacture of respiratory masks and liquid sanitizers to combat the spread of Covid-19. (Circular dated 27 March, 2020)**

The circular provides details on production budgets for 6 State Universities which submitted budgets towards the manufacture of respiratory masks and liquid sanitizers to combat the spread of Covid-19. The total budget amounted to ZWL \$33 377 460.75. The budgets had the production units and production cost per university.

- **Funded projects for Covid-19 interventions from the secretary for MHTEISTD (Circular dated April 29, 2020)**

The circular contains the regulations or directives on how the projects were going to operate which included, business model, quality of the products, payment modalities, pricing of products and production of financial statements.

- **Request for acquittals of the ZWL\$33 000 000 (Circulars dated April 29 and 30, 2020)**

These circulars were requesting for acquittals of the ZWL\$33 000 000 (seed money) from the MHTEISTD and State Universities respectively. Each of the state universities was required to prepare and submit an acquittal of the amount received to the MHTEISTD before May 8, 2020. The MHTEISTD would then prepare and submit a consolidated acquittal report of all the state universities to the MoFED.

According to the circular, acquittals were supposed to be supported by statements of profit and loss and other comprehensive income, statement of financial position, notes and statement of cash flows demonstrating production cycle, continuity and business sustainability.

- **Financial statements for Covid-19 project funded by Treasury (Circular dated May 19, 2020)**

This circular gave guidance as to what should accompany monthly reports to the MHTEISTD. They had templates for financial statements for Covid-19 project funded

by Treasury. These include statement of profit and loss and other comprehensive income, statement of financial position, notes and statement of cash flow.

- **PPEs and sanitizers logistical and procurement process (Circular referenced R/27/3 dated June 30, 2020)**

The circular sets out PPEs and sanitizers supply logistical issues from the institutions of Higher and Tertiary Education to NatPharm and procurement processes.

2.2.3 Special Business Units

The circular from the MHTEISTD dated April 29, 2020 required State Universities to form SBUs whose objective was for the production of Covid-19 materials. The SBUs were also required to put in place project management structures with both technical and financial aspects.

Operation of SBUs

Another circular issued by the MHTEISTD dated April 29, 2020 required SBUs to put in place a cash flow management frame work. The cash flow management frame work will help the SBUs to put in place policies or procedures to ensure that goods are invoiced on delivery and timeous collection of funds from customers. The UZ developed a pricing model which was to be used as a basis for the development of pricing models by other Universities.

Production of PPEs and Sanitizers

According to a circular from the MHTEISTD dated March 27, 2020, universities were required to submit budgets for the manufacture of personal protective equipment (PPE).

The **MHTEISTD's vision on Education 5.0 entails that graduates from Technical Educational** Institutions should be equipped with skills that empower them to become innovative towards societal development through transformative science, technology and knowledge application that delivers goods and services. Researches and designs prepared by students/lecturers were tested by the SBUs in line with the education 5.0. The State Universities were required to prepare and submit monthly production schedules that provided details on monthly productions per each SBU from April 2020 to October 2021.

Goods produced by SBUs were supposed to be priced in a way that ensures viability, business continuity as well as growing of the seed capital and the product prices should be affordable for the generality of the populace.

SAZ Certification

The products produced were required to be certified by the SAZ as a guarantee for safety and the certification would be valid for 12 months.

Furthermore, internally, the SBUs are to create a Quality Control department to ensure that quality aspects meet the necessary requirements (eg, legal, customer, internal/external standards), along with continuous maintenance and improvement of quality, record keeping, reporting, problem solving, and, ultimately, making sure a safe, high quality product is delivered to the customers by the University SBUs.

Quality Covid19 PPEs and sanitizers are the ones that are both safe and effective. Users and consumers will then have confidence in the SBUs products and will be more likely to buy them. If the products are not of good quality, potency may be compromised which could have long lasting effects and also the SBUs reputation may be damaged, lowering confidence in other products and decreasing sales.

