



VALUE FOR MONEY AUDIT REPORT

of the

AUDITOR-GENERAL

on the

MANAGEMENT OF SUB-CONTRACTED CMED (PRIVATE) LIMITED BUSES

by the

ZIMBABWE UNITED PASSENGER COMPANY (ZUPCO)



All communication should be addressed to:

The Auditor-General
P. O. Box CY 143, Causeway, Harare
Telephone 263-242-793611/3/4
Telegrams: AUDITOR
E-mail: oagzimbabwe263@gmail.com
Website: www.auditorgeneral.gov.zw



OFFICE OF THE AUDITOR-GENERAL

5th Floor, Pax House,
89 Kwame Nkrumah Avenue,
P.O.Box 981
Harare

Ref: 1/69/1738 VFM

Honourable Minister Daniel Garwe
Ministry of Local Government and Public Works

9th Floor
Makombe Building
Harare

November 14, 2025

Dear Sir/Madam

I hereby submit the Value for Money audit report on Management of Sub-Contracted CMED (Pvt) Ltd buses by Zimbabwe United Passenger Company in terms of Section 6(1)(b) of the Audit Office Act [Chapter 22:18]

Yours faithfully

R. Kujinga
ACTING AUDITOR-GENERAL



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GLOSSARY OF TERMS

Budget Tyres	Budget tyres are cheap tyres found in the market.
Defensive Driving Certificate	Is a document which certifies that an individual has completed a defensive driving course. This course equips drivers with skills to drive safely on the roads.
Government Authority License	Is an official license issued by government to authorise individuals to drive public vehicles on the roads.
Gross Domestic Product	It is the standard measure of the value created through the production of goods and services in a country during a certain period.
Management Representation	It is a written statement issued by management to the auditor as part of audit evidence.
Medical Tests Certificate	Is a certificate that confirms whether a public vehicle operator is medically fit to operate the vehicle safely.
Retarders	Are an auxiliary braking system which are used instead of service brakes.
Retest Certificate	Is a certificate issued after a driver has successfully completed a retesting process. This process involves a full competence test conducted by the Vehicle Inspectorate Department (VID), which assesses a driver's ability to operate a vehicle safely.
Urban Mass Transport System	It is the movement of people within urban areas using group travel means such as buses and trains.
Waybill	Is a document that is issued by the ZUPCO Dispatch officer to the conductor and it shows the opening and closing ticket numbers, number of trips done and fuel issued.

LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
CMED (Pvt) Ltd	Central Mechanical Equipment Department Private Limited
HIT	Harare Institute of Technology
ICT	Information and Communication Technology
IT	Information Technology
MIF	Mutapa Investment Fund
VID	Vehicle Inspectorate Department
ZNA	Zimbabwe National Army
ZUPCO	Zimbabwe United Passenger Company

EXECUTIVE SUMMARY

The value for money audit on the Management of sub-contracted Central Mechanical Equipment Department Private Limited (CMED (Pvt) Ltd) buses by Zimbabwe United Passenger Company (ZUPCO) was conducted to assess the extent to which ZUPCO managed to increase growth, improve efficiency and achieve disciplined resource allocation. ZUPCO is a road passenger transport Company with the mandate to provide safe, reliable, affordable and competitive passenger transport services in Zimbabwe. ZUPCO is a state-owned enterprise, wholly owned through the Mutapa Investment Fund (MIF) by the Government of Zimbabwe. MIF assumed ownership of ZUPCO through Statutory Instrument 156 of 2023 Section 19. ZUPCO used to be under the control of Ministry of Local Government and Public Works until September 22, 2023. It is incorporated under the Companies and other Business Entities Act [Chapter 24:31].

In 2018 the Company had a fleet of hundred (100) buses, seven (7) depots, and 365 employees. However, in 2019 the Government of Zimbabwe established the Urban Mass Transport System. ZUPCO increased its fleet by sub-contracting 432 buses from the CMED (Pvt) Ltd. Furthermore, ZUPCO's Strategic Plans for 2021 to 2023 and 2024 to 2025 had a value creation model which focused on increasing growth.

My audit was motivated by local media reports and observations on transport challenges being faced by the commuting public. According to The Herald newspaper of May 21, 2020, the Zimbabwe Republic Police (ZRP) noted an increase in the number of urban commuters who were being robbed after boarding illegal pirate taxis. These robberies were noted in Harare, Bulawayo and other major cities. The ZRP advised members of the public not to travel at night, and to avoid boarding private vehicles which are pirating.

In addition, during peak hour periods in Harare, there were long queues at key bus terminuses and along major trunk roads getting into and out of the city centre. Commuters were spending a lot of time to board a ZUPCO bus or omnibus. As a result, the country was losing productive hours, which had a ripple effect to the Gross Domestic Product (GDP). Also, school children were losing learning hours as a result of the delays. In addition, frustrated commuters tended to consider costly illegal and unsafe alternative mode of transport. This reduced the disposable incomes of individuals and households.

As a result, in 2019, the Government introduced the Urban Mass Transport System. The government imported over 450 buses from China and Belarus to help restore sanity in the public transport sector. Some of these buses were then sub-contracted to ZUPCO through CMED (Pvt) Ltd.

Summary of Findings

My audit revealed shortcomings in the management of sub-contracted buses by ZUPCO. The Company did not take the leasing opportunity to grow its own fleet. The main causes for not achieving growth were; revenue targets not achieved, cash flow challenges due to ineffective debt collection and not fully implementing the vehicle tracking system.

Furthermore, I noted that there was violation of the CMED (Pvt) Ltd lease contract by ZUPCO, buses and drivers had no certification and licencing and ZUPCO was not fully providing reliable passenger transport services to the public.

1 Fleet Growth

My audit noted that there were no new buses acquired by ZUPCO from the period it started leasing buses from CMED (Pvt) Ltd. This was contrary to the value creation model in the strategic plans of 2021 to 2023 and 2024 to 2025 which focused on ZUPCO increasing growth.

In 2018, the Company had its own fleet of hundred (100) operational buses before the commencement of the leasing arrangement. According to ZUPCO 432 buses were leased from CMED (Pvt) Ltd from 2019 under four (4) year lease arrangements. However, confirmations with ZUPCO depots revealed that they were 390 buses leased from CMED (Pvt) Ltd. The variance was not justified by the time of concluding the audit. Of the 390 buses leased from CMED (Pvt) Ltd, seventeen (17) buses were written off as a result of accidents as at October 8, 2024. The Company resuscitated twelve (12) buses of their own fleet from those which were non-functional.

ZUPCO's growth was mainly impacted by the following:

- Revenue targets not achieved,
- Bus hire system (credit control) and
- Vehicle tracking system not fully implemented.

1.1 Revenue Targets not Achieved

My audit noted that set revenue targets for the audit period January 2019 to October 30, 2024 were not met. On average, buses were achieving 76% of the set revenue target. In 2020 the highest target of 86% was achieved and the least was in 2019 with 71%. Whilst from January 2024 to October 30, 2024 revenue target attainment was 54%.

Furthermore, my audit noted that ZUPCO was not consistently setting revenue targets per bus across depots over the audit period. For instance, at Belvedere depot, no revenue targets were set for the month of June 2024, at Willowvale depot no revenue targets were set for the months of February and May 2024 and at Khambi depot no revenue targets were set for November 2019 and November 2023. Non setting of revenue targets may result in ZUPCO failing to monitor revenue performance.

Also, ZUPCO was setting similar revenue targets for buses plying urban, peri-urban, rural and intercity routes. For instance, in the month of August 2022 at Belvedere depot all buses had a target revenue of ZWL\$18 000 which was equivalent to US\$36 using the Reserve Bank of Zimbabwe (RBZ) average prevailing exchange rate of US\$1:ZWL\$495 for the month. As a result, a bus going to Kuwadzana had a similar set revenue target with buses going to Victoria Falls, Muzarabani and Domboshava. Setting similar revenue targets for different routes may lead to ZUPCO failing to effectively manage performance of different buses per route, that is matching route expenses and revenue collected.

My audit also revealed that ZUPCO was not adjusting revenue targets per bus to factor the impact of currency devaluation. For instance, at Belvedere depot revenue target for the month of January 2022 was set at ZWL\$18 000 per bus with the prevailing RBZ monthly exchange rate at an average of US\$1:ZWL\$111 and was not adjusted in the month of August 2022 when the prevailing average monthly exchange rate was at US\$1:ZWL\$493. This had an effect of ZUPCO failing to meet operational costs.

However, for the months when revenue targets were set, my audit noted that ZUPCO was either not meeting set revenue targets per bus or they were overachieving set revenue targets. For

instance, at Belvedere depot from ten (10) sampled buses for the months of April and May 2020, I noted that the depot attained revenue targets of 22% and 25% respectively. My audit also noted that ZUPCO was overachieving set revenue targets by an average of 500%. For instance, in August 2022 Belvedere depot exceeded set revenue target by 1 356%, Willowvale depot in January 2023 exceeded set revenue target by 592%, Kelvin depot in December 2022 exceeded set revenue target by 642% and Masvingo depot in February 2024 exceeded set revenue target by 1 133%. This was caused by issues raised in the preceding two (2) paragraphs of setting similar revenue targets and not adjusting revenue targets to factor the impact of currency devaluation.

The following factors contributed to ZUPCO not achieving revenue targets:

- Fleet unavailability,
- Ticketing challenges and
- Fuel shortages.

1.1.1 Fleet Unavailability

My audit noted that 53% of buses were not on the road for the fourteen (14) depots as at October 8, 2024. The number of buses on the road were less than the buses in the workshops. Chinhoyi depot had the highest percentage of available fleet, 68% and Chiredzi had the least, 27%. The constant fleet unavailability was mainly affected by;

- Buses staying long in workshops and
- Frequent repairs of buses.

1.1.1.1 Buses Staying Long in Workshops

Buses were staying an average of 547 days in the workshops whilst waiting to be repaired. As a result, ZUPCO lost an estimated revenue of US\$3 096 927 from March 23, 2021 to October 30, 2024. For instance, at the time of audit on September 16, 2024, bus number 594 had accumulated a total of 1 072 days in the workshop at Massbreed Msasa and was still awaiting a gearbox replacement. This resulted in an estimated revenue loss of US\$32 160. Bus number 1154 had the least number of days sixty-five (65) in the workshop and an estimated revenue of US\$10 335 was lost.

1.1.1.2 Frequent Repairs of Buses and Fitting of Tyres

Buses were frequently going to the workshops for repairs as a result of procurement of sub-standard tyres, and delays in servicing of buses.

Procurement of Sub-Standard Tyres

ZUPCO procured budget tyres for the CMED (Pvt) Ltd buses in the last quarter of 2020. According to CMED (Pvt) Ltd Engineering Service Report of 2021 these tyres gave a mileage ranging between 30 911km to 63 956km. However, according to interviews with CMED (Pvt) Ltd officials it was revealed that the mileage range was less than the expected cost-effective mileage of 80 000km and above per tyre. Also, through inspections, I noted that bus number 2206 was fitted with sub-standard tyres which had separated.

Delays in Servicing Buses

Inspections at ZUPCO's Belvedere and Masvingo workshops revealed that buses were exceeding the stipulated mileage before going for service. Bus number 2382 had exceeded the next service mileage by 6 244km, bus number 1292 exceeded by 35 458km and bus number 950 had exceeded by 1 858km. This had an impact on the efficiency of the buses as it increased wear and tear and durability.

1.1.2 Ticketing Challenges

The following were noted as ticketing challenges faced by ZUPCO:

1.1.2.1 Defects on Ticket Books

Audit noted that 241 ticket books were returned to suppliers as a result of misprints. The misprints were, duplicated serial numbers, omitted serial numbers and incorrectly captured fares. Of the 241 ticket books returned, 228 were for urban routes. As a result of defects on ticket books, there were 422 cases of thefts recorded relating to money collected from passengers.

1.1.2.2 Electronic Ticketing System Challenges

ZUPCO invested in electronic ticketing system and trained staff on its use so as to improve on the challenges faced with manual ticketing system. As at August 15, 2024, ZUPCO allocated 297 e-ticketing devices to buses. However, the available e-ticketing devices were not being issued when buses were dispatched to their respective routes. This increased the risk of revenue loss and inaccurate fare collection records. About 126 e-ticketing devices out of 297 were sent for repairs to Harare Institute of Technology (HIT) from October 19, 2023 to June 21, 2024. As a result, conductors resorted to using ticket books which led to cases of theft of money collected from passengers. The devices were sent for repairs mainly due to printing defects. The e-ticketing machines were acquired at a total cost of US\$118 800. Not having electronic ticketing machines may increase the risk of revenue fraud.

1.1.3 Fuel Shortages

I noted that buses were not being consistently dispatched to their routes as a result of fuel shortages. At Willowvale depot an average of nineteen (19) buses were not dispatched in the month of July 2024 as a result of fuel shortages. At Khami depot an average of fourteen (14) buses were not dispatched for the period February to July 2024 due to fuel shortages. At Masvingo depot an average of eight (8) buses were not dispatched for the period February 2024 to October 2024. The causes of fuel shortages were as follows:

- Procurement, allocation and distribution challenges,
- Fuel not accounted for at CMED (Pvt) Ltd workshops and
- Fuel tanks calibration.

1.1.3.1 Procurement, Allocation and Distribution Challenges

I noted that there were fuel discrepancies of 362 717 litres between the fuel invoices and goods received vouchers for the period 2021 to 2023 at Belvedere Depot. The invoiced fuel was higher than the received fuel. Reasons for the fuel discrepancies had not been given by the time of concluding the audit on October 30, 2024.

Furthermore, audit noted that ZUPCO depots, Belvedere, Willowvale, Khami, Kelvin and Masvingo were not receiving adequate fuel to operate smoothly. This was due to inadequate procurement of fuel for operations. For instance, Belvedere depot required a minimum of 180 000 litres per month. However, the depot received an average of 27 332 litres per month, which only sustained the depot's operations for five (5) days.

In addition, distribution of procured fuel to depots was not documented. Interviews with two (2) ZUPCO fuel stores personnel at Belvedere and Kelvin depots revealed that they were verbally informed of the fuel they were allocated by the fuel tanker driver.

1.1.3.2 Fuel not Accounted for at CMED (Pvt) Ltd Workshops

A review of the Reports at Masvingo depot revealed that fuel in the buses amounting to 560 litres was unaccounted for from buses while in the custody of CMED (Pvt) Ltd Masvingo after they had been sent for service. A police report was made in May 2024. At the time of audit, the matter was still under investigation under case number CR120/05/24.

Furthermore, a review of job cards at Belvedere and Chinhoyi depots revealed that fuel levels were supposed to be recorded when buses were inspected in or out of the workshops. However, my audit noted that fuel levels for buses were not being recorded consistently when inspected in or out of the workshops. In the absence of consistent recording of fuel levels information, it was difficult to ascertain whether fuel was fully accounted for following a breakdown or a bus going for service.

1.1.3.3 Fuel Tanks Calibration

ZUPCO did not have a standard procedure manual for calibration of fuel tanks. Fourteen (14) out of eighteen (18) fuel tanks had no evidence that they were calibrated. Calibration of fuel tanks enhances the accuracy of fuel being transported and stored. Non calibration of fuel tanks may compromise the accuracy of fuel being received and distributed. In addition, fuel may be abused.

Furthermore, my audit noted that buses leased from CMED (Pvt) Ltd had functioning speedometers and fuel consumption tests were being carried out regularly.

1.2 Bus Hire System (Credit Control)

ZUPCO was owed a total of ZWL\$ 67 417 904 507 for hiring out buses on credit to institutions and individuals as at July 31, 2024. Some of the amounts have been outstanding since 2019. In addition, ZUPCO continued to offer hiring services on credit to institutions that had not been consistently paying their debts. If the outstanding amounts were collected ZUPCO would have recapitalised and retooled its operations.

As a result of ineffective debt collection, ZUPCO had been failing to pay bus drivers and conductors in time. ZUPCO owed a total of US\$2 002 877 and ZWG\$4 927 680 as at October 30, 2024 to bus drivers and conductors.

1.3 Vehicle Tracking System

Vehicle tracking system plays a key role in monitoring bad driving behaviour and unethical practices. My audit noted that ZUPCO targeted to install tracking devices on all buses within the three-year strategic period 2021 to 2023. However, out of the 390 buses the Company managed

to install trackers on 245 buses (63%) and 145 buses (37%) were not installed. Also, I noted that 166 installed vehicle trackers had not been working for a range of four (4) to 730 days as at October 30, 2024. This was due to;

- Unavailability of an auto electrician at the control room to perform tracker fault checking, installation and removal of trackers from buses,
- Non subscription to network service provider (NetOne),
- Unavailability of control room assigned vehicle to attend to buses with trackers which could have developed faults and
- Absence of personnel responsible for the manning of the control room, tracker fault checking, installation and removal of trackers for Southern Division.

The total investment for the vehicle tracking system had not been provided by the time of concluding the audit.