2.2.4 Marketing

The SBUs are to put in place marketing departments responsible for marketing strategy, advertising, researching, promoting, conducting customer surveys, branding, public relations and creating of corporate style. In addition, the marketing departments for SBUs are to perform other functions, which include the following activities:

- **research customers' habits and needs,**
- **analysing customers' reaction to advertising,**
- identifying influential groups in market segments,
- getting feedback from target audience,
- managing relationships and budgets,
- **tracking competitors' activities,**
- conducting advertising campaigns,
- planning sales presentations,
- measuring effectiveness,
- developing product brands,
- forecasting and analysing sales,
- developing price strategy,
- planning for product and package designs, and
- managing online promotions.

Monitoring of Special Business Units.

A further circular issued by the MHTEISTD dated May 19, 2020 on templates for financial statements for Covid-19 funded projects and interviews with MHTEISTD management, revealed that the MHTEISTD should monitor the utilization of funds by Universities through submission of monthly production reports for PPEs and sanitizers. Furthermore, the MHTEISTD should carry out monitoring through visits by internal audit department. After the visits, the internal audit produces assessment reports on the operations of the SBUs.

CHAPTER 3: FINDINGS

This chapter details my findings on the audit of the Covid-19 support towards production of PPEs and sanitizers by the MHTEISTD. The findings are based on production of sanitisers and masks, monitoring and management of SBUs.

3.1 Production of Sanitizers and Masks

A letter dated April 29, 2020 from the MHTEISTD to state Universities indicated that, a total amount of ZWL\$42 933 871 was availed to the Universities for the production of PPEs, respiratory masks and sanitizers. The objective was to reduce a national shortage experienced since the outbreak of the corona virus. The SBUs produced 1 347 180 litres of sanitizers and 1 673 630 units of respiratory masks for the period April 2020 to October 2021. Table 3 shows the cumulative production figures for respiratory masks and sanitizers as at October 2021.

Table 3: Cumulative Production of Sanitizers and Masks

Institution	Sanitizer litres	Face mask units
University of Zimbabwe	426 200	394 125
Midlands State University	149 551	235 765
Chinhoyi University Technology	76 871	147 477
National University of Science and Technology	218 028	428 592
Harare Institute of Technology	244 400	0
Bindura University of Science Education	174 875	422 010
Great Zimbabwe University	57 255	45 661
TOTAL	1 347 180	1 673 630

Source: Cumulative production reports (28/10/2021)

3.1.1 Submission of Production Plans

The Ministry circular dated March 27, 2020 and interviews with MHTEISTD management revealed that it was a requirement that production budgets must be submitted before the release of funds. I noted that from the ZWL\$42 933 870 disbursed to universities, a total of ZWL\$33 377 460.75 had production budgets while production budgets for ZWL\$9 566 409 were not availed for audit.

From the information above, universities received more than what they had budgeted for. I was not availed with the budgets for the excess funds received.

This may have been caused by the lack of effective controls in the management of the approved budget and non-compliance with operational policies.

Management Response

A follow up will be made on the issue. All releases were made based on requests by institutions.

3.1.2 Product diversification by SBUs

According to a circular dated April 29, 2020, Universities were required to create SBUs and grow beyond Covid-19 in line with the requirements of the Education 5.0, which ensures putting theory into practice. All the Seven (7) Universities which benefited from the funds released, managed to create SBUs, which had started diversifying into the production of other products as evidence of growth beyond Covid-19. A review of production reports for the SBUs showed that institutions had started diversifying into the production of other products as shown in Table 4 below:

Table 4: Universities Production of Other Products as at 28/10/2021

Institution	Disinfectants Litres	Theatre Caps units	Aprons units	Overshoes units	Theatre Gowns units
UZ	368 313	160 000	184 871	128 226	16 112
MSU	149 533	-	-	-	238
CUT	1 414	-	-	65	55
NUST	152 000	-	-	-	-
HIT	74 890	-	-	-	-
BUSE	39 435	6 950	1 422	-	6 950
GZU	-	318	193	125	501
Total	785 585	167 268	186 486	128 416	23 856

Source: Cumulative production reports

SBUs were also producing detergents, school uniforms, sanitary bags, foot bath mats, bin liners, liquid hand wash, liquid soap, work suits, pine gel, theatre caps, gloves and overalls. This was done in order to ensure continuity of the SBUs beyond COVID-19.

Furthermore, my inspection of documents at all university SBUs visited, revealed that the institutions had introduced quality control units and marketing departments within the SBU structures for purposes of giving products a competitive edge. Interviews with management

further revealed that researches and designs prepared by university students/lecturers during the course of education would be channelled into the SBUs for testing and developing. Students on attachment could also be involved in the production of PPEs.

3.2 Monitoring and Supervision of Covid-19 Funds Utilization

According to the Circular dated May 19, 2020 from the MHTEISTD and interviews with the management revealed that the MHTEISTD monitors the utilization of funds by University SBUs. The MHTEISTD as part of its monitoring and supervision of the projects made use of the internal audit, submission of financial and production reports, acquittals and instigated product certification by SAZ.

3.2.1 Internal Control Systems

I noted that Internal Audit visited all the project sites once during the inception stages of the Covid-19 project, which was between April and May 2020. In view of the fact that these were new projects that required close monitoring, regular visits providing guidance in the use of funds and other controls were needed. My review of the internal audit reports revealed that at NUST there was no remuneration policy on payment of the SBU contract workers. Furthermore, Internal Audit revealed that the UZ, donated PPE to individuals and various organisations totalling ZWL 848 363. Documentation as to whether approval was sought before the donations were made was not availed for audit examination. At HIT, the Internal Audit reported that there was no inventory management system in place to manage stock of raw materials and finished goods as raw materials were not being recorded on receipting and issuing.

Management Response

Internal Audit audited the institutions' COVID 19 projects. However, the frequency and channel of the reports needed to follow best practices in Corporate Governance to avoid micromanaging. SBUs were established under universities and these have internal control systems to avoid micromanagement.

3.2.2 Submission of Financial and Production Reports

During my visit to the university SBUs, I noted that only UZ and MSU were preparing the monthly financial statements but they were not submitting them to the Ministry as required. HIT and NUST did not prepare the monthly financial statements. An interview with the management of the MHTEISTD revealed that no financial statements were submitted by the SBUs and there was no evidence to suggest that the Ministry made some follow-ups to the universities in this regard. Table 5 shows the details.

Table 5: Preparation of Monthly Financial Statements by Universities Visited

University	Preparation of Monthly Financial Statements	Submission of Financial Statements to MHTEISTD
UZ	Monthly Financial statements were prepared	Not submitted
HIT	No Monthly Financial statements were prepared	Not submitted
NUST	No Monthly financial statements were prepared	Not submitted
MSU	Incomplete Monthly financial statements prepared	Not submitted

Source: Interviews

Management Response

Observation is noted and acknowledged. However, production reports were later on furnished to Head Office. The financial statements are now being produced and maintained at the institutions. Universities are sending Annual Audited Financial Statements to the ministry, copies which are available for your verification.

3.2.3 Acquittals of Seed Money

According to circulars dated April 19, 30 and May 19, 2020, funds disbursed to universities were supposed to be acquitted, supported by cash flows demonstrating production cycle continuity and business sustainability. The universities were supposed to acquit to the MHTEISTD and the MHTEISTD was supposed to acquit the funds to the MoFED per institution.

My review of records at the institutions revealed that acquittals of seed money were sent to the MHTEISTD between May 2020 and December, 2020. However, the MHTEISTD could not avail the records. Management acknowledged through a management representation letter dated June 9, 2021, that they did not have the acquittals on file despite universities having sent them to the Ministry. This was caused by poor record keeping resulting in the MHTEISTD not assessing if the funds released had been fully used for the intended purpose. Therefore, there were no subsequent acquittals made by the MHTEISTD to the Ministry of Finance.