2 Fulfillment of Contract

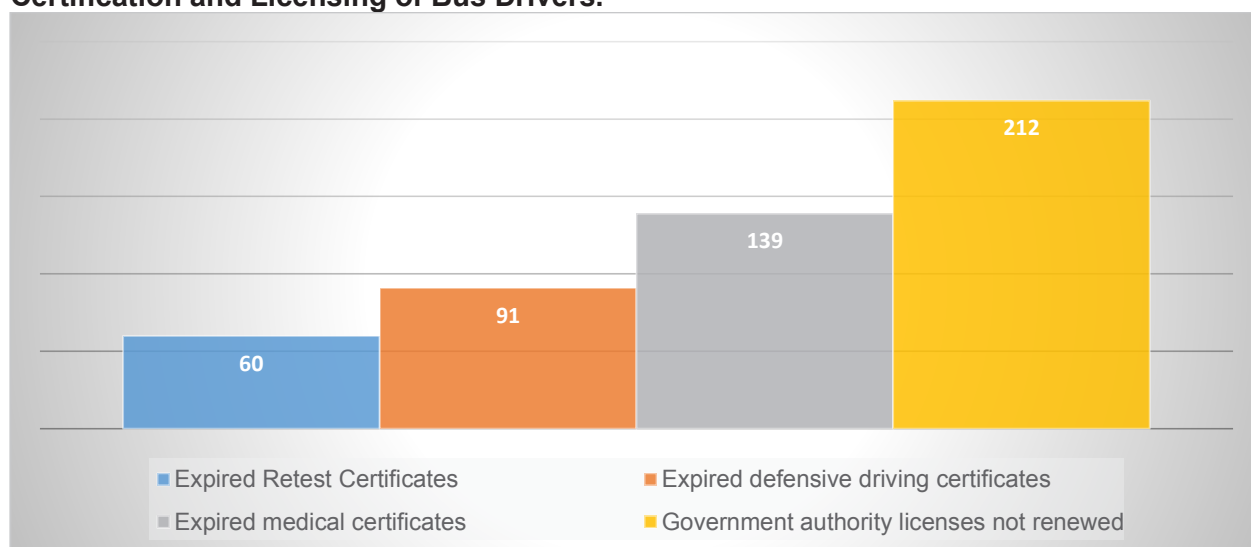
My audit noted that ZUPCO stopped on November 15, 2021 from making monthly payments to CMED (Pvt) Ltd for leased buses. As at March 31, 2024, ZUPCO owed a total amount of ZWL\$3 721 045 114. There was no reason given why payments had been stopped to CMED (Pvt) Ltd as required by the lease agreement. Delays to pay lease fees may result in buses being withdrawn.

Furthermore, ZUPCO was unofficially repairing and servicing the CMED (Pvt) Ltd buses contrary to the requirements of the lease agreement.

3 Certification and Licencing of Buses and Drivers

Drivers had not been renewing their certificates and licences on time. For instance, sixty (60) bus drivers had expired retest certificates, ninety-one (91) had expired defensive driving certificates, 139 had expired medical certificates and 212 drivers had not renewed their Government Authority (GA) licenses. Refer to graph below.

Certification and Licensing of Bus Drivers.



Twenty-six (26) buses were impounded by the VID for an average of thirty-five (35) days in various locations across the country for not having valid vehicle certificates of fitness. As at the time of audit on August 8, 2024, all the 390 buses had no valid certificates of fitness. CMED (Pvt) Ltd had not provided ZUPCO with copies of registration books which were supposed to be used to obtain certificates of fitness from VID. As a result, the Company lost an estimated revenue of US\$229 742 from June 6, 2024 to July 14, 2024 as a result of the twenty-six (26) buses that were impounded.

4 Customer Service Experience, Cleanliness and Reliability of ZUPCO Buses

My audit noted that ZUPCO was not consistently providing a reliable transport service to its customers. From the eighty-seven (87) questionnaires administered to passengers (intercity and rural) the following was noted:

- Fifty-four (54) (62%) out of eighty-seven (87) passengers had experienced a ZUPCO breakdown. Furthermore, from the fifty-four (54) passengers, sixteen (16) revealed that they had experienced a breakdown reaction time of more than five (5) hours. This was against a target reaction time to a breakdown (intercity and rural) of five (5) hours in accordance to the ZUPCO Strategic Plans 2021 to 2023 and 2024 to 2025.
- Sixty (60) (69%) out of eighty-seven (87) passengers responded that ZUPCO was providing inadequate buses in their respective areas, resulting in overloading of passengers in buses.
- Thirty-seven (37) (43%) out of eighty-seven (87) passengers revealed that ZUPCO was not reliable as it did not adhere to stipulated schedules. As a result, buses were not being provided to passengers every day.
- Thirty-eight (38) (44%) out of eighty-seven (87) passengers had no access to timetables for ZUPCO buses. Thirty (30) (34%) out of eighty-seven (87) passengers gave a rating of one (1) to three (3) against a total rating of five (5) on adherence to timetables by ZUPCO.

However, from the administered questionnaires, I noted that 99% of the passengers revealed that ZUPCO bus crews treated them with dignity and respect, 63% of passengers indicated that ZUPCO buses were kept clean and 99% of passengers felt safe to board a ZUPCO bus.

Recommendations

The following are the recommendations to ZUPCO which when considered may improve the operations and service delivery for the benefit of citizens.

5.1 In order to improve and sustain growth, ZUPCO should consider the following:

5.1.1 Improving achievement of revenue targets by:

- making sure that buses do not stay too long in the workshops through provision of service kits, spare parts and payment of service providers on time.
- adjusting set revenue targets in accordance with the prevailing economic environment. This will help ZUPCO in setting realistic revenue targets necessary for decision making.
- setting specific revenues per bus in accordance with the routes they are plying. This is necessary to give bus crew targets to achieve, to enable the buses to cover operating costs and remain viable.
- engaging CMED (Pvt) Ltd to obtain vehicle certificate licenses for buses under lease, so that operations are not disrupted due to non-compliance with laws and regulations.
- considering a more efficient system of procuring and distributing fuel to depots so that buses are not parked due to fuel shortages.
- ensuring that fuel levels are recorded when buses are inspected in and out of the workshops. This will ensure accountability by workshop personnel.
- use of reputable service providers for providing ticket books.
- enforcing use of e-ticketing devices on all buses dispatched for the purpose of real time revenue monitoring and manage leakages. Furthermore, by acquiring effective e-ticketing devices and training of conductors on their use, this will help the entity to be more effective on revenue collection and management.

5.1.2 ZUPCO should intensify debt collection. This will help improve cash flows which will go a long way in recapitalizing and retooling its operations and improve service delivery. Also, ZUPCO should reconsider whether hiring out buses on credit without receiving a deposit to buy fuel is sustainable. Furthermore, ZUPCO should develop a credit policy which provide guidelines on how to extend credit to customers. This will help in reducing debts.

5.1.3 ZUPCO should ensure that all buses are installed with vehicle trackers so that there is effective monitoring of buses. In addition, ZUPCO should capacitate the control unit with personnel and tools of trade (vehicles).

5.2 ZUPCO should renew expired contracts with CMED (Pvt) Ltd for leased buses and honour lease payments as per agreement to avoid litigation cases which may affect the provision of services to the citizens. In addition, ZUPCO should engage CMED (Pvt) Ltd so that ZUPCO can maintain the buses. This will help to improve the turnaround time for servicing and repairing of buses.

5.3 ZUPCO should design and implement a growth model that minimises costs and maximize revenues.

5.4 To capacitate staff, ZUPCO should train its staff across all departments to increase their competences and provide better services that may lead to increased customer satisfaction.

- 5.5** ZUPCO should develop and implement a comprehensive Standard Operating Procedure (SOP) Manual for the Calibration and Maintenance of Fuel Tanks across all its depots. This manual should clearly outline:
- Standard Time Intervals for initial and periodic calibrations for all types of fuel tanks (underground, overhead, and mobile tankers), in compliance with industry standards and manufacturer recommendations.
 - Maintenance requirements for each type of tank to ensure operational safety and fuel measurement accuracy.
 - Documentation protocols, including the requirement for dip charts, calibration certificates, and records indicating the last and next scheduled calibration dates.
 - Roles and responsibilities of personnel involved in fuel tank calibration and maintenance.
 - Monitoring and review mechanisms to ensure compliance and timely recalibration across all ZUPCO depots and maintain a centralized tracking system for calibration schedules to avoid recurrence of overdue calibrations and missing documentation.
 - In the interim, ZUPCO should conduct overdue calibrations at all depots identified in the audit (Belvedere, Khami, and Masvingo) and ensure that all tanks have an up-to-date calibration certificates and dip charts.
- 5.6** In a bid to manage breakdowns, ZUPCO should consider implementing the following:
- Procuring quality tyres that meet industry mileage standards (minimum 80 000 km), in line with CMED (Pvt) Ltd guidelines to improve vehicle performance.
 - Establish and strictly adhere to a preventive maintenance schedule to ensure timely servicing of buses and reduce unscheduled repairs.
 - Enhances its vehicle monitoring and maintenance tracking systems to detect and address recurring mechanical issues more proactively.
- 5.7** ZUPCO should ensure that buses are consistently provided to their routes as this will enhance service delivery. This will also ensure that ZUPCO does not lose customers to competitors.
- 5.8** ZUPCO should come up with time tables that they consistently adhere to in order to increase reliability. In addition, ZUPCO should periodically carry out customer surveys so as to timely address customer needs, concerns and compliment good drivers and conductors that would have been commended in the surveys.

CHAPTER 1: INTRODUCTION

1.1 Background

Zimbabwe United Passenger Company (ZUPCO) is a road passenger transport Company with the mandate to provide safe, reliable, affordable and competitive passenger transport services in Zimbabwe. ZUPCO is a state-owned enterprise, wholly owned by Government through the Mutapa Investment Fund (MIF). MIF assumed ownership of ZUPCO through Statutory Instrument 156 of 2023 Section 19. ZUPCO used to be under the control of Ministry of Local Government and Public Works until September 22, 2023. It is incorporated under the Companies and other Business Entities Act [Chapter 24:31].

Since inception on June 6, 1980 the Company's operations were concentrated in the country's urban areas until the promulgation of the deregulation exercise in 1992. The deregulation exercise led to ZUPCO losing its monopoly in provision of transport in urban areas to private players. This increased competition in urban areas leading ZUPCO to diversify into intercity, rural transport, cross border transport and bus hiring.

The Company had a fleet of hundred (100) buses in 2018. However, in 2019 the Government of Zimbabwe established the Urban Mass Transport System, which accelerated growth. ZUPCO increased its fleet by sub-contracting 432 buses from the Central Mechanical Equipment Department (CMED (Pvt) Ltd). CMED (Pvt) Ltd is a state-owned enterprise that provides and operate transport, plant and equipment hire services.

1.2 Motivation

ZUPCO has the mandate to provide modern, reliable, professional and competitive transport services countrywide. However, during peak hour periods in Harare, passengers are experiencing long queues at key bus terminuses and along major trunk roads getting into and out of the city centres. Commuters are spending an hour or more in order to board a ZUPCO bus or omnibus. According to The Herald newspaper of September 7, 2021, the country was losing productive hours, which had a ripple effect to the Gross Domestic Product (GDP). Also, school children were losing learning hours as a result of these delays. In addition, commuters resorted to costly illegal and unsafe alternative mode of transport thereby reducing their disposable incomes as individuals and households.

According to The Herald newspaper of May 21, 2020, the Zimbabwe Republic Police (ZRP) noted an increase in the number of urban commuters who were being robbed. These robberies had been noted in Harare, Bulawayo and other major cities. In the newspaper article the ZRP advised members of the public not to travel at night and to avoid boarding private vehicles. This meant that ZUPCO had to provide more buses to serve the commuters.

The Herald newspaper of November 2, 2020, stated that as part of its strategies to alleviate the challenges facing commuters, the government introduced the Urban Mass Transport System in 2019. This saw government through CMED (Pvt) Ltd importing over 450 buses from China and Belarus to help restore sanity in the public transport sector. Collectively the government acquired more than 1 000 buses from China which were being delivered in batches. Some of these buses were then sub-contracted to ZUPCO through CMED (Pvt) Ltd.

1.3 Organisational Structure

ZUPCO is governed by a Board of Directors comprising both executive and non-executive members. The day-to-day operations are led by the Chief Executive Officer (CEO), who reports to the Board. The CEO is supported by the Operations Director, Finance Director, ICT Manager, Procurement Manager, Chief Security Officer, and Human Resources Manager. The Company operates through two (2) regional divisions that is, Northern and Southern each headed by a Divisional Operations Manager. Refer to **Annexure A** for details.

1.4 Audit Design

The audit design outlines the audit objective, audit scope and audit questions and assessment criteria.

1.4.1 Audit Objective

To assess whether ZUPCO has managed to increase growth, improve efficiency and achieve disciplined resource allocation by managing sub-contracted buses.

1.4.2 Audit Scope

The audit focused on ZUPCO's management of sub-contracted buses, CMED (Pvt) Ltd buses, covering the period from January 2019 to October 31, 2024. The audit covered ZUPCO's two (2) divisions which were Northern and Southern.

1.4.3 Audit Questions and Assessment Criteria

A.Q.1. To what extent has ZUPCO managed to achieve growth?

A.C.1. According to the ZUPCO Strategic Plans (2021 to 2023 and 2024 to 2025) the value creation model for ZUPCO focuses on increasing growth.

A.Q.1.1. How is ZUPCO ensuring that set revenue targets for sub-contracted buses are being achieved?

A.C.1.1. According to ZUPCO's Strategic Plans (2021 to 2023 and 2024 to 2025), to meet its revenue targets, the Company intended to:

- use technology, for example, electronic payment methods,
- train its staff on use of the technology and
- implement planned maintenance programmes.

A.Q.1.1.1. To what extent are controls put in place by ZUPCO to reduce the risk of potential fraud and abuse of fuel?

A.C.1.1.1. According to the operations department procedure manual, the fuel issuer shall obtain waybills from crews, calculate trips completed, allocate fuel based on trips completed and sign off on the waybill. Also, the fuel control supervisor shall carryout fuel dips, ensure functionality of speedometers, and carryout fuel consumption tests.

A.Q.1.2. What action is being taken by ZUPCO to ensure that outstanding amounts are recovered from debtors?

A.C.1.2. According to the CEO's Quarterly Reports, ZUPCO shall continuously engage with debtors in order to recover outstanding amounts.

A.Q.1.3. To what extent has ZUPCO managed to implement the vehicle tracking system?

A.C.1.3. According to ZUPCO Strategic Plan, 2021 to 2023, the Company targeted to install tracking devices on all sub-contracted buses within the three (3) year strategic period.

A.Q.2. What are the implications of ZUPCO delaying to pay the monthly fees for sub-contracted buses?

A.C.2. According to the Lease Agreement with CMED (Pvt) Ltd, in the event that ZUPCO defaults, CMED (Pvt) Ltd is empowered through its Loss Control Unit, to impound the buses on lease to ZUPCO which are in default.

A.Q.3. To what extent is ZUPCO achieving its mandate of providing safe, reliable, affordable and competitive passenger transport services in Zimbabwe?

A.C.3. According to the ZUPCO Strategic Plans, 2021 to 2023 and 2024 to 2025, the Company's vision is to provide a modern, professional, reliable and competitive transport services.

1.5 Audit Methodology

My audit was conducted as per the International Standards for Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI). These standards require that the audit is planned and performed to obtain sufficient and appropriate audit evidence that provides a reasonable basis for the findings and conclusions based on the audit objectives.

My audit used the following methods of data collection:

1.5.1 Documentary review

Documentary review was done to gather information on the operations, processes, procedures and policies related to how ZUPCO was managing the sub-contracted buses. Refer to **Annexure B** for documents reviewed.

1.5.2 Interviews

Interviews were carried out with officials from Ministry of Local Government and Public Works, MIF, ZUPCO, CMED (Pvt) Ltd, key stakeholders and Local Authorities during the audit to gather information as well as corroborate information obtained from documentary reviews. Refer to **Annexure C** for the list of stakeholders interviewed.

1.5.3 Inspections

Inspections were done on the physical conditions of the buses at CMED (Pvt) Ltd three (3) workshops and ZUPCO's five (5) depots.

1.5.4 Questionnaires

I administered eighty-seven (87) questionnaires to ZUPCO passengers, to assess their satisfaction with the services provided by ZUPCO. Refer to **Annexure D** for the questionnaire administered. Questionnaires were administered at Mbare Musika bus terminus in Harare seventeen (17), Renkin nineteen (19) and Entumbane nineteen (19) bus terminuses in Bulawayo and Metro Peech twenty-two (22) and Chicken Inn ten (10) bus terminuses in Masvingo.

1.5.5 Sampling

I visited a total of five (5) out of fourteen (14) depots under the Northern and Southern Divisions. In the Northern division, I visited two (2) depots namely Belvedere and Willowvale in Harare. In the Southern Division, two (2) depots were visited in Bulawayo, Khami and Kelvin depots and one (1) in Masvingo. Refer to Table 1 for more details.

Table 1: Sampled Depots.

Division	Sampled Depots	Justification
Northern Division	Belvedere and Willowvale	Belvedere depot is where the Head Office of ZUPCO is located, hence was able to get an overview of the overall operations of ZUPCO. Willowvale depot is the largest depot.
Southern Division	Khami, Kelvin, and Masvingo	Bulawayo is the second largest city and it has two depots which are Khami and Kelvin. Masvingo depot is located in the City of Masvingo which is at the heart of the country where it links with major cities and towns like Mutare, Bulawayo, Chiredzi, Gweru, Kwekwe, Harare, Zvishavane, Chipinge, Chivhu and Beitbridge.

CHAPTER 2: DESCRIPTION OF THE AUDIT AREA

2.1 Mandate

The mandate of ZUPCO as outlined in the Strategic Plans (2021 to 2023 and 2024 to 2025) is to provide safe, reliable, affordable and competitive passenger transport services in Zimbabwe.

2.1.1 Vision

“A provider of modern, professional, reliable and competitive transport services by 2030.”

2.1.2 Mission

“To provide professional, safe, reliable and competitive transport services that contribute to the economic development of the country.”

2.1.3 Goals

The goals of ZUPCO are as follows:

- Improved corporate governance and institutional framework,
- Improved public transportation and
- Improved passenger safety.