Management Response

The Ministry takes note of the observation. As indicated in your observation, the acquittals by institutions are now available. During that time, the Ministry was working with skeletal staff.

3.2.4 Certification by SAZ

The manufactured products were supposed to be inspected for quality and if they met standards, they were to be independently certified by the Standards Association of Zimbabwe (SAZ) and issued with a certificate. The inspection certificate is valid for a year.

I noted that SAZ certificates for UZ and NUST expired on April 26, 2021 and had not been renewed as at the date of audit (UZ-June 4, 2021 and NUST- October 8, 2021). However, HIT had a valid certificate for the production of hand sanitisers while MSU had an unsigned certificate which I could not ascertain its authenticity. This was caused by lack of monitoring by the MHTEISTD.

A product that has undergone testing and evaluation provides the assurance that the product will perform as indicated. Failure to comply with such regulations has negative consequences. The SBUs products may fail to gain market confidence.

Management Response

The observation is noted. Institutions were informed to comply with the important observation in their quest to save lives.

3.2.5 Assessment of Operations of Special Business Units

According to a circular for funded projects for Covid-19 interventions from the Secretary for MHTEISTD dated April 29, 2020, SBUs were supposed to operate on commercial basis.

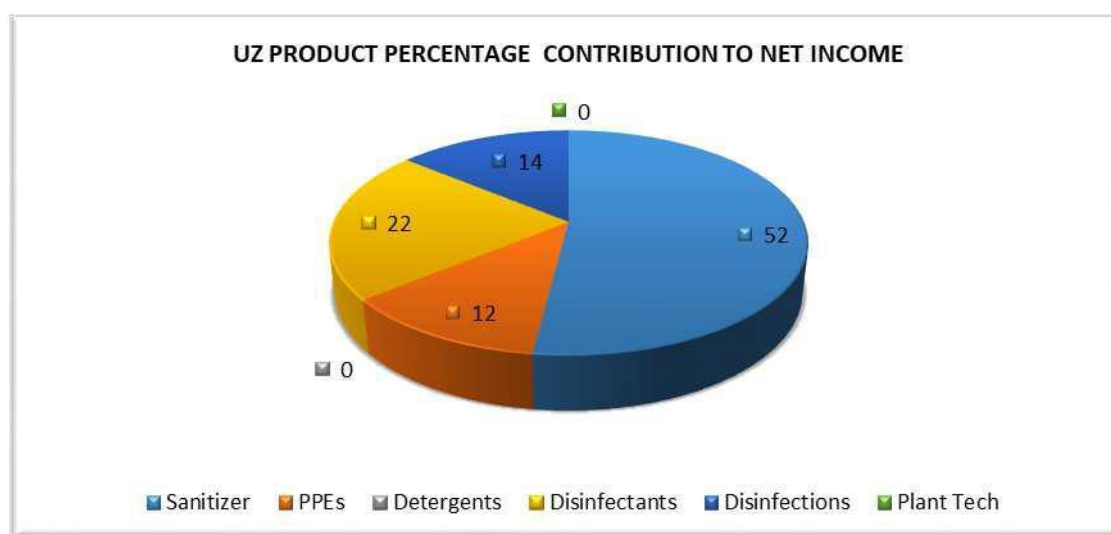
A review of submitted financial statements availed for audit revealed that only the UZ managed to prepare separate financial statements to determine profit or loss for the SBU. The other three universities SBUs submitted incomplete financial statements which did not include other expenditure items such as rates, electricity, water, selling and distribution expenses etc. My interview with MHTEISTD revealed that no follow ups had been made to ensure that a full set of financial statements had been submitted by all Universities SBUs.

Audit could not rely on the incomplete financial statements provided by the other three universities and this made it difficult to ascertain whether the institutions were making profits or losses. As a result of insufficient financial information from HIT, NUST and MSU the MHTEISTD could not measure performance of SBUs for financial prudence and business acumen in growing seed capital.