2.2 Roles and Responsibilities of Key Players

2.2.1 Zimbabwe United Passenger Company

According to ZUPCO’s Strategic plans, 2021 to 2023 and 2024 to 2025, ZUPCO’s functions are to provide safe, competitive and reliable urban, rural, inter-city and cross border transport services in contribution to the socio-economic development of the country. In order to perform its roles ZUPCO has the following key functional departments;

Operations Department

Provides the following services:

- Fleet operations management,
- Fleet deployment and routes coverage and
- Servicing and maintenance of fleet.

Finance Department

Provides the following services:

- Financial Management,
- Financial Reporting and
- Resource mobilization.

Information Technology Department

Provides the following services:

- Plan, build and implement effective network communication systems that enhance the Company's operations,
- Formulate, implement and continuously review Information and Communication Technology (ICT) strategies that are supportive to the Company's mandate and
- Develop ICT policies and administer Information Technology (IT) security.

Procurement Department

Provides the following services:

- Procurement of goods and services and
- Contract management.

Risk and Loss Control Department

Its roles are to identify, measure exposure to risk and prevent assets of the organization from misuse or theft for the successful continuation of operations.

Human Resources Department

Provides the following services:

- Recruitment of capable and committed human capital,
- Performance management,
- Reward management and
- Training and development of personnel.

Legal Services Department

Provide legal advisory, contract drafting or reviewing, litigation and guidance to the board and committees on matters of ethics and good corporate governance.

2.2.2 Mutapa Investment Fund

The roles of the Fund in relation to ZUPCO's operations are to:

- Appoint board members for ZUPCO,
- Secure investments for the benefit of ZUPCO and
- Facilitate for synergies with other key stakeholders.

2.2.3 Ministry of Local Government and Public Works

The roles of the Ministry with regards to ZUPCO operations are to:

- Formulate and monitor the implementation of Policy,
- Facilitates importation of buses and procurement of fuel and
- Facilitate for synergies with other key stakeholders.

2.2.4 Central Mechanical Equipment Department

Its core functions are the provision of the following services:

- Hire out buses to ZUPCO at specified rates,
- Maintenance and servicing of buses and
- Training and certification of ZUPCO bus drivers.

2.2.5 Harare Institute of Technology (HIT)

HIT undertakes to supply and implement the Urban Transport Management System. The system includes the following services:

- Provision of an electronic ticketing system,
- Provision of a fully functional bus tracking system,
- Provide an analysis system for revenue received,
- Provision of a fuel management system for all ZUPCO fuelling points,
- Provision of an intercity fleet management system and
- Provision of support services for the management of the digitalized urban transport management system.

2.3 Process Description

The following are key processes critical in the management of sub-contracted transport services as per ZUPCO's strategic plans 2021 to 2023 and 2024 to 2025, procedure manuals and contracts with CMED (Pvt) Ltd:

- Sub-contracted transport services,
- Revenue cycle process,
- Fuel management and
- Transport management system.

2.3.1. Sub-Contracted Transport Services

2.3.1.1. Lease of Buses from Central Mechanical Equipment Department Private Limited

Term of Lease

ZUPCO entered into a lease agreement with CMED (Pvt) Ltd for the Hire of Buses for a period of four (4) years, starting from date of deployment. The agreement has an option for renewal by both parties by mutual consent. The parties agree that any bus which in the CMED (Pvt) Ltd opinion, requires to be replaced at the end of the lease period for any reason shall be so replaced or removed from the schedule of buses leased by ZUPCO. In the case of such replacement or removal, the lease shall expire with respect to that bus.

Payment

The agreement states that ZUPCO shall pay for the hire services offered to it by the CMED (Pvt) Ltd at a rate of 2.5% of total monthly revenue per bus.

Default

Where ZUPCO is in default of payment, CMED (Pvt) Ltd is empowered through its Loss Control Unit to impound the particular buses on lease to ZUPCO. ZUPCO shall be liable to pay all costs such as legal fees on an attorney client scale, which the CMED (Pvt) Ltd may incur in exercising any of its rights or remedies herein or enforcing any of the terms, conditions or provisions hereof. ZUPCO shall pay a 5% interest on all overdue accounts.

Maintenance and Servicing

With regards to maintenance and servicing, ZUPCO shall be responsible for the cost and payment of the normal servicing of the buses as recommended by the manufacturer. ZUPCO shall ensure that the buses are serviced on due date, repaired and maintained in good working order and condition. Such service, repairs and maintenance may only be done by CMED (Pvt) Ltd.

Accident/Incident Damages

The agreement states that ZUPCO shall pay for all the damages to the buses caused by fire and or theft, occasioned by the negligence of its employees. All costs incurred by CMED (Pvt) Ltd resulting from incidences and accidents are recoverable from ZUPCO in full. In the event that CMED (Pvt) Ltd allows ZUPCO to use an uninsured bus for whatsoever reason, ZUPCO shall be solely responsible for damages caused to the bus.

Use of Buses

ZUPCO shall use the buses for transportation of passengers only, unless the prior written consent of CMED (Pvt) Ltd is first obtained. ZUPCO shall ensure that the use of the buses is not in violation of any statute, ordinance, municipal or other laws applicable to the operation of buses.

ZUPCO shall ensure that the buses are driven by their licensed drivers, who are government authorized. ZUPCO shall ensure that all its drivers are certified by CMED (Pvt) Ltd which will recruit, train and certify the drivers prior to them executing any duties as drivers in respect of the buses so hired by ZUPCO.

ZUPCO is prohibited from overloading the buses, all luggage shall be stored in the luggage compartments at all times. ZUPCO shall not be allowed to carry passengers who will ride the bus while occupying places not designated for passengers.

Waivers

The failure of either party in any one or more instances to insist upon the performance of any of the terms or conditions of this lease or to exercise any right or privilege conferred in this agreement or the waiver of any breach of any of the terms or conditions of this agreement shall not be construed as thereafter waiving any such terms, conditions, rights or privileges but the same shall continue in full force and effect the same as if no such forbearance or waiver had occurred.

2.3.2 Revenue Cycle

The revenue cycle process is described in Table 2 below.

Table 2: Revenue Cycle Process.

Steps	Process	Responsibility
1	Issue of pre-numbered waybills, ticket book and e-ticketing device to conductor.	Ticket Office Clerk
2	Upon completion of a trip, conductor hands over ticket book, waybill and e-ticketing device to ticket office clerk.	Conductor
	Ticket office clerk verifies the ticket book, waybill and e-ticketing device serials with dispatch sheet for that particular day/period.	Ticket Office Clerk
	Ticket office clerk hands over the ticket book and waybill to cashier.	
	Cashier collects waybill and ticket book from ticket office, reconciles cash, Ecocash and e-ticketing system to the value of tickets issued/sold.	Cashier
	Conductor hands over cash and cash paying slip to cashier. The cashier issues a receipt detailing the breakdown of cash and an amount on the e-ticketing system for that particular tap machine for the day. Cashier signs on the waybill (signature and works number).	Cashier
	Cashier then records the waybill on cash record sheet and forward the record sheet with the respective waybills for prior day, grouped for the depot to analysis office.	Cashier
3	Analysis clerk verifies tickets in each ticket book to respective waybill, Ecocash statement and e-ticketing system and then records total revenue generated.	Analysis Clerk
	Ticket books are analyzed before they are reissued again.	
4	Revenue from ticket books used the previous day are summed up to come up with daily revenue for the depot.	Analysis Supervisor
5	Daily revenues are recorded in the revenue book to come up with monthly revenue for depot and are forwarded to the finance department.	Analysis Supervisor
6	Depot manager should review the revenue book before it is handed over to accounts for preparation of monthly reports.	Depot Manager
7	Posting of revenues into the SAGE Pastel accounting system.	Accounts Clerk
8	Checking of revenue journal and updating into system.	Accountant

Source: ZUPCO Accounting Policies and Procedures Manual.

2.3.3 Fuel Management System

The fuel management system is described in Table 3 below.

Table 3: Fuel Management System.

Steps	Process	Responsibility
1	Obtain way bills from crews and then calculate trips completed by the bus using the fuel calculation dashboard.	Fuel Issuer
2	Allocate fuel based on trips completed by the bus and expected trips to be completed. Endorse fuel allocated on the waybill and sign for the same.	Fuel Issuer Fuel Issuer
3	Ensure that speedometers are always functional.	Driver/Fuel Issuer/Fuel Control Supervisor Fuel Issuer
4	Carry out fuel consumption tests on each bus to ascertain efficiency and or consumption rate. Engage risk personnel and investigate any variation from the standard fuel consumption rate to ascertain the cause.	Fuel Issuer/Fuel Control Supervisor Fuel Control Supervisor
5	Produce and submit report for fuel allocated versus consumed by the buses daily.	Fuel Control Supervisor

Source: *ZUPCO Operations Department Procedure Manual.*

2.3.4 Transport Management System

ZUPCO entered into a contract for Supply and Implementation of Urban Transport Management System with HIT on August 1, 2020. The contract stipulates that HIT shall provide the urban transport management system and shall be offered in the form of design, deployment and maintenance. The system includes the following services:

- Provision of a fully functional bus tracking system,
- Provision of a e-ticketing system,
- Provide an analysis system for revenue received,
- Provision of an intercity fleet management system and
- Provision of support services for the management of the digitalized urban transport management system.

The contract states that ZUPCO shall pay 5% of total revenue generated from the transportation of passengers.¹

¹ Service Agreement by and Between ZUPCO and HIT Concerning Supply and Implementation of Urban Transport Management System.

CHAPTER 3: FINDINGS

This Chapter details the findings on management of sub-contracted CMED (Pvt) Ltd buses by ZUPCO. The findings are focused on the audit objectives as presented in Section 1.4.1 of Chapter 1. The audit findings are presented below:

3.1 Fleet Growth

My audit noted that there were no new buses acquired by ZUPCO from the period it started leasing buses from CMED (Pvt) Ltd. This was contrary to the value creation model in the strategic plans of 2021 to 2023 and 2024 to 2025 which focused on ZUPCO increasing growth.

My review of ZUPCO strategic plans 2021 to 2023 and 2024 to 2025, revealed that the Company had a fleet of one hundred (100) operational buses in 2018 before the commencement of the leasing arrangement in 2019. According to ZUPCO 432 buses were leased from CMED (Pvt) Ltd from 2019 under a four (4) year lease arrangement. However, review of consolidated correspondences from depots revealed that they were 390 buses leased from CMED (Pvt) Ltd. The reasons for the variance were not provided by the time of concluding the audit. Out of the 390 buses leased from CMED (Pvt) Ltd seventeen (17) buses were written off as a result of accidents which occurred between 2019 and October 30, 2024.

ZUPCO resuscitated twelve (12) buses from their own fleet to increase the number of operational buses to 112 between 2019 to 2023². However, from January to October 30, 2024 no further resuscitation was done.

Management Response

The procuring of new buses for ZUPCO started in 2024 and is now in its final stage.

The number of buses commissioned under the CMED (Pvt) Ltd lease was 432. The list of buses under ZUPCO operations schedule was 411 instead of the 390. There was an omission of twenty-one (21) buses as per the list provided below.

Fleet number	Fleet number	Fleet number
GD 1258	GD 1868	GD 2512
GD 1268	GD 1874	GD 1058
GD 1328	GD 994	GD 2154
GD 538	GD 2220	GD 1322
GD 744	GD 516	GD 2158
GD 928	GD 1160	GD 2264
GD 934	GD 1278	GD 2248

The remaining twenty-one (21) buses are on special assignments to other government institutions under Corporate Social Responsibility.

² ZUPCO Bus Resuscitation Project-Blue Bus Resuscitation Report 2023.

Evaluation of Management's Response

The management response has been noted. However, the records at the depots only indicated 390 buses on their schedules at the time of audit excluding the 21 buses send for corporate social responsibility in government institutions.

ZUPCO's growth was impacted by the following;

- Revenue targets not achieved,
- Bus hire system (credit control) and
- Vehicle tracking system not fully implemented.

3.1.1 Revenue Targets not Achieved

My audit noted that ZUPCO was not achieving set revenue targets for the audit period January 2019 to October 30, 2024. On average, buses were achieving 76% of the set revenue targets. In 2020 the highest target of 86% was attained and the least was in 2019 with 71%. From January 2024 to October 30, 2024 revenue target attainment was 54%. Refer to Table 4 below for more details. Furthermore, audit noted that the set targets were not adequate to facilitate growth as explained in paragraphs two (2), three (3) and four (4) below.

Table 4: Revenue Target Attainment.

Year	Currency	Target	Actual	Variance	Target Attainment %
2019	ZWL\$	36 847 423	26 319 588	10 527 835	71
2020	ZWL\$	565 669 915	485 362 159	80 307 756	86
2021	ZWL\$	3 532 175 649	2 792 233 715	739 941 934	79
2022	ZWL\$	11 968 884 354	9 652 326 092	2 316 558 262	81
2023	ZWL\$	54 310 903 286	45 639 414 526	8 671 488 760	84
2024	US\$	37 625 516	20 158 276	17 467 240	54
Average Revenue					76

Source: Revenue targets and collections from Head Office (2019 to October 30, 2024).

ZUPCO was not consistently setting revenue targets per bus across depots. For instance, At Belvedere depot, no revenue targets were set for the month of June 2024, at Willowvale depot no revenue targets were set for the months of February and May 2024 and at Khami depot no revenue targets were set for November 2019 and November 2023.

According to ZUPCO officials the following formula was used in determining revenue target per bus:

Bus Sitting Capacity X 2 X Bus Fare X Number of Trips X Expected Target Attainment Percentage = Target Revenue per Bus.

My audit noted that ZUPCO was setting similar revenue targets for buses plying urban, peri urban, rural and intercity routes. For instance, in the month of August 2022 at Belvedere depot all buses had a target revenue of ZWL\$18 000 which was equivalent to US\$36 using the Reserve Bank of Zimbabwe (RBZ) average prevailing exchange rate of US\$1:ZWL\$495 for the month. As a result, a bus going to Kuwadzana had a similar set revenue target with buses going to Victoria Falls, Muzarabani and Domboshava. This was also observed at Willowvale and Khami depots where

similar revenue targets were set for all buses at the depots going different routes. Refer to Table 5 below for more details.

Table 5: Similar Revenue Targets Set for Buses Plying Different Routes.

Depot	Month and year	Revenue target ZWL\$
Belvedere	August, 2022	18 000
Willowvale	May, 2022	34 000
	August, 2022	70 000
	January, 2023	120 000
	March, 2023	120 000
Khami	December, 2019	2 000
	December, 2021	35 000

Source: Revenue analysis sheets (2019 to October 2024).

It was also noted that ZUPCO was not adjusting revenue targets per bus to factor the impact of currency devaluation. For instance, at Belvedere depot revenue target for the month of January 2022 was set at ZWL\$18 000 per bus. The prevailing RBZ monthly exchange rate was at an average of US\$1:ZWL\$111. The targets were not adjusted in the month of August 2022 when the prevailing average monthly exchange rate was at US\$1:ZWL\$493.

ZUPCO was either not meeting set revenue targets per bus or was overachieving set revenue targets. For instance, at Belvedere depot ten (10) buses attained revenue targets of 22% and 25% for the months of April and May 2020. In August 2022 Belvedere depot exceeded set revenue target by 1 356%, Willowvale depot in January 2023 exceeded set revenue target by 592%, Kelvin depot in December 2022 exceeded set revenue target by 642% and Masvingo depot in May 2024 exceeded set revenue target by 1 133%. Revenue analysis sheets for Belvedere and Masvingo depots for the year 2019 were not availed and also for Willowvale depot for 2019 to 2022.

The following factors contributed to ZUPCO not achieving revenue targets;

- Fleet unavailability,
- Ticketing challenges and
- Fuel shortages.

Management Response

Achievement of revenue targets during this period proved to be challenging due to a number of factors:

During the period audited ZUPCO was using fares prescribed in urban areas by the Ministry of Local Government and Public Works. The fares were reduced through circulars, for instance a circular on May 20, 2019 reduced fares by 50%, As a result making target attainment difficult.

After COVID-19 the lifting of travel restrictions brought disorder at all bus ranks across the country as ZUPCO was no longer afforded specific loading bays. Up to now ZUPCO has no loading bays in urban areas.

ZUPCO also had to cover the cost of hires made to other organisations which were not paying on time. The buses were deployed for an average of four (4) days per hire which also made it hard for target attainment.

3.1.1.1 Fleet Unavailability

Audit noted that a number of buses on the road were less than those in the workshops. As at October 8, 2024, 206 (53%) buses were in the workshops. Chinhoyi depot had the highest percentage of available fleet (68%) and Chiredzi had the least (27%) Refer to Table 6 for more details.

Table 6: Fleet Distribution and Availability List by Depots as at October 08, 2024.

Depot	Total buses	Buses under workshop	Buses on the road	Fleet availability as a %
Beitbridge	7	4	3	43%
Belvedere	51	27	24	47%
Chinhoyi	19	6	13	68%
Chiredzi	15	11	4	27%
Chitungwiza	32	16	16	50%
Gweru	23	12	11	48%
Hoodroad	19	9	10	53%
Hwange	10	7	3	30%
Kelvin	18	10	8	44%
Khami	54	32	22	41%
Kwekwe	40	29	11	28%
Masvingo	27	11	16	59%
Mutare	26	14	12	46%
Willowvale	49	18	31	63%
TOTAL	390	206	184	47%

Source: Consolidated Correspondences from Northern and Southern Divisions October 8, 2024.

In addition, I noted that buses were not being dispatched regularly to their respective routes due to buses staying long in the workshops, frequent breakdown of buses, buses without certificates of fitness and buses not being dispatched due to fuel shortages. At four (4) depots buses were being dispatched on an average of fifteen (15) days per month. For more details, refer to Table 7.