For the University of Zimbabwe, I observed through the review of the monthly financial statements for the period April 2020 to March 2021 that the Sanitiser and PPEs project managed to realise a profit of \$214 761 153. **The University's Sanitiser and PPEs projects** managed to have sales to capital employed ratio of 8.7 times. The ratio shows that the SBU was growing the seed capital since each dollar of capital employed was turned 8.7 times.

The Product Percentage contribution to total income for UZ is presented in a pie chart.

Pie chart: Product Percentage Contribution to Total Income



Source: Monthly Management reports January-April 2021.

More than 50% of the UZ total income was generated from the sale of sanitisers whilst detergents and plant tech were still at infancy stages and as a result, they had not yet made significant contributions.

Management Response

The observation is noted. However, those issues are now being incorporated in the financial statements which are now being produced to aid in decision making like evaluation of financial performance.

3.3 Management of Special Business Units

3.3.1 Project Management Structures with Required Skills

The universities are required to put in place project management structures with both technical and financial aspects.

A review of staff files and interviews with management of the SBUs visited revealed that all universities managed to come up with proposed management structures for the SBUs. However, proposed structures had not yet been approved by the MHTEISTD as at the date of audit, October 15, 2021. Staff for the visited SBUs were lecturers and students who worked on part time basis with the exception of MSU which had a structure that was completely devoted to the SBU but students would come and work or introduce their created products through the SBU. The universities were working towards the achievement of the education 5.0. Documentary review for staff establishment and academic profiles for SBUs revealed that the structures comprised of staff with technical and financial expertise.

Interviews with management from all the four SBUs visited revealed that the MHTEISTD was not clear on whether the universities should set up a separate department or a registered company for the production of sanitizers and masks. This was also noted through internal audit reports which were circulated to the management at the MHTEISTD. As a result, the SBUs were engaging part time lecturers to be staff members of the SBU.

This is despite the fact that the MHTEISTD`s internal audit presented reports on the 12th of August 2020 to (NUST), HIT on the 22nd of September, 2020 and UZ on the 25th of June 2020 alerting the Accounting Officer that the MHTEISTD should give a clear direction on types of companies that were supposed to be formed.

Management Response

Universities have internal structures that allow setting up of structures for executing their mandates. They came in to save lives as a matter of emergency. Community service is one of their mandates.

This is not consistent with the philosophy of education 5.0 The staff working at those SBUs are already fulltime staff of the institutions and are the originators of the innovations. During that time, people worked on shifts as the pandemic had to be checked. So there was no need for permanent staff, they were rotating.

Written guidance was given to the institutions for setting up of the business units and the structures alluded to in second paragraph were a response to the guidance by the Ministry that universities were to establish business structures for the SBUs operations. The institutions understood the guidelines put before them. It was a response to an emergency. Several lives were saved. There was need for fast

response to the pandemic. As such, while the structures were being put in place, there was need to save lives as the pandemic was then rampant.

3.3.2 Cash Flow Management Framework

The SBUs were required to put in place a cash flow management frame work. The frame work will help the SBUs to put in place policies or procedures to ensure that goods are invoiced on delivery and funds timeously collected from NatPharm (the biggest consumer) and other customers. However, management representations from all the four SBUs visited revealed that the frame work was not put in place. Management indicated that the projects were a response to a crisis hence the development of the cash flow management frame work was not considered urgent.

Management Response

The observation is noted and acknowledged. However, the circumstances that were prevailing led to institutions focusing on addressing the pandemic than cash management which was an anomaly as more effort was put towards saving lives.

Currently, these issues have since been addressed to enhance and assess the growing concern of these SBUs.

3.3.3 Pricing Model

The UZ developed a pricing model which was to be used as a basis for the development of the pricing models by other Universities. I observed that all the four SBUs visited managed to develop pricing models guided by the pricing model developed by the UZ. This evidenced effects of cooperation which resulted in a positive development within the institutions.

3.3.4 Sales and Marketing of Products

The universities are required to invoice goods upon delivery and timeously collect funds from the customers.