Table 7: Average Number of Days Buses were Dispatched per Month.

Depot	Number of buses sampled	Average number of days buses were dispatched per month
Belvedere	10	18
Willowvale	6	14
Khami	8	10
Masvingo	6	18
Average		15

Source: Revenue analysis sheets (2019 to October 2024).

Management Response

Fleet availability was and is still being impacted heavily by inadequate working capital for servicing and repairs of the buses. During the period under review the ZUPCO had hired buses to the Ministry of Local Government and Public Works which was not paying on

time. The outstanding amount from hires stood at US\$5 387 099 as at October 31, 2024. The outstanding balance had been accumulating since 2023.

When buses are dispatched for hire, they are fuelled with full tanks. After the hire ZUPCO had to source for funds to refuel the buses. As a result, sometimes buses were parked due to fuel shortages. However, from October 2024, the Ministry is now supplying fuel for their respective hires. Also, after every trip each bus is now supposed to generate adequate funds for fuel for the next journey.

The constant fleet unavailability was mainly caused by;

- Buses staying long in workshops,
- Frequent breakdown of buses and
- Certification and licencing of buses and drivers.

Buses Staying Long in the Workshops

The review of the January 2023 ZUPCO National Performance Report at Belvedere depot revealed that buses were staying an average of 547 days in the workshops whilst waiting to be repaired. As a result, ZUPCO lost estimated revenue amounting to US\$3 096 927. According to the CMED (Pvt) Ltd Standard Labour Hours of repairing buses, engine overhaul was the only repair job that required twenty-four (24) hours to complete. As a result, other repair jobs required less than twenty-four (24) hours with a minimum being one (1) hour.

As at the time of audit on September 16, 2024, bus number 594 had accumulated a total of 1 072 days in the workshop at Massbreed Msasa and was still awaiting a gearbox replacement. As a result, the bus lost an estimated revenue of US\$32 160. Bus number 1154 had the least number of days sixty-five (65) in the workshop and lost an estimated revenue of US\$10 335. From review of Customer Statements of Account at Massbreed, ZUPCO owed US\$61 190 for the service and repair of buses at the workshop. The buses were held by Massbreed due to non-payment.

At Masvingo depot there were ten (10) buses that had stayed an average of 753 days at CMED (Pvt) Ltd workshops and Willowvale depot whilst awaiting to be repaired. As at the time of audit on October 16, 2024, bus number 1286 had accumulated a total of 1 019 days in the workshop which was the highest and had lost estimated revenue of US\$238 446. Bus number 1924 had the least number of days of 141 in the workshop and lost estimated revenue of US\$28 200. Refer to Table 8 for more details.

Table 8: Number of Days Buses Stayed in the Workshop and Potential Revenue Lost.

Date inspected in workshop	Depot	Bus number	Number of days buses stayed in workshop	Potential revenue lost US\$
23/03/2021	Belvedere	594	1 072	32 160
09/04/2022		1870	725	31 900
26/04/2022		534	616	99 792
27/04/2022		2348	897	539 994
17/05/2022		1956	856	158 360
15/06/2022		1880	824	218 360
07/07/2022		2442	251	40 160
20/07/2022		922	789	90 735
20/07/2022		2438	217	25 606
25/07/2022		2454	205	37 925

02/11/2022		538	684	251 712	
09/01/2023		942	616	62 832	
09/01/2023		1140	616	194 040	
11/01/2023		778	614	57 716	
30/01/2023		548	336	15 120	
30/01/2023		1152	337	41 788	
30/01/2023		1154	65	10 335	
30/01/2023		2146	336	82 656	
30/01/2023		2506	337	60 997	
01/01/2022	Masvingo	1286	1019	238 446	
01/02/2022		2068	988	175 864	
31/05/2022		524	869	328 482	
31/12/2022		1926	655	99 560	
31/08/2023		1928	412	38 728	
11/09/2023		990	401	103 859	
17/09/2023		1318	395	31 600	
28/05/2024		1924	141	28 200	
Total potential revenue lost				US\$3 096 927	

Source: **Annexure E ZUPCO January 2023 National Performance Report and Maintenance Statistics from Masvingo Depot as at October 30, 2024.**

My inspections at ZUPCO Khami depot on October 7, 2024, revealed that nineteen (19) buses were in the workshop awaiting to be repaired. Also on October 11, 2024, my inspections at CMED (Pvt) Ltd Bulawayo depot revealed that there were twelve (12) buses which were awaiting to be repaired. However, CMED (Pvt) Ltd and ZUPCO officials could not reveal how long the buses had stayed in the workshops.

Inspections and interviews with officials at Khami depot and CMED (Pvt) Ltd Bulawayo Depot revealed that four (4) buses, bus number 1898, 1886, 1896 and 1888 had their fuel injectors damaged due to use of contaminated fuel. Furthermore, enquiries with ZUPCO officials revealed that they did not carry out tests of fuel as a control measure to detect fuel contamination. Inspection of fuel receiving process at Kelvin depot also further revealed that no fuel contamination tests were carried out. Refer to Table 9 for more details.

Table 9: Buses in Workshops Waiting to be Repaired.

Bus number	Nature of repairs
Khami depot	
528	Batteries and tyres needed. It had been in the workshop since 2022.
550	Needed a water pump. Had accumulated four (4) days in workshop as at October 11, 2024.
554	Main leaf spring broken and required new tyres.
612	Needed wheel studs. It had been in the workshop since first week of October 2024.
954	Needed new gear box and clutch booster. It had been in workshop since end of 2023.
1290	Needed clutch booster, clutch master cylinder and batteries. It had been in the workshop since 2023.
1310	Needed new gear box, new tyres and new hub.
1888	Injectors damaged due to use of contaminated fuel. It had been in the workshop since 2021.

1894	Injectors needed to be replaced, new tyres and batteries.
1896	Injectors damaged due to use of contaminated fuel.
2172	Needed new radiator, new batteries and tyres.
2206	Needed new tyres. It had been in workshop since September 2024.
2312	Needs new tyres and new spring main leaf.
2388	New tyres and batteries needed. It had been in the workshop since 2023.
2420	Needed centre bearing.
2526	Needs new main leaf, rear hanger and batteries.
2536	Tyres needed to be repaired.
2542	Needs new tyres. It had been in the workshop since end of September 2024.
2552	Four new tyres needed.
CMED (Pvt) Ltd Bulawayo depot	
614	Needs half shaft and shoes.
1282	Accident damaged.
1284	Needs wheel studs and clutch overhaul.
1288	Needed engine overhaul.
1326	Needed Panel Beating. Currently at Perfection Panel Beaters and not with CMED (Pvt) Ltd.
1886	Fuel injectors damaged due to use of contaminated fuel. Needs fuel injector pump and engine overhaul.
1898	Fuel injectors damaged due to use of contaminated fuel. Needs fuel injector pump and engine overhaul.
2176	Needs engine overhaul. Bus exceeded its stipulated mileage which led to the engine breakdown.
2248	Needs new prop shaft and brakes.
2300	Needs new suspension and springs.
2362	Needs new gear box, brakes and suspension. It has been in the workshop since 2023.
2554	Accident damaged.

Source: OAG Inspections and enquiries at ZUPCO Khami Depot, October 7, 2024 CMED (Pvt) Ltd Depot Bulawayo, October 11, 2024.

Management Response

The organisation was hamstrung in terms of working capital to meet best practices in bus maintenance and repairs. Communication to the Ministry through MIF regarding the debt and its implications has been done and it is still an ongoing process.

For buses at Massbreed to be attended and released to ZUPCO, they are demanding payment before releasing any bus.

Frequent Repairs of Buses and Fitting of Tyres

Review of ninety-seven (97) Job Cards at Belvedere and Khami depots revealed that buses were frequently going to the workshops for repairs. Bus number 594 for Belvedere depot was attended to three (3) times in December 2019, whilst bus number 2206 for Khami depot was attended to nine times in August 2024. Audit noted that although some of the repairs were minor, the buses would return to the workshop twice a day. For example, bus number 610 for Belvedere depot was serviced twice on November 15, 2019. Bus number 2206 for Khami depot was attended to twice on June 2, 2024. At Masvingo depot buses were being attended to at the workshops at most twice

per month. For instance, bus number 990 was attended to twice in the month of September 2023. Refer to **Annexure F** for more details.

Management Response

The buses now require constant attention due to age, quite a number are now past five (5) years which is the useful life of a conventional bus.

Also, we are required to service all parts of the country and majority of the buses are plying rural roads which are often rugged. This led to the frequent need for checks, maintenance and repairs by workshop personnel. Plying these routes entails that there is constant gear changing so the clutch and gear cables need attention every now and again. The braking system also requires frequent workshop attention as wheel drums are rapidly worn out and brake shoes must be adjusted now and again. These roads also contribute to a short life span of tyres.

The following were noted as causes for frequent breakdown of buses:

- (i) Procurement of sub-standard tyres, and
- (ii) Delays in servicing buses.

(i) Procurement of Sub-Standard Tyres

According to CMED (Pvt) Ltd Engineering Service Report of 2021 audit noted that ZUPCO procured substandard tyres which did not last. In the last quarter of 2020 ZUPCO procured budget tyres for the CMED (Pvt) Ltd buses. The Report revealed that the tyres lasted a mileage ranging between 30 911km to 65 300km. Enquiries with CMED (Pvt) Ltd officials revealed that the mileage range was less than the expected cost-effective mileage of 80 000km and above per tyre. For the specific mileages travelled refer to Table 10 below.

Table 10: List of Buses with Budget Tyres Fitted and their Corresponding Mileages.

Bus number	Mileage upon fitting of new tyres (km)	Mileage upon replacement of tyres (km)	Mileage travelled (km)	CMED (Pvt) Ltd expected mileage	Variance
1144	90 267	140 919	50 562	80 000	29 438
1274	67 796	112 717	44 921	80 000	35 079
976	108 103	170 163	62 060	80 000	17 940
1276	100 888	131 799	30 911	80 000	49 089
994	105 960	170 967	65 007	80 000	14 993
870	137 093	197 042	59 949	80 000	20 051
932	123 768	187 724	63 956	80 000	16 044

Source: CMED (Pvt) Ltd Engineering Service Report June 2021.

Furthermore, interviews with ZUPCO officials at Khami depot revealed that, the Company procured tyres which separated after being used for a short period of time. Picture A below shows a separated tyre fitted on a ZUPCO bus number 2206.

Picture A: Separated Tyre fitted on a ZUPCO-CMED (PVT) LTD Bus 2206.



Source: Taken by OAG on October 8, 2024 at Khami Depot.

Management Response

According to engineering standards even at ZUPCO a budget tyre is expected to run for 40 000-50 000km whilst a premium tyre is expected to run for 80 000-120 000 km depending on other factors such as the type of road in which the bus will be moving and driving habits and tyre pressure. The tyres in question were procured in June 2020 and went to the Special Procurement Oversight Committee (SPOC) review three (3) times with SPOC turning down the recommendations by the evaluation committee for value for money concerns, it was eventually approved through SPOC resolution 0457 of September 16, 2020 for 700 budget tyres. The 700 tyres were supplied by Solution Motors (Pvt) Ltd for the whole group not for Khami only.

There was no claim for returns made for sub-standard tyres from depots forwarded to central stores nor Procurement Management Unit as alleged by CMED (Pvt) Ltd. As a Procurement Management Unit, we use specifications given by users to procure tyres. However, the picture that was taken by OAG on August 8, 2024 is a clear indication that the tyre was still on the bus and was not sent for claim to central stores in Harare.

(ii) Delays in Servicing Buses

According to the Memorandum of Agreement for the Lease and Hire of buses entered between CMED (Pvt) Ltd and ZUPCO section 8.3, ZUPCO should ensure that buses are serviced when due by CMED (Pvt) Ltd.

Inspections carried out at ZUPCO's Belvedere and Masvingo workshops revealed that buses were exceeding the stipulated mileage before going for service. Out of the six (6) buses inspected at Belvedere depot bus 2382 had exceeded the next service mileage by 6 244km. At Masvingo depot, thirteen (13) buses out of twenty-seven (27) had exceeded the mileage for the next service.

Bus number 1292 had the highest excess of 35 458km and bus number 950 had the least of 1 858km.

This had an impact on ZUPCO buses as it increased wear and tear of other parts thereby increasing the cost of servicing. Inquiries with ZUPCO officials indicated that servicing was not done on time because there were no service kits. Bus number 2590 which had an unconfirmed inspected mileage was being repaired for an electrical fault at the time of inspection on August 26, 2024. Refer to Table 11 for more details. For Willowvale, Kelvin and Khami depots, ZUPCO officials could not provide information for the next service mileage for their buses.

Table 11: Buses Exceeded Stipulated Mileages Before Being Serviced at Belvedere and Masvingo Depot.

Bus number	Next service mileage	Mileage on date of audit	Excess mileage
Belvedere depot			
2382	287 342	293 586	-6 244
Masvingo depot			
926	443 271	464 763	-21 492
950	478 066	479 924	-1 858
1292	100 000	135 458	-35 458
1952	301 000	318 195	-17 195
2208	141 665	148 127	-6 462
2260	340 357	351 519	-11 162
2288	356 443	362 406	-5 963
2318	240 603	265 205	-24 602
2336	323 435	338 127	-14 692
2394	336 339	346 771	-10 432
2566	255 000	262 442	-7 442
2574	391 340	422 474	-31 134
2590	337 038	348 892	-11 854

Source: OAG Inspections at Belvedere and Masvingo Depot.

Management Response

Unavailability of working capital meant that the Company may not be able to procure kits for servicing each bus when it is due for service.

3.1.1.2 Ticketing Challenges

My audit noted that ZUPCO was potentially losing revenue generated through defects on ticket books as stated below;

Defects on Ticket Books

Audit noted that at Belvedere and Chinhoyi depots 241 ticket books of 1 000 tickets each were returned to suppliers as a result of misprints during the period September 9 to November 22, 2022³. The misprints were, duplicated serial numbers, omitted serial numbers and incorrectly captured fares. Of the 241 ticket books returned, 228 were from urban routes. Table 12 below shows the number of ticket books returned due to defects.

³ Goods Returned Vouchers 2022

Table 12: Number of Ticket Books Returned Due to Defects.

Depot	Date returned	Goods returned voucher number	Quantity	Route	Reason for ticket books being returned to suppliers
Belvedere	5/9/22	01108	17	Urban	Misprints
	26/9/22	01112	7	Urban	Misprints
	19/9/22	01110	7	Urban	Misprints
	19/9/22	01110	2	Rural	Misprints
	3/10/22	01113	15	Urban	Misprints
	5/10/22	01115	6	Urban	Misprints
	6/10/22	01116	10	Urban	Misprints
	10/10/22	01117	11	Urban	Misprints and mis binding
	20/10/22	01120	20	Urban	Misprints
	17/10/22	01119	4	Urban	Misprints
	9/11/22	01123	1	Rural	Misprints
	9/11/22	01123	5	Urban	Misprints
	26/10/22	01121	8	Urban	Misprints
	9/11/22	01121	1	Rural	Misprints
	22/11/22	01126	9	Urban	Misprints
	7/9/22	01109	9	Rural	Misprints
7/9/22	01109	1	Urban	Misprints	
Chinhoyi	22/9/22	01111	108	Urban	Misprints
Total			241		

Sources: Goods Returned Vouchers 2022.

As a result of these defects, I noted that there were cases of theft by conductors that were recorded by ZUPCO during the period under review at four (4) depots visited. In 2021 a total of 205 cases were reported and 217 in 2022. Refer to Table 13 for more details. According to Management, bus conductors were selling duplicate tickets. All the 422 (205+217) cases were not reported to the police. The monetary values of the stolen money were not availed. However, all the theft cases were handled through ZUPCO internal disciplinary procedures.

Table 13: Theft Cases Committed by Employees at Four Depots between 2021 and 2022.

Year	Misconduct	Depots				Total
		Willowvale	Hoodroad	Belvedere	Chinhoyi	
2021	Theft	87	67	40	11	205
2022	Theft	98	29	87	3	217
Total		185	96	127	14	422

Source: Human resources quarterly reports for the period 2019 to September 2022.

Management Responses

The misprinted books were returned to the suppliers for correcting. There was also a time where urban ticket books had duplicates and some of the conductors took advantage of reselling the duplicates. Those who were found on the wrong side went through disciplinary procedures and their contracts were terminated and some had their terminal benefits forfeited.

As a result of the challenges faced with manual ticket books system, ZUPCO invested in electronic ticketing system on February 3, 2023. However, the system faced its own challenges which are outlined below;

Electronic Ticketing System Challenges

According to Strategic Plan (2021 to 2023), to meet its revenue targets, ZUPCO intended to use the electronic payment methods and train staff on use of the technology. On February 3, 2023⁴ ZUPCO introduced the electronic ticketing system (e-ticket system) which was customized to ZUPCO's needs for the purpose of replacing manual ticket books. The e-ticketing system allowed for real time transmission of transactions.

As at August 15, 2024, ZUPCO had allocated 297 (76%) e-ticketing devices to buses out of 390 buses. As a result, conductors resorted to using ticket books which led to cases of theft of money collected from passengers. A further analysis of the Information Technology (IT) Head Office Defect Sheet showed that between October 19, 2023 to June 21, 2024, 126 e-ticketing devices had been sent for repairs to Harare Institute of Technology (HIT). This represented 42% of the total devices sent for repairs in a period of nine (9) months. The machines were spending a range of two (2) to 193 days at workshops being repaired. Fifty-one (51) e-ticketing machines did not have dates when they were returned from service. Belvedere Depot had the highest percentage (76%) of machines sent for repairs, whilst Kelvin Depot had none of their twelve (12) machines sent for repairs during the period. The e-ticketing machines were bought for US\$118 800. Refer to Table 14 for more details.

Table 14: Distribution and Number of E-Ticketing Devices Sent for Repairs.

Depot	Number of allocated devices	Number of devices sent for repairs	Variance	Percentage sent for repairs
Belvedere	59	45	14	76%
Chitungwiza	34	18	16	53%
Willowvale	46	12	34	26%
Hoodroad	11	1	10	9%
Mutare	31	12	19	39%
Masvingo	22	8	14	36%
Gweru	16	6	10	38%
Kwekwe	14	1	13	7%
Chinhoyi	12	7	5	58%
Chiredzi	5	0	5	0%
Beitbridge	7	1	6	14%
Hwange	8	3	5	38%
Khami	20	12	8	60%
Kelvin	12	0	12	0%
Total	297	126	171	42%

Source: ZUPCO Ticketing Devices List and IT Head Office Defect Sheet.

The most common challenge on the devices sent for repairs were printing defects. E-ticketing machines were sent sixty-two (62) times for repairing printing defects. Refer to Table 15 for more details. From interviews with ZUPCO officials, it was revealed that the major causes for printing defects were;

⁴ Minutes of ZUPCO Management Meeting

- Devices falling to the ground,
- Dirty roller pads,
- Print density were set at a low level so as to save power and
- Constant opening of the cover part to install print rolls.

Table 15: Common E-Ticketing Device Defects.

Defect	Number times devices sent for repairs
Device switching off on its on	1
Draining battery too quickly	4
Freezing	4
Not printing/Printing problems	62
Not powering on	2
Temper alarm	7
Broken/Cracked/Damaged screen	6
Water damaged	1
Not charging	5
Not showing sales report	2
Safe mode	1
Not responding to OTG	8
Requires applock password	5
App not on home screen	1
Lost rover	1
Not accepting merchant	1
Not stated	57
Not responding to touch	1
Not connecting	1
Failing to log on system	1
Battery socket not intact	1

Source: IT Head Office Defect Sheet.

Also, according to Minutes of ZUPCO Management Meeting held on the March 1, 2023, the following issues were identified to be affecting use of the system;

- Taking time to upload the revenue due to poor network connectivity,
- Conductors generating zero dollar (0) ticket transactions,
- No guarantee that the machines were being used by the conductors,
- Some machines had no waybill details on dashboard and
- Devices not providing continuous ticket numbering function.

Audit noted that e-ticketing devices were not being allocated according to the average number of buses dispatched. Fifty-four (54) e-ticketing devices were dispatched against an average fleet of 101 buses dispatched. Refer to Table 16 for more details. Furthermore, audit noted that Willowvale had a device number UP000254 which was stolen by a conductor on September 18, 2023. Upon enquiry with ZUPCO officials the case was not reported to police as at the time of audit on October 30, 2024.

Table 16: Average Dispatched E-Ticketing Devices.

Depot	Allocated devices	Number of devices sent for repairs	Average number of devices dispatched	Fleet availability as at October 8, 2024
Belvedere	59	34	8	24
Khami	20	6	15	22
Masvingo	32	11	14	16
Kelvin	12	1	2	8
Willowvale	47	14	15	31
Total	170	66	54	101

Source: Lists of e-ticketing devices for Belvedere, Khami, Kelvin, Willowvale and Masvingo depots.

Management Response

Device Allocation

It is acknowledged that ZUPCO has allocated 297 e-ticketing devices out of a total of 390 to buses. The allocation process is ongoing, with priorities set based on operational needs and deployment phases. We are continuously reviewing allocation efficiency to ensure optimal coverage and utilization.

Device Repairs and Downtime

Between October 2023 and June 2024, 126 devices (42%) were sent for repairs, spending between two (2) to 193 days at workshops. Many devices, especially those at the pilot depot (Belvedere), are second-hand, which may influence their reliability and repair frequency. The repair durations are also influenced by factors such as the severity of defects and lack of locally available spare parts has contributed to repair delays. We are engaging with our service provider to streamline repair processes and reduce downtime.

Incomplete Service Records

Regarding the fifty-one (51) devices without documented return dates, we acknowledge this gap and are implementing measures to improve record-keeping accuracy. Accurate tracking is vital for maintenance planning and device lifecycle management.

Depot Repair Rates

The high repair rate at Belvedere depot (76%) reflects its role as the pilot site with a higher concentration of older, second-hand devices. Conversely, Kelvin depots had none during the period indicated better initial deployment conditions and possibly fewer issues. We are analysing these disparities to inform future deployment and maintenance strategies.

Common Device Challenges

Printing defects emerged as the most frequent issue, accounting for sixty-two (62) repair requests. We are working closely with the service provider to address these recurrent problems, including considering hardware upgrades and quality assurance measures.

Device Allocation Practices

Allocation of devices is managed by operations, based on factors such as bus routes, deployment schedules, and operational requirements. We recognize the need for periodic review to ensure alignment with bus dispatch frequencies and to optimize device utilization.

3.1.1.3 Fuel Shortages

I noted that buses were not being dispatched to their respective routes as a result of fuel shortages. At Willowvale depot an average of nineteen (19) buses were not dispatched in the month of July 2024 as a result of fuel shortages. At Masvingo depot an average of eight (8) buses were not dispatched for the period February 2024 to October 2024. At Khami depot an average of fourteen (14) buses were not dispatched for the period February 2024 to July 2024 due to fuel shortages. Refer to Table 17 for more details. For the other years 2019 to 2023, no information was provided as at the time of concluding the audit on October 30, 2024.

Table 17: Number of Buses Not Dispatched Due to Fuel Shortages.

Depot	Period	Available fleet	Buses Dispatched		Buses not Dispatched due to fuel challenges	
Willowvale	July 2024	24	5	21%	19	79%
Masvingo	February 2024- October 2024	13	5	38%	8	62%
Khami	February 2024 - July 2024	22	8	36%	14	64%
Total		59	18	31%	41	69%

Source: Dispatch Sheets for Willowvale, Masvingo and Khami Depots for the year 2024.

Management Response

As from November 2024 bus crews were generating funds to fuel their buses. This had improved the performance of each bus. So effectively there is no longer cross subsidy of fuel between buses. Buses are no longer parked due to fuel shortages.

The following were noted as causes for fuel shortages:

- (i) Procurement, allocation and distribution challenges,
- (ii) Fuel not accounted for at CMED (Pvt) Ltd workshops and
- (iii) Fuel tanks not calibrated.

(i) Procurement, Allocation and Distribution Challenges

I noted that there were fuel discrepancies between fuel invoices at Head Office and Goods Received Vouchers (GRVs) for Belvedere depot which amounted to 362 717 litres for the period 2021 to 2023. Refer to Table 18. ZUPCO did not avail invoices and GRVs for the years 2019, 2020 and 2024 as at the time of audit on October 30, 2024. Furthermore, reasons for the fuel discrepancies were not availed to audit.

Table 18: Variances on Fuel Invoiced with Fuel Received.

Invoice number	Supplier name	Invoice date	Invoice quantity (litres)	GRV quantity (litres)	Depot received	Variance (litres)
GPS39849	Urban Fuels	22/01/21	40 000	38 034	Belvedere	-1 966
INV#GPSINV 39961	Urban Fuels	10/02/21	100 000	96 914	Belvedere	-3 086
5	Urban Fuels	23/02/21	100 000	29 855	Belvedere	-70 145
GPSINV4052 6	Urban Fuels	15/04/21	300 000	183 769	Belvedere	-116 231
GPSINV 40751	Urban Fuels	17/05/21	40 000	39 905	Belvedere	-95
GPS40872	Urban Fuels	01/06/21	40 000	39 845	Belvedere	-155
GPSINV4096 2	Urban Fuels	14/06/21	40 000	39 753	Belvedere	-247
GPS41005	Urban Fuels	23/06/21	100 000	99 684	Belvedere	-316
GP41817	Urban Fuels	01/11/21	100 000	68 904	Belvedere	-31 096
INV#GPSINV 41956	Urban Fuels	18/11/21	100 000	73 913	Belvedere	-26 087
INV 43536	Urban Fuels	27/05/22	100 000	94 614	Belvedere	-5 386
GPSINV4401 7	Urban Fuels	28/07/22	100 000	83 115	Belvedere	-16 885
2679	Genesis	17/10/22	50 000	4 889	Belvedere	-45 111
GPSINV4473 1	Urban Fuels	24/10/22	30 000	27 706	Belvedere	-2 294
INV261711	Urban Fuels	01/02/23	100 000	57 826	Belvedere	-42 174
INV266881	Urban Fuels	10/02/23	45 000	44 123	Belvedere	-877
306217	Urban Fuels	24/04/23	30 000	29 893	Belvedere	-107
332293	Urban Fuels	19/05/23	40 000	39 982	Belvedere	-18
INV 428742	Urban Fuels	03/09/23	40 000	39 559	Belvedere	-441
Total			1 495 000	1 132 283		-362 717

Source: Head Office Invoices and Goods Received Vouchers (GRVs) at various depots 2021 to 2023.

My audit noted that ZUPCO depots, Belvedere, Willowvale, Khami, Kelvin and Masvingo were not receiving adequate fuel to operate smoothly. The depots received fuel that was sufficient for five (5) to twenty-two (22) days per month. Enquires with ZUPCO officials responsible for fuel procurement revealed that the fuel procurement cycle was done without an assessment of demand and needs. They further stated that procurement of fuel was centralized at the Head Office. Refer to Table 19 for more details.

Table 19: Fuel Requirements against Estimated Fuel Received.

Depot	Fuel requirements per day (litres)	Total monthly (30 days) requirements (litres)	Daily average (30 days) fuel received	Average fuel received per month (30 days) (litres)	Variance (litres)	Average number of days the depot can operate
Belvedere	6 000	180 000	911	27 330	152 670	5
Willowvale	5 000	150 000	1 429	42 870	107 130	9
Khami	1 200	36 000	770	23 100	12 900	19
Masvingo	2 000	60 000	773	23 190	36 810	12
Kelvin	1 428	42 840	1054	31 620	11 220	22
Totals	15 628	468 840	4 937	148 110	320 730	9

Source: Statistics from ZUPCO Records.

Distribution of procured fuel to depots was not documented. Interviews with two (2) fuel stores personnel at Belvedere and Kelvin depots revealed that they were verbally informed of the fuel they were allocated by the road tanker driver. For instance, at Kelvin depot, the road tanker driver did not have a fuel distribution list to show the fuel to be received by the depot and neither did he have the delivery note for the 3 500 litres of fuel he purported to have brought. Furthermore, the road tanker was not equipped with an offloading metered diesel pump that ensures accurate diesel offloaded. I noted that the offloading pipe on the road tanker was leaking and had a major leak on the valve. Additionally, the valve from the tanker inspected on October 11, 2024 at Kelvin depot was leaking such that the driver used a container to collect the leaking fuel. There was a risk that fuel quantities delivered would have been less than loaded due to leakages. In addition, fuel leakages may pose a risk of fire. Refer to Picture B and C for details.

Picture B: Leaking offloading pipe.



Source: Pictures taken by OAG on September 4, 2024 at Belvedere Depot

Picture C: Leaking offloading pipe Road Tanker 2 AFQ4304.



Source: Pictures taken by OAG on October 11, 2024 at Kelvin Depot

During the period 2019 to 2022 the ZUPCO was raising bulk orders for fuel purchases. For example, one (1) weekly order of 500 000 litres was being given to the supplier. That caused challenges in reconciling the fuels delivered to all thirty-three (33) depots that were operational then. Another challenge was as a result of using contracted fuel tankers which were causing variances on their deliveries.

Fuel allocations to depots were based on what each depot would have generated in terms of revenue. The period under review had frequent fuel stock outs as the depots were not generating adequate revenues to cover their fuels. It involved a lot of cross subsidies between buses as the funds from buses at one depot were being pooled together to purchase fuel. That has now been done away with.

(ii) Fuel Not Accounted for at CMED (Pvt) Ltd Workshops

A review of the Depot Managers Reports and CMED (Pvt) Ltd Internal Memorandum at Masvingo depot revealed that fuel amounting to 520 litres was misappropriated from four (4) buses (2336, 2334, 2574 and 2566) which were in the custody of CMED (Pvt) Ltd Masvingo. The fuel stolen had a total value of US\$936. The buses had been sent for service between January and May 2024. Fuel levels were recorded by CMED (Pvt) Ltd officials in the presence of the bus drivers when they entered CMED (Pvt) Ltd workshop. Upon going to retrieve the buses, the bus drivers noted that fuel levels had drastically fallen down. Interviews carried out with CMED (Pvt) Ltd Masvingo officials revealed that a police report was made. At the time of audit, the matter was still under investigation under case number CR120/05/24.

My review of fourteen (14) CMED (Pvt) Ltd job record sheets for Belvedere and Chinhoyi depots, revealed that fuel levels for buses were not being recorded consistently when entering in or out of the workshops. In the absence of consistent recording of fuel level information, audit could not ascertain whether fuel was fully accounted for following a breakdown or a bus going for service. For instance, out of the fourteen (14) CMED (Pvt) Ltd job record sheets reviewed, eight (8) buses had fuel levels not fully recorded when they went into the garage for service. However, when the buses were withdrawn from the garages, nine (9) buses had their fuel levels not recorded, four (4) buses were recorded once and one (1) bus had been recorded twice. Refer to Table 20 for more details.

Table 20: Number of Times Fuel was Recorded for Buses Sent for Service or Repair.

Depot	Bus number	Number of times bus went for repairs/service	Number of times fuel level was recorded when bus went in for service/repair	Number of times fuel level was recorded when bus was withdrawn from service/repair
Belvedere	510	6	6	0
	514	6	6	0
	1956	2	2	0
	1880	3	3	0
	2288	3	3	0
	2386	5	5	0
	1882	3	1	0
Chinhoyi	2218	7	2	1
	1304	16	6	1
	1306	6	1	0

	1164	11	5	1
	1324	16	10	2
	1936	1	0	0
	1332	13	5	1

Source: CMED (Pvt) Ltd Job Record Sheets and ZUPCO Bus Repair and Maintenance Forms at Belvedere and Chinhoyi depots.

Management Response

This observation is pertinent and needs enforcing that all buses going under workshop will have their fuel balances recorded when going into workshop and when the bus is released back to operations taking into consideration distance covered when testing.

(iii) Fuel Tanks Calibration

ZUPCO did not have a standard procedure manual to guide the Company on the calibration of fuel tanks. The standard procedure manual would have specified the time intervals for calibrations of fuel tanks and their maintenance.

Documentary review⁵, inspections and interviews with ZUPCO officials revealed that underground fuel tanks at the Belvedere depot were last calibrated on May 7, 2020. This made it four (4) years and four (4) months as at the time of the audit on September 13, 2024. The overhead tanks had valid calibration certificates. ZUPCO road tanker AFQ 4304 was calibrated and the next date of calibration was December 9, 2024. The last date of calibration was not availed for audit inspection.

Documentary review of Dip Charts, Calibration Certificates and inspection of fuel tanks for Khami depot showed that out of the three (3) underground tanks with capacity of 35 000 litres each, tanks one (1) and two (2) were calibrated on April 22, 2022 and April 6, 2022 respectively as at the time of audit on October 7, 2024. However, the date for next calibration was not shown on the dip charts as they did not have calibration certificates. No documentation was provided for the calibration of tank number three (3) as at October 7, 2024.

At Masvingo Depot, an inspection of fuel storage facilities revealed that the depot had three (3) tanks and two (2) were functional. A review of dip charts for the tanks revealed that tank two (2) and three (3) were last calibrated on March 22, 2022 and were supposed to have been calibrated on March 23, 2024. As at the time of audit on October 16, 2024 the tanks had not been calibrated. Furthermore, some tanks were not operational, did not have last and next date of calibration. Refer to Table 21 for more details.

⁵ Dip Charts and calibration certificate

Table 21: Fuel Tanks Calibration Schedule.

Depot	Tanks and Dispensing Pumps location	Tank functionality	Last calibration date	Next calibration date
Belvedere	Belvedere Underground 1	Operational	07/05/2020	No information
Belvedere	Belvedere Underground 2	Operational	07/05/2020	No information
Belvedere	Belvedere Overhead	Operational	No information	11/08/2031
Belvedere	Belvedere Road Tanker 1	Operational	No information	09/12/2024
Belvedere	Belvedere Road Tanker 2	Operational	No information	09/12/2024
Khami	Diesel 35 000l Tank 1	Operational	22/04/2022	No information
Khami	Diesel 35 000l Tank 2	Operational	06/04/2022	No information
Khami	Diesel 35 000l Tank 3	Not Operational	No information	No information
Kelvin	Diesel 31 500l Tank 1 east	Operational	16/07/2021	No information
Kelvin	Diesel 31 500l Tank 2 West	Operational	15/07/2021	No information
Kelvin	Diesel 30 000l Tank 3 overhead	Not Operational	29/04/2021	No information
Kelvin	Dispensing pumps	Operational	No information	No information
Kelvin	Dispensing pumps	Operational	No information	No information
Masvingo	9 000l Diesel Tank 1	Not Operational	No Information	No information
Masvingo	9 000l Diesel Tank 2	Operational	22/03/2022	22/03/2024
Masvingo	10 000l Diesel Tank 3	Operational	22/03/2022	22/03/2024
Masvingo	Dispensing pumps	Operational	No information	No information
Masvingo	Dispensing pumps	Operational	No information	No information

Source: Review of Dip Charts, Calibration Certificates (2020 to October 30, 2024) and Inspections.