Documentary review of debtors schedules, invoices and debtors' age analysis and interviews

with management from the SBUs visited revealed that NatPharm and other customers were being invoiced on delivery. However, I observed that the collection of funds from the debtors was not being done timeously especially from NatPharm which was the largest customer. The total outstanding from NatPharm alone for all the four SBUs visited amounted to **ZWL\$226 065 388 (88%) out of the total debtors' figure of \$256 563 536. Table 6 shows the** breakdown of the total debtors outstanding as at the date of audit.

Table 6: Total Debtors for the Four SBUs Visited

University	Date of Audit	Amount Outstanding (ZWL)
Harare Institute of Technology	13/09/21	42 000 000
Midlands State University	15/10/21	34 550 220
National University of Science Technology	08/10/21	37 013 316
University of Zimbabwe	27/05/21	143 000 000
Total		\$256 563 536

Source: Debtors Schedules

However, all the four SBUs visited were making follow ups with NatPharm although follow ups with other customers were rarely done. The oldest debts were dating back to July 14, 2020.

The absence of cash flow management frame work in all the SBUs visited may have resulted in guidelines or policy on collection of funds from customers not being developed. This may have resulted in liquidity challenges for the SBUs and the uncollected money losses value if not available for use. Continued supply of products without receiving payment affects viability of the business.

Management Response

The observation is noted and acknowledged. However, institutions are now implementing these strategies and their revenue base has since increased as institutions are now offering so many services as they embark on implementation of Education 5.0.

3.3.5 Record keeping

A review of weekly production reports from the Universities SBUs and consolidated weekly reports from the MHTEISTD for the period under review revealed that from February 15 to May 31, 2021, HIT had a production report for sanitizers of 14 880 litres while the MHTEISTD had nil records for the same period. This reflects lack of follow ups by the MHTEISTD to ensure all production statistics are submitted to the Ministry by universities. Such anomalies result in misstatement of the consolidated production records.

Management Response

The observation is noted and acknowledged. However, the production reports were later on submitted.

CHAPTER 4: CONCLUSIONS

This chapter details general and specific conclusions to my audit.

4.1 General conclusion

The major objective of the government initiative in rolling out funding was to fight the spread of the Covid-19 through local production of the Covid-19 PPEs and sanitizers. It can be concluded that sanitisers and respiratory masks were produced by the SBUs as a way of contribution towards reducing PPEs and sanitizers imports and consequently reducing the shortage of the PPEs and sanitizers locally.

Furthermore, the MHTEISTD played a major role in ensuring that production was done by the relevant SBUs through putting in place the necessary policies and procedures in organising the operations and monitoring of the SBUs. All university SBUs had the required technical and financial expertise although most of them were part time lecturers and students **who helped to fulfil the Ministry's objective of ensuring the achievement of the Education 5.0** strategy in institutions of higher learning. The SBUs were also diversifying in order to ensure continuity beyond Covid-19.

However, the MHTEISTD did not effectively monitor the operations of the SBUs to ensure that set out policies and procedures were abided with to improve efficiencies and accountability.

4.2 Specific conclusions

The following are specific conclusions:

4.2.1 The MHTEISTD through universities was making contribution towards the fight of the pandemic. However, funds **disbursement to SBU's** were being done without production plans. For funds to be disbursed, there was need for submission of production plans showing what was to be done and at what cost. There was a risk that funds could be used for purposes other than production of sanitisers and masks.

In addition, universities went further to diversify their products range so that they could continue in business after Covid-19 in fulfilment of the guidance from the parent ministry.

4.2.2 Close monitoring of SBUs by the MHTEISTD was not being done and there were no regular visits by internal audit. This resulted in failure by SBUs to submit production

budgets/plans and financial reports. While production reports were being submitted to the MHTEISTD, updating of the production reports was not being done on time thereby affecting the assessment of performance of the SBUs.

4.2.3 Acquittals of the disbursed funds were not being submitted to the MoFED thereby not completing the accountability process.