For Chinhoyi depot, I noted that there were monthly fuel variances between recorded fuel and actual fuel in the tank for the period 2020 to 2022. In April 2020, there was 236 litres less in the fuel tank compared to the recorded balance. This was also the case in June 2022 where there was a variance of 162 litres. However, in other months, fuel in the tank was more than the recorded balance and in some months by variances of over 500 litres. Refer to Table 22 for more details.

Table 22: Fuel Variances at Chinhoyi Depot.

Year	Month	Dip stick balance in litres	Recorded balance in litres	Variance in litres	Percentage Variance	
2020	April	4 224	4 460	-236	-6%	
	May	10 716	10 676	40	0.4%	
	June	2 964	2 819	145	5%	
	July	9 029	8 964	65	1%	
	August	10 486	9 898	588	6%	
	September	14 699	14 586	113	1%	
	October	8 998	8 885	113	1%	
	November	3 143	2 968	175	6%	
	December	6 464	5 953	511	8%	
	2021	January	5 634	5 630	4	0.1%

	February	6 700	6 737	-37	-1%
	March	6 770	6 696	74	1%
	April	10 017	9 564	453	5%
	May	5 270	5 085	185	4%
	June	14 195	13 846	349	2%
	July	8 666	8 170	496	6%
	August	8 540	8 122	418	5%
	September	5 552	5 317	235	4%
	October	6 303	5 788	515	8%
	November	11 778	11 256	522	4%
	December	14 256	13 801	455	3%
2022	January	10 797	10 303	494	5%
	February	5 650	5 091	559	10%
	March	2 525	2 168	357	14%
	April	12 309	12 081	228	2%
	May	3 048	2 780	268	9%
	June	10 019	10 181	-162	-2%
	July	1 326	1 085	241	18%
	August	287	128	159	55%
	September	1 627	1 516	111	7%
	October	4 401	4 240	161	4%
Totals		226 393	218 794	7 599	3.5%

Source: Fuel Control Sheets, 2020 -2022.

Interviews held with ZUPCO officials at Chinhoyi depot revealed that they measured fuel levels in the tank every morning and evening using a dip stick. This exercise calculates the opening and closing balances of fuel, which was then compared to the ones recorded in fuel issue book. The normal variances should not exceed 0.3% if the tank was calibrated. According to ZUPCO officials' lack of frequent calibration was stated to be the potential cause for the variances. Non-calibration of fuel tanks may compromise the accuracy of fuel being received and distributed. In addition, fuel may be abused without detection or under the guise of non-calibration.

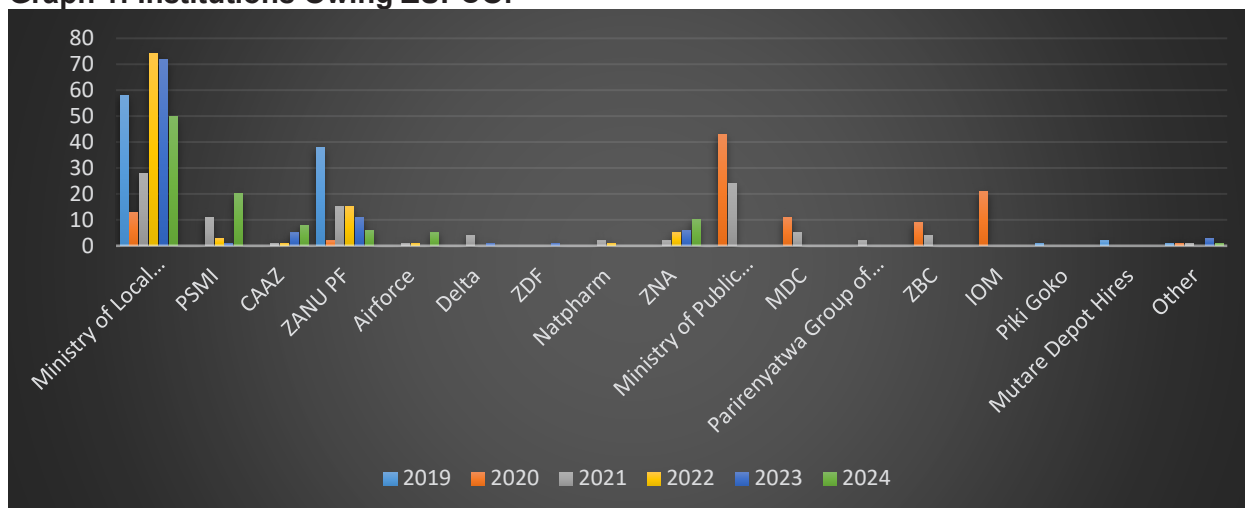
Management Response

For calibration to be done each tank is supposed to be filled with fuel to its full capacity and the Company has not purchased bulk fuel for the last two (2) years. The standard operating manual is going to detail the procedures required when calibrating the tanks. The calibration of fuel tanks has not been done on regular basis.

3.1.2 Bus Hiring System (Credit Control)

A review of the accounts receivable age analysis as at July 31, 2024, revealed that ZUPCO was owed a total of ZWL\$ 67 417 904 507 for hiring out buses to institutions and individuals. My audit noted that Ministry of Local Government and Public Works owed the largest amount of the debt for the years under review. In 2019, 58%, 2021, 28%, 2022, 74%, 2023, 72% and as at July 31, 2024 50%. However, in 2020 Ministry of Public Service, Labour and Social Welfare owed 43%. Refer to Graph 1 for more details.

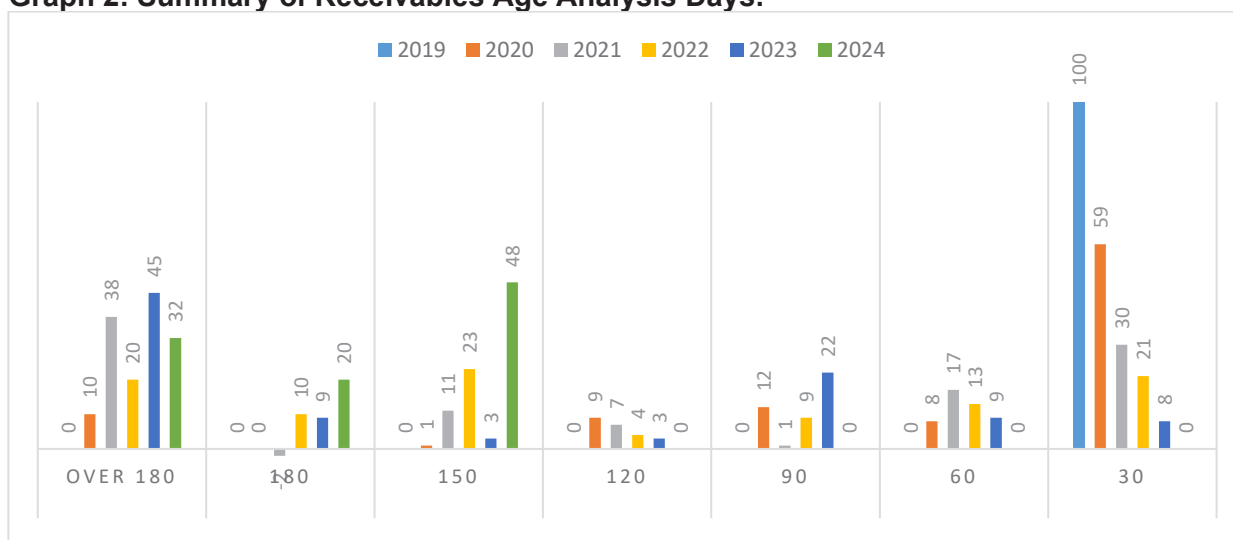
Graph 1: Institutions Owing ZUPCO.



Source: **Annexure H Receivables Age Analysis as at July 31, 2024.**

A further analysis of the accounts receivable age analysis for the audit period revealed that on December 31, 2019 all debt owed was within thirty (30) days. On December 31, 2020, 59% of the debt was within thirty (30) days, on December 31, 2021, 38% of the debt was over 180 days, on December 31, 2022, 23% of the debt was within 150 days, on December 31, 2023, 45% of the debt was over 180 days and on July 31, 2024, 48% of the debt was within 150 days. Refer to Graph 2 for more details.

Graph 2: Summary of Receivables Age Analysis Days.



Source: **Receivables Age Analysis as at July 31, 2024.**

Review of Debtors Correspondences, revealed that ZUPCO last made follow ups on amounts owed in April and September 2024. The Ministry of Local Government and Public Works on September 16, 2024, Zimbabwe National Army (ZNA) and Premier Service Medical Investment (PSMI) on April 11, 2024, Air Force of Zimbabwe on April 25, 2024, and Civil Aviation Authority of Zimbabwe (CAAZ) on April 26, 2024.

Interviews with management revealed that ZUPCO had no Credit Policy. Credit Policy provide detailed guidelines identifying who to extend debt to, how much, and why. It also includes the protocol for tackling owed debts.

As a result of debtors failing to pay their debts, ZUPCO had been failing to pay salaries for drivers and conductors in time as illustrated below;

3.1.2.1 Salary Arrears

According to Management, Northern Division bus drivers and conductors had as at October 30, 2024 gone for nine (9) months without receiving their US\$ salaries and four (4) months without receiving their ZWG\$ salaries. Southern Division had gone for eleven (11) months without receiving US\$ salaries and four (4) months without receiving ZWG\$ salaries. The drivers and conductors in Northern Division were owed a total of US\$1 171 473 and ZWG\$3 438 850. Drivers and Conductors in Southern Division were owed a total of US\$ 831 404 and ZWG\$1 488 830. As a result, ZUPCO owed drivers and conductors a total of US\$2 002 877 and ZWG\$4 927 680. This was contrary to the Human Resources Policies and Procedures Manuals that require salaries and wages to be paid in arrears on the 25th day of each month. Refer to Table 23 below for more details.

Table 23: Salary Arrears for ZUPCO Bus Drivers and Conductors.

Northern division									
Year	Month								
	Jan	Jun	Jul	Aug	Sep	Oct	Nov	Dec	US\$
2023	-	-	-	101 083	128 926	139 506	145 463	155 378	670 356
2024	219 348	98 811	95 641	87 317	-	-	-	-	501 117
Sub-Total									\$1 171 473
Year	Month								
	Jan	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ZWG\$
2023	-	-	-	-	-	-	-	441 887	441 887
2024	614 139	-	1 387 065	995 759	-	-	-	-	2 996 963
Sub-Total									\$3 438 850
Southern division									
Year	Month								
	Jan	Jun	Jul	Aug	Sep	Oct	Nov	Dec	US\$
2023	-	104 668	81 184	89 360	87 211	95 260	89 127	86 024	632 834
2024	85 990	37 682	36 533	38 365	-	-	-	-	198 570
Sub-Total									\$831 404
Year	Month								
	Jan	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ZWG\$
2023	-	-	-	-	-	-	-	203 711	203 711
2024	308 236	-	484 349	492 534	-	-	-	-	1 285 119
Sub-Total									\$1 488 830

Source: Salary Statistics from Management.

My interviews with eleven (11) bus drivers at Belvedere, Khami and Masvingo depots on August 26, 2024, October 8, 2024 and October 14, 2024 respectively revealed that they were facing difficulties in meeting their financial obligations as a result of salary arrears. For instance, employees indicated that they had challenges in paying rent, school fees for their children and meeting their medical bills because of failure by the Company to pay them regularly. If employees

do not get paid their salaries on time, they may end up engaging in unethical practices, such as theft, fraud, misuse of Company time etc.

Management Response

Debt from hires by the Ministry of Local Government and Public Works has grown over the years due to non-payment. ZUPCO had been communicating with the Ministry, but nothing has been forthcoming as of now. The Ministry cites that Treasury has not yet released funds for payment of hires. After being transferred to MIF letters have been written highlighting operational challenges being faced due to non-payment. The trend has been that payments for four (4) major holidays are normally received by other events remain unpaid for long periods.

The debts from other Government institutions accrued during the COVID-19 era. Services were stopped due to non-payment and letters of demand were sent to these institutions. Some have proposed payment plans and have partly cleared their debts.

The organisation has no credit policy but emergency hires like the Ministry of Public Service and Social Welfare, where buses were needed to ferry residents returning from South Africa during COVID-19 time into quarantine centres could not be turned down.

Salary payments to employees were also affected by the inadequacy of working capital. If the debts are cleared, then all salary arrears can be cleared. Non-payment of salaries has greatly affected the morale of the workforce.

3.1.3 Vehicle Tracking System

According to ZUPCO Strategic Plan (2021 to 2023), the Company targeted to install tracking devices on all subcontracted fleet within the three-year strategic period. As a result, ZUPCO entered into a Service Agreement with HIT to provide a fully functional bus tracking system.

A review of bus tracker data base and an interview with ZUPCO official stationed at Hoodroad control room revealed that ZUPCO did not install all 390 buses with tracker devices. Out of the 390 buses the Company managed to install 245 buses (63%) with trackers and 145 buses (37%) had no trackers. I also noted that 166 installed vehicle trackers had not been working (offline) for a range for four (4) to 730 days as at October 30, 2024. The total investment for the Vehicle Tracking System was not provided by the time of concluding the audit.

According to interviews with ZUPCO officials, inconsistent functioning of trackers was attributed to;

- Unavailability of an auto electrician at the Northern Division control room to perform tracker fault checking, installation and removal of faulty trackers from buses,
- Non-payment of subscriptions to network service provider (NetOne),
- Unavailability of control room assigned vehicle to attend to buses with trackers which could have developed faults and
- Absence of personnel responsible for manning of the Southern Division control room.

If vehicle trackers are not working consistently, ZUPCO may fail to monitor the following;

- **Speeding:** Monitoring if the buses were being driven at speeds recommended for the road.

- **Harsh Braking:** Identifying instances of abrupt braking that might indicate dangerous driving habits.
- **Rapid Acceleration:** Tracking instances of quick acceleration which can be unsafe and lead to increased fuel consumption.

Management Response

Lack of resources led to some of the buses not being fitted with trackers.

The control room was decentralised to depots and an application was installed on Depot Managers phones to monitor the fleet under his depot.

Having a dedicated vehicle is not necessary as all buses deployed return to the depot after each trip, hence if there is a faulty with tracking device it can be attended when it comes to the depot.

An auto-electrician is available on call to attend to faults.

However, the new buses that are being procured are coming with an already installed tracking system.

3.2 Fulfillment of Contract

I noted that ZUPCO had stopped making monthly payments to CMED (Pvt) Ltd for leasing buses on November 15, 2021. As at March 31, 2024, ZUPCO owed a total amount of ZWL\$3 721 045 114. Total amounts owing for the period April to October 2024 were not availed. Refer to Table 24 below for more details.

The lease agreement between ZUPCO and CMED (Pvt) Ltd stipulated that ZUPCO was supposed to pay 2.5% of the total monthly revenue received by each bus. Through interviews with Management, no reason was given on why they had stopped making payments to CMED (Pvt) Ltd as per the lease agreement. The lease agreement had a provision that CMED (Pvt) Ltd could impound buses in the event that ZUPCO default payment. However, as at the time of audit on October 10, 2024, CMED (Pvt) Ltd had not impounded any buses, allowing ZUPCO to continue in business. The delay in making payments may eventually affect ZUPCO business.

Table 24: Amount Owed by ZUPCO to CMED (Pvt) Ltd.

Year	Total revenue collected	2.5% of the collected revenue	Amount paid to CMED (Pvt) Ltd	Amount owing ZWL\$
2019	32 804 181	820 105	Nil	820 105
2020	143 410 836	3 585 271	40 987 000	-37 401 729
2021	1 409 198 727	35 229 968	6 600 000	28 629 968
2022	4 462 842 548	111 571 064	Nil	111 571 064
2023	79 316 776 239	1 982 919 406	Nil	1 982 919 406
2024 to March	65 380 252 012	1 634 506 300	Nil	1 634 506 300
Total	150 745 284 543	3 768 632 114	47 587 000	3 721 045 114

Source: ZUPCO Management Representation.

In addition, there were inconsistencies in the rates used to pay CMED (Pvt) Ltd for the hired buses in 2021. ZUPCO used 2% and 4% instead of the stipulated 2.5%. Furthermore, a payment voucher made on January 2, 2020, did not disclose the rate used. Refer to Table 25 below for more details.

Table 25: Rates Used for CMED (Pvt) Ltd Payments.

Date	Rate	Amount ZWL\$
02/01/2020	The rate was not provided	40 987 000
14/02/2021	2%	1 000 000
05/07/2021	4%	4 000 000
15/11/2021	4%	1 600 000
Total		47 587 000

Source: ZUPCO Payment Vouchers.

Reasons for the absence of the rate used in 2019 to January 2, 2020 were not provided. The contract between ZUPCO and CMED (Pvt) Ltd was signed on July 22, 2020. The contract did not state the number of buses which were leased from CMED (Pvt) Ltd and the dates of deployment. According to the stipulated dates in the contract, the duration of the contract was for a period of four (4) years that is from May 1, 2019 to April 30, 2023. Therefore, ZUPCO had been operating without a valid contract from May 1, 2023 up to the date of audit October 30, 2024.

Section 8.2 of the Memorandum of Agreement for the Lease and Hire of buses entered between CMED (Pvt) Ltd and ZUPCO states that repairs and maintenance may only be done by CMED (Pvt) Ltd. This was not the case for Khami, Kelvin and Masvingo depots where buses were being maintained and repaired by ZUPCO. No written communication or correspondences were availed to audit as at the time of audit on October 30, 2024 with regards to the contract amendment. In addition, a review of nine (9) job cards at Khami depot revealed that repairs were being done by ZUPCO mechanics. Also, through review of the nine (9) job cards, I noted that buses repaired by ZUPCO mechanics would not spend more than a day in the workshop. At Masvingo depot fifteen (15) job cards for the year 2023 indicated that the buses were inspected in and out of the workshop on the same day.

Furthermore, a review of Khami depot Risk Control Report dated March 24, 2023 revealed that jobs done by ZUPCO engineering department were being charged under CMED (Pvt) Ltd. For instance, bus number 2536 needed a replacement of a water pump on February 15, 2023. The bus was repaired by a ZUPCO mechanic but it was then charged and invoiced under CMED (Pvt) Ltd invoice number 90035394.

Management Response

Over the years CMED (Pvt) Ltd debt has been accruing due to cash flow challenges. As part of the contract ZUPCO was supposed to remit monthly 2.5% of revenue of the contracted buses as management fees. The contract expired and both parties have not sat down for renewal.

An agreement was reached for ZUPCO to carry out some of the repairs as a way of easing the maintenance costs. Invoices from CMED (Pvt) Ltd showed that labour charges for bus repairs and maintenance were at US\$55 per hour. Currently CMED (Pvt) Ltd recalled its workshop personnel from ZUPCO premises due to non-payment of its services. All contracted buses are being attended by ZUPCO workshop staff.

Discrepancies on invoices where ZUPCO had done repairs on buses were sent back to CMED (Pvt) Ltd so that the labour charges can be removed as well as invoices with excessive labour hours.

I also noted that there was a variance of ZWL\$26 769 376 451 between the total revenue collected from 2019 to 2023 under Table 4 and Table 24. In 2024 the revenue obtained under Table 4 was for a period up to October 30, 2024 and revenue obtained under Table 24 was for a period up to March 31, 2024. Refer to Table 26 for more details. However, the reasons for the variances were not given. This therefore, showed that ZUPCO was not keeping an accurate record of the revenue generated from CMED (Pvt) Ltd buses hence affecting profitability.

Table 26: Variances Between Revenue Obtained in Table 4 and Table 24.

Year	Actual revenue obtained for Revenue targets not achieved ZWL\$	Actual revenue obtained for fulfillment of contract ZWL\$	Variance ZWL\$
2019	26 319 588	32 804 181	-6 484 593
2020	485 362 159	143 410 836	341 951 323
2021	2 792 233 715	1 409 198 727	1 383 034 988
2022	9 652 326 092	4 462 842 548	5 189 483 544
2023	45 639 414 526	79 316 776 239	-33 677 361 713
Total	ZWL\$58 595 656 080	ZWL\$85 365 032 531	ZWL\$-26 769 376 451
2024	US\$20 158 276	ZWL\$65 380 252 012	

Source: Table 4 and Table 24.

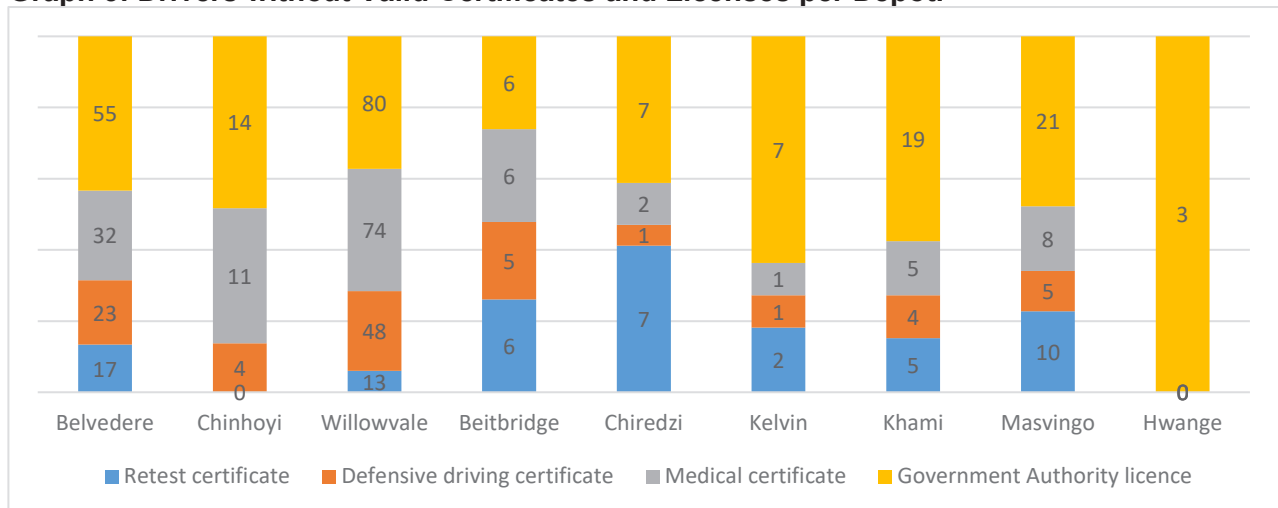
Management Response

The revenues on Table 4 were for revenue of all buses under ZUPCO whilst the revenues under Table 23 was for CMED (Pvt) Ltd buses under lease.

3.3 Certification and Licencing of Buses and Drivers

My analysis of database containing particulars for bus drivers from nine (9) of the fourteen (14) ZUPCO depots revealed that drivers had not been renewing their certificates and licences on time. For instance, sixty (60) bus drivers had expired retest certificates, ninety-one (91) had expired defensive driving certificates, 139 had expired medical certificates and 212 drivers had not renewed their Government Authority (GA) licenses. This was in contravention of section 10.3 of the lease agreement between ZUPCO and CMED (Pvt) Ltd which states that, ZUPCO should ensure that buses are driven by Government Authorized drivers. Refer to Graph 3 for more detail.

Graph 3: Drivers without Valid Certificates and Licenses per Depot.



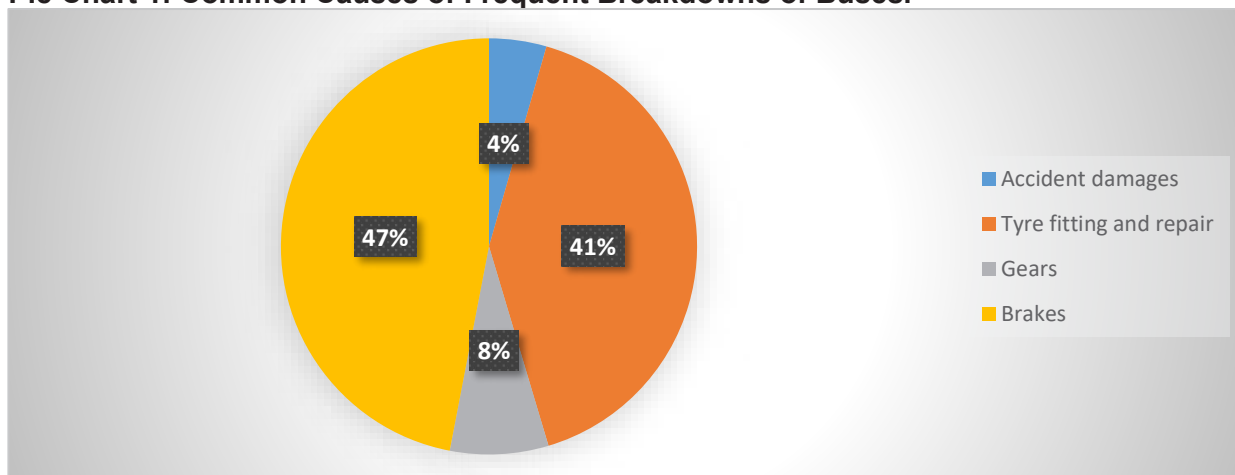
Source: Database of Driver Particulars and Personnel Files from ZUPCO Northern and Southern Divisions.

Interviews with bus drivers revealed that failure to renew licences (government authority licence) and certificates (retest, defensive driving and medical certificates) was attributed to delays in receiving salaries. Failure to comply may result in drivers not being up to date with new technologies, regulations and other relevant developments. Defensive driving, retests and medical examinations were designed to provide drivers with the knowledge and skills necessary to stay safe on the road and reduce the risk of accidents.

As a result, drivers who have not gone through new driving techniques might have contributed to the frequent breakdown of buses. According to interviews with CMED (Pvt) Ltd and Massbreed officials, brakes were being replaced frequently because ZUPCO drivers were not updating their skills to use retarders. As a result, drivers were using brakes instead of retarders when traveling down a hill, leading to frequent wearing down of brakes. Retarders serve to slow vehicles, or maintain a steady speed while traveling down a hill and help prevent the vehicle from unintentional or uncontrolled acceleration when travelling on an uneven road surface.

A review of workshop progress records for the year 2019 to October 30, 2024 at Head Office revealed that buses went for repair or changing of faulty brakes 295 times (47%), 257 times (41%) tyre fitting and repair, 48 times (8%) for faulty gears and 28 times (4%) for accident damaged buses. Refer to Pie Chart 1 for more details.

Pie Chart 1: Common Causes of Frequent Breakdowns of Buses.



Source: ZUPCO Workshop Progress Records 2019 to 2024.

Management Response

ZUPCO employees have salary arrears as the Company has been unable to pay them monthly due to funding challenges. The salary payment cycle was exceeding two (2) months. However, the cycle has now improved and the drivers were given an ultimatum to regularise their certificates or risk being terminated as they do not have the tools of trade. Quite a number have complied.

Documentary review and interviews with ZUPCO officials revealed that twenty-six (26) buses were impounded by VID between June and July of 2024. The buses spent an average of thirty-five (35) days in various VID depots across the country for not having vehicle certificates of fitness. As at the time of audit on August 8, 2024, all the 390 buses had no valid certificates of fitness according to interviews with ZUPCO officials. The Company potentially lost revenue amounting to US\$238 742 as a result of the twenty-six (26) buses that were not on the road.

The buses were impounded on different dates starting from June 5, 2024 to July 14, 2024 and were all released on July 20, 2024. Bus number 2306 from Chitungwiza depot spent the longest time, forty-five (45) days held at VID Eastlea depot in Harare, whilst bus 2502 from Belvedere depot spent the least number of days six (6) at VID Bindura depot. Out of the twenty-six (26) buses impounded nationwide, Chitungwiza depot had the highest number of buses impounded, ten (10) out of twenty-six (26). Refer to **Annexure G** for more details. As at the time of audit on August 8, 2024, interviews with ZUPCO officials revealed that they were engaging with CMED (Pvt) Ltd to ensure that they obtain certificates of fitness for the buses.

Management Response

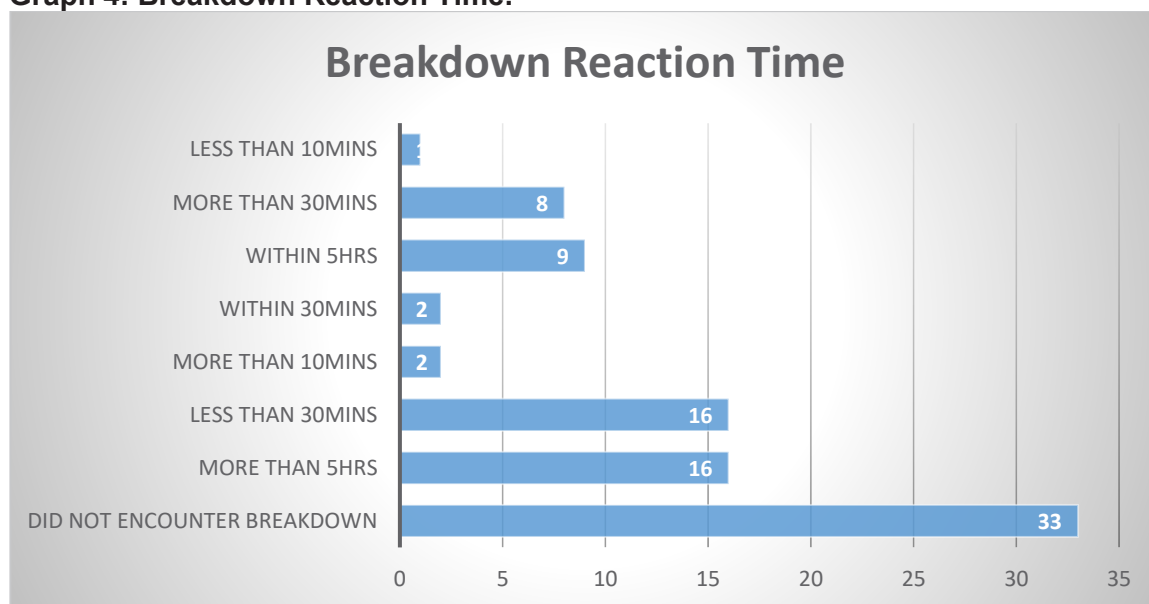
The buses were on lease from CMED (Pvt) Ltd. To obtain certificates of fitness VID needs registration books which were not availed by CMED (Pvt) Ltd

3.4 Customer Service Experience, Cleanliness and Reliability of ZUPCO Buses

My audit noted that ZUPCO was not consistently providing a reliable transport service to its customers. From the eighty-seven (87) questionnaires administered to passengers (intercity and rural) the following was noted:

- Fifty-four (54) (62%) out of eighty-seven (87) passengers had experienced a ZUPCO breakdown. Furthermore, of the fifty-four (54) passengers, sixteen (16) passengers revealed that they had experienced breakdown reaction time of more than five (5) hours. This was against a target reaction time to a breakdown (intercity and rural) of within five (5) hours in accordance to the Strategic Plans (2021 to 2023 and 2025 to 2025). Refer to Graph 4 for more details.

Graph 4: Breakdown Reaction Time.



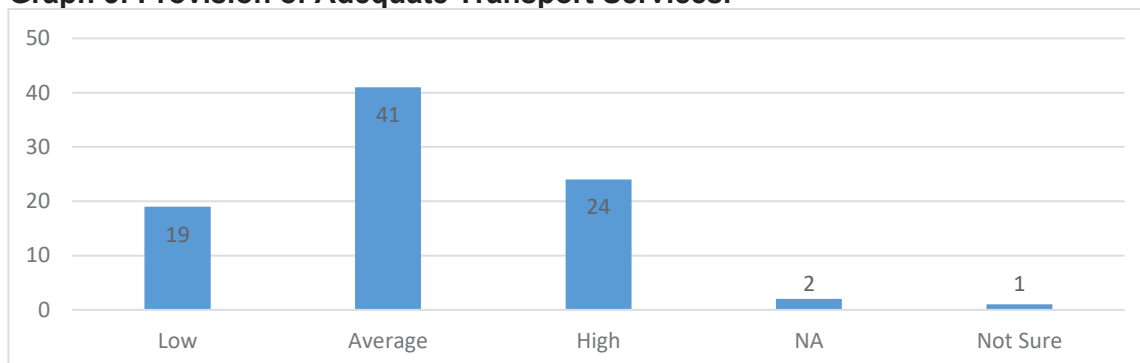
Source: OAG Administered Questionnaires.

Management Response

Recovery time is normally determined by availability of spares in stock. Emergency sourcing of spares (not stocked) will increase recovery time. If that fails, then will consider towing.

- Sixty (60) (69%) out of eighty-seven (87) passengers responded that ZUPCO was providing inadequate buses in their respective areas, resulting in overloading of passengers in buses. Refer to Graph 5 for more details. Passengers who responded low or average were of the view that ZUPCO was providing inadequate buses. Passengers who responded high were of the view that ZUPCO was adequately providing buses to their respective areas. Some passengers did not respond to the question, whilst others were not sure if the buses provided by ZUPCO to their area was adequate.

Graph 5: Provision of Adequate Transport Services.



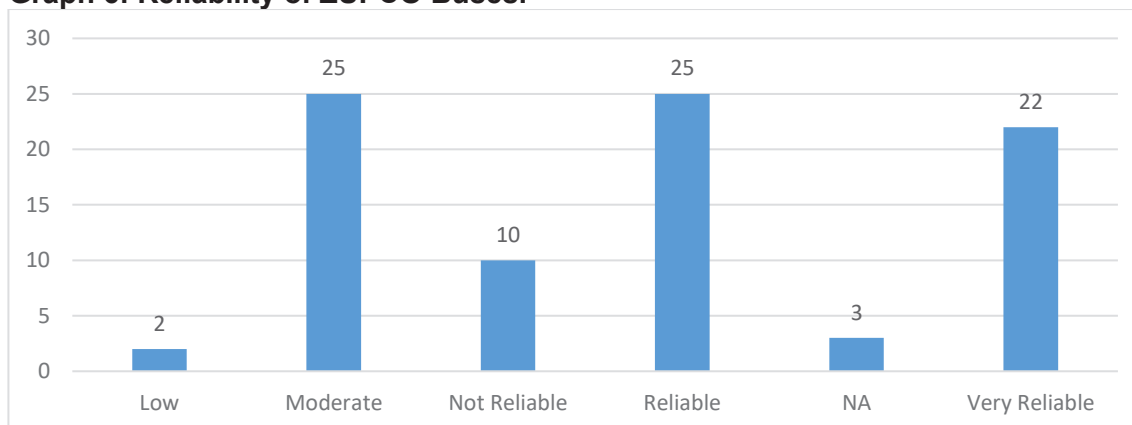
Source: OAG Administered Questionnaires.

Management Response

Provision of adequate buses is also affected by working capital constraints as several buses were down and in workshops under various depots. Finding replacement buses was difficult as the fleet kept going down as repairs were not done on time due to spares not being readily available.

- Thirty-seven (37) (43%) out of eighty-seven (87) passengers revealed that ZUPCO was not reliable as it did not adhere to scheduled time tables. For some routes buses were not being provided to passengers every day. Forty-seven (47) (54%) out of eighty-seven (87) passengers responded that ZUPCO buses were reliable. Refer to Graph 6 for more details.

Graph 6: Reliability of ZUPCO Buses.