4.2.4 Fifty percent of the SBUs visited had been operating with expired SAZ certificates. This then did not give assurances on the quality of products which is meant to safeguard the ultimate use and also assist the SBUs in improving processes through production of quality products.

4.2.5 All the Universities SBUs had proposed management structures but were not approved by the Ministry and as a result they were not fully implemented to ensure effective running of the businesses.

4.2.6 All the SBUs did not have a cash flow management framework in place and debt collection was compromised, thereby reducing cash flows. The collection of funds from the debtors was not being done timeously especially from NatPharm which was the largest customer.

4.2.7 The universities had pricing models developed and this helped them in assessing cost effectiveness.

CHAPTER 5: RECOMMENDATIONS

The following recommendations are aimed at improving how the Covid-19 funds are being used in the production of PPEs and sanitizers by the MHTEISTD.

5.1 Follow ups on Universities that did not submit production budgets/plans should be made by the Ministry so that the difference of ZWL\$9 566 409 would be reconciled and remedial action taken on time.

5.2 The Ministry should ensure regular visits through its internal audit as a monitoring tool in the event of new projects being implemented. These visits will assist management to assess the progress made by the SBUs. Follow ups to ensure SBUs submit their financial reports should be enhanced so as to assess their performance.

5.3 The Ministry should ensure that all acquittals from SBUs are consolidated and submitted to the MoFED so as to give a clear account on the funds released. This also works as evidence in the event that the SBUs need more funding.

5.4 Controls should be put in place to ensure that SAZ certificates for SBUs are renewed when due as this increases customer satisfaction and ensures safety to the users of the products.

5.5 Universities management should prioritise the authorisation of the project management structures so that there will be clearly defined roles and responsibility for those in the structures to enhance accountability.

5.6 Mechanisms should be put in place to ensure that SBUs prepare and implement a cash flow management framework. Policies and Procedures will also help to ensure that goods are invoiced on delivery and funds timeously collected from customers for business viability.

5.7 The MHTEISTD should put in place controls to ensure that all records are updated for accountability purposes.

ANNEXURES

ANNEXURE 1

Key Personnel Interviewed

Interviewee	Purpose
Vice and Pro vice chancellors	To have an in-depth understanding on the production of the PPEs and how the project was being run.
Project coordinator	To understand the processes involved in the production of PPEs and challenges faced in the implementation of the project.
Project manager	To understand how the production of PPEs and sanitizers was managed and challenges faced in the implementation of the project.
Bursar/Project accountants	To understand the cash flows involved in the production of PPEs and sanitizers and how the project was financially performing.
Project Accountants	To understand the cash flows involved in the production of PPEs and sanitizers and how the project was financially performing.
Marketing	Appreciating the challenges being faced by the products in the markets

ANNEXURE 2

Documents Reviewed

Treasury circular to the MHTEISTD	To ascertain how much was disbursed as seed money from the Ministry of Finance to the MHTEISTD
SAP print out	To ascertain how much was disbursed as seed money from the Ministry of Finance to the MHTEISTD
Production plans	To ascertain whether Universities submitted production plans before the release of funds.
Covid -19 Guidelines and Circulars	To ascertain whether there were any regulations or guidelines in place for the utilization of Covid-19 Funds
Weekly reports	To ascertain whether the MHTEISTD was monitoring the utilization of funds by Universities
Internal audit reports	To ascertain whether the MHTEISTD was monitoring the utilization of funds by Universities
Review acquittals	To verify whether acquittals were done and accompanied by the required documentation
Bank Statements	To ascertain seed money deposited into SBU Banking accounts
Financial Statements	To compare seed capital amounts received with revenue generated from the activities and to calculate return on capital employed.
Special Business Units organogram	To understand the management structure of the SBU and the relationships of the departments to each other, and the hierarchy of management.
Performance reports	To compare seed capital amounts received with revenue generated from the activities.
Inspect disbursement reports	To ascertain whether there is further funding or not.
SAZ certification reports	To ascertain SAZ certification for the products produced.