Source: OAG Administered Questionnaires.

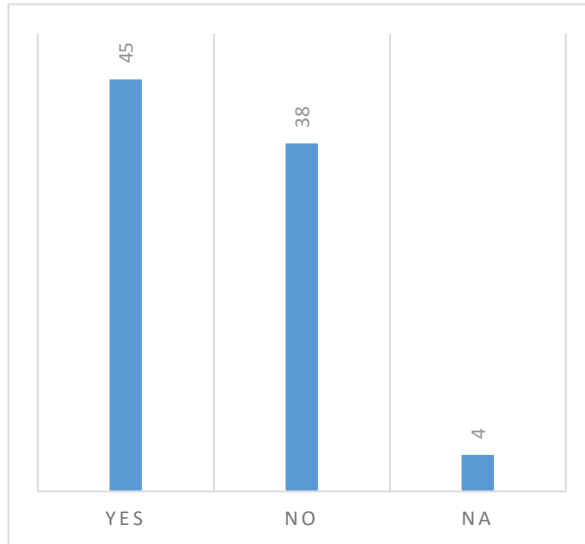
Management Response

Reliability of services for the period under review also proved to be challenging as the fleet was inadequate to meet all operational needs. Depending on the hire needs some routes were affected.

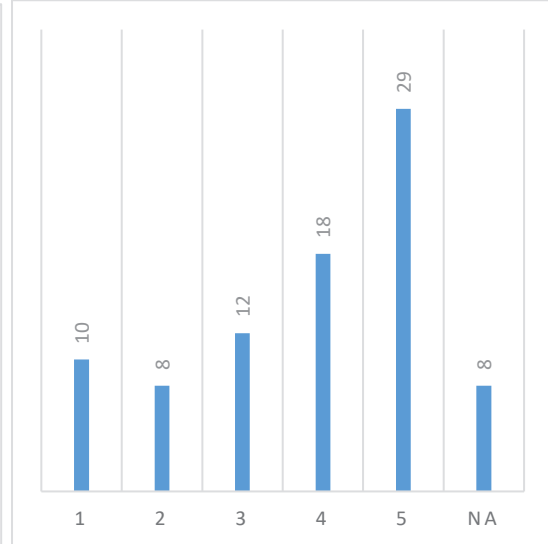
- Thirty-eight (38) (44%) out of eighty-seven (87) passengers had no access to timetables for ZUPCO buses. Thirty (30) (10+8+12) (34%) out of eighty-seven (87) passengers gave

a rating of one (1) to three (3) against a total rating of five (5) on adherence to timetables by ZUPCO. Refer to Graphs 7 and 8 for more details.

Graph 7: Access to Time Tables.



Graph 8: Adherence to Time Tables.



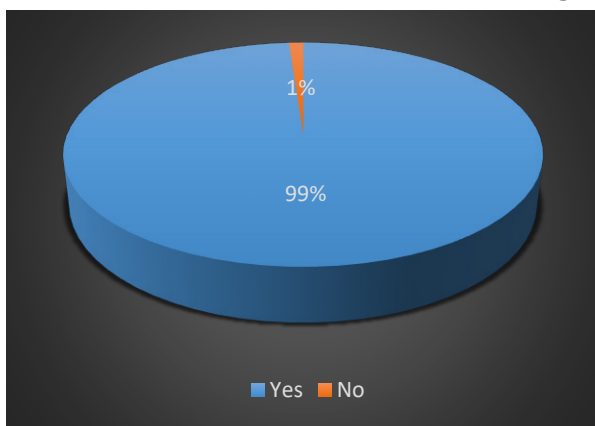
Source: OAG Administered Questionnaires. Source: OAG Administered Questionnaires.

Management Response

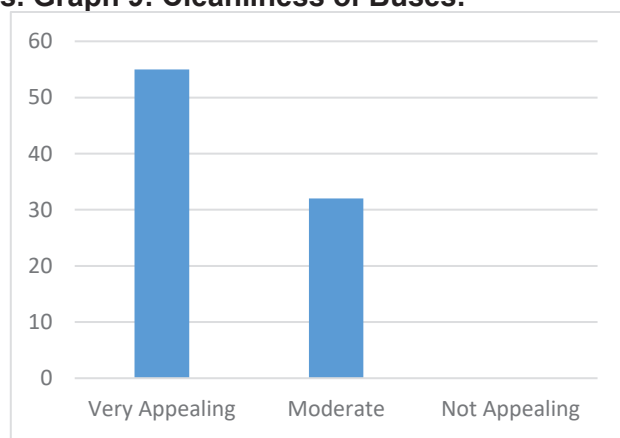
Currently all intercity and rural timetables are available on the ZUPCO website. However, timetables on bus ranks are being vandalised.

However, from the administered questionnaires, I noted that 99% of the passengers revealed that ZUPCO bus crews treated them with dignity and respect, 63% of passengers revealed that ZUPCO buses were kept clean and 99% of passengers felt safe to board a ZUPCO bus. For more details, refer to Pie Chart 2 and 3 and Graph 9.

Pie Chart 2: Crews Treatment of Passengers. Graph 9: Cleanliness of Buses.

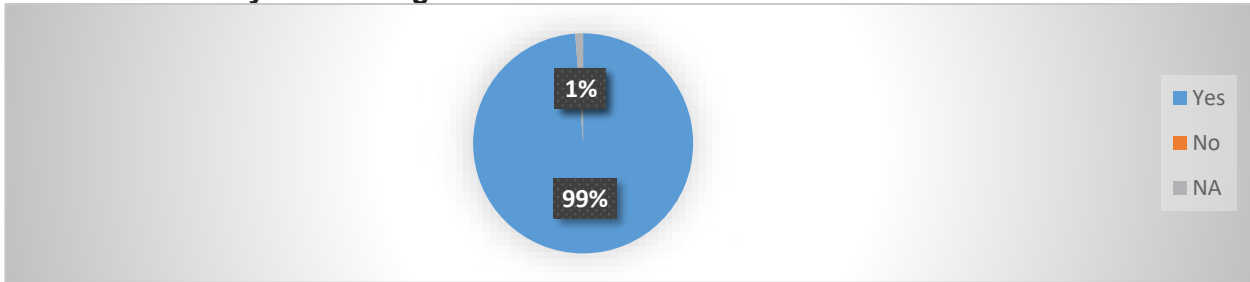


Source: OAG Administered Questionnaires.



Source: OAG Administered Questionnaires.

Pie Chart 3: Safety of Passengers.



Source: OAG Administered Questionnaires.

Management Response

ZUPCO strives to provide safe, affordable and reliable service in line with its national mandate.

CHAPTER 4: CONCLUSIONS

Below are general and specific conclusions pertaining to my audit on Management of sub-contracted CMED (Pvt) Ltd buses by ZUPCO.

4.1 General Conclusion

My audit concludes that ZUPCO is not efficiently and effectively managing the sub-contracted buses leased from CMED (Pvt) Ltd. This is evidenced by ZUPCO not fully exploiting the opportunity availed by CMED (Pvt) Ltd buses to grow the Company, improve efficiency and achieve disciplined resource allocation.

4.1.1 Specific Conclusions

4.1.1.1 ZUPCO did not seize the opportunity to maximise growth after leasing buses from CMED (Pvt) Ltd. For the period audited (2019 to October 30, 2024), ZUPCO did not manage to procure a single bus after entering into the lease agreements with CMED (Pvt) Ltd.

- ZUPCO is not consistently carrying out effective revenue forecasting, thereby affecting profitability and revenue monitoring.
- ZUPCO buses are staying long in workshops due to non-availability of service kits, non-payment of service providers and not procuring spare parts on time. Also, ZUPCO buses were experiencing frequent breakdowns due to procurement of sub-standard spare parts, not carrying out routine service of buses and having drivers who would not have acquired new driving techniques through continuous training.
- ZUPCO is facing fuel shortages as a result of procurement being done without needs assessment and distribution of fuel being done without documentation.
- Furthermore, ZUPCO is not effectively using the electronic ticketing system due to frequent breakdowns of devices and the devices not being dispatched to routes.
- ZUPCO is facing cash flow challenges as a result of long outstanding debts. As a result, ZUPCO has not been consistently paying drivers and conductors salaries on time. ZUPCO does not have a debt collection policy, as a result some debts have been outstanding for more than 180 days.
- My audit concludes that buses leased by ZUPCO from CMED (Pvt) Ltd are not all on the vehicle tracking system thereby making it difficult to monitor the movement of buses. Furthermore, ZUPCO has inadequate manpower to effectively manage the vehicle tracking system.

4.1.1.2 My audit concludes that ZUPCO is not fulfilling the contract with CMED (Pvt) Ltd as it is not paying monthly lease fees to CMED (Pvt) Ltd as per agreement. The monthly lease payments were last done on November 15, 2021. Also, the available contract has expired and needs to be renewed since ZUPCO is still using the buses as at the time of audit on October 30, 2024.

4.1.1.3 My audit acknowledges the effort being done by ZUPCO in terms of provision of transport services. However, ZUPCO is not in some cases consistently providing a reliable transport service to its customers due to intermittent provision of buses to their regular routes.

CHAPTER 5: RECOMMENDATIONS

This Chapter provides recommendations to ZUPCO which when considered may improve the operations for the benefit of citizens in terms of service delivery.

5.1 In order to improve and sustain growth, ZUPCO should consider the following:

5.1.2 Improving achievement of revenue targets by:

- making sure that buses do not stay too long in the workshops through provision of service kits, spare parts and payment of service providers on time.
- adjusting set revenue targets in accordance with the prevailing economic environment. This will help ZUPCO in setting realistic revenue targets necessary for decision making.
- setting specific revenues per bus in accordance with the routes they are plying. This is necessary to give bus crew targets to achieve, to enable the buses to cover operating costs and remain viable.
- engaging CMED (Pvt) Ltd to obtain vehicle certificate licenses for buses under lease, so that operations are not disrupted due to non-compliance with laws and regulations.
- considering a more efficient system of procuring and distributing fuel to depots so that buses are not parked due to fuel shortages.
- ensuring that fuel levels are recorded when buses are inspected in and out of the workshops. This will ensure accountability by workshop personnel.
- use of reputable service providers for providing ticket books.
- enforcing use of e-ticketing devices on all buses dispatched for the purpose of real time revenue monitoring and manage leakages. Furthermore, by acquiring effective e-ticketing devices and training of conductors on their use, this will help the entity to be more effective on revenue collection and management.

5.1.2 ZUPCO should intensify debt collection. This will help improve cash flows which will go a long way in recapitalizing and retooling its operations and improve service delivery. Also, ZUPCO should reconsider whether hiring out buses on credit without receiving a deposit to buy fuel is sustainable. Furthermore, ZUPCO should develop a credit policy which provide guidelines on how to extend credit to customers. This will help in reducing debts.

5.1.3 ZUPCO should ensure that all buses are installed with vehicle trackers so that there is effective monitoring of buses. In addition, ZUPCO should capacitate the control unit with personnel and tools of trade (vehicles).

5.2 ZUPCO should renew expired contracts with CMED (Pvt) Ltd for leased buses and honour lease payments as per agreement to avoid litigation cases which may affect the provision of services to the citizens. In addition, ZUPCO should engage CMED (Pvt) Ltd so that ZUPCO can maintain the buses. This will help to improve the turnaround time for servicing and repairing of buses.

5.3 ZUPCO should design and implement a growth model that minimises costs and maximize revenues.

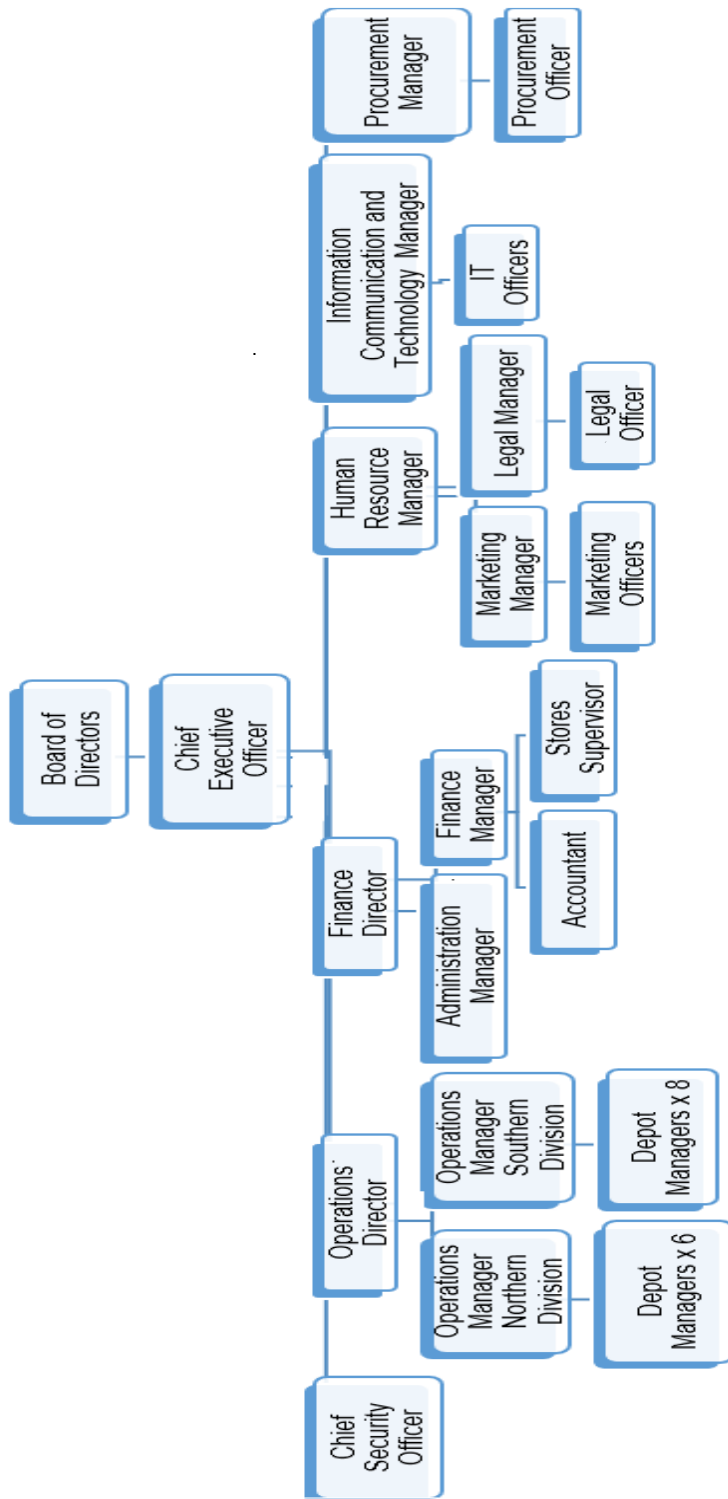
5.4 To capacitate staff, ZUPCO should train its staff across all departments to increase their competences and provide better services that may lead to increased customer satisfaction.

- 5.5** ZUPCO should develop and implement a comprehensive Standard Operating Procedure (SOP) Manual for the Calibration and Maintenance of Fuel Tanks across all its depots. This manual should clearly outline:
- Standard Time Intervals for initial and periodic calibrations for all types of fuel tanks (underground, overhead, and mobile tankers), in compliance with industry standards and manufacturer recommendations.
 - Maintenance requirements for each type of tank to ensure operational safety and fuel measurement accuracy.
 - Documentation protocols, including the requirement for dip charts, calibration certificates, and records indicating the last and next scheduled calibration dates.
 - Roles and responsibilities of personnel involved in fuel tank calibration and maintenance.
 - Monitoring and review mechanisms to ensure compliance and timely recalibration across all ZUPCO depots and maintain a centralized tracking system for calibration schedules to avoid recurrence of overdue calibrations and missing documentation.
 - In the interim, ZUPCO should conduct overdue calibrations at all depots identified in the audit (Belvedere, Khami, and Masvingo) and ensure that all tanks have an up-to-date calibration certificates and dip charts.
- 5.6** In a bid to manage breakdowns, ZUPCO should consider implementing the following:
- Procuring quality tyres that meet industry mileage standards (minimum 80 000 km), in line with CMED (Pvt) Ltd guidelines to improve vehicle performance.
 - Establish and strictly adhere to a preventive maintenance schedule to ensure timely servicing of buses and reduce unscheduled repairs.
 - Enhances its vehicle monitoring and maintenance tracking systems to detect and address recurring mechanical issues more proactively.
- 5.7** ZUPCO should ensure that buses are consistently provided to their routes as this will enhance service delivery. This will also ensure that ZUPCO does not lose customers to competitors.
- 5.8** ZUPCO should come up with time tables that they consistently adhere to in order to increase reliability. In addition, ZUPCO should periodically carry out customer surveys so as to timely address customer needs, concerns and compliment good drivers and conductors that would have been commended in the surveys.

ANNEXURES

Annexure A

Organisational Structure of ZUPCO.



Source: ZUPCO Organogram

Annexure B

Documents Reviewed.

Document	Reason for review
Strategic and Annual Operational Plans	Obtained long and short-term objectives of ZUPCO.
Internal Audit Reports	Ascertained whether there were issues raised pertaining to CMED (Pvt) Ltd subcontracted buses.
ZUPCO Agreements with CMED (Pvt) Ltd	Appreciated the terms of the arrangement between ZUPCO and CMED (Pvt) Ltd.
Annual Financial Statements and Reports	Assessed trends in performance of ZUPCO as well as determined funding for ZUPCO.
Operation Procedure Manuals	Documented the system of provision of public transport and also ensuring that ZUPCO was being consistent in performance.
Data Base for Buses	Reviewed whether the data base of buses was up to date and to understand the distribution of buses across depots and other stakeholders.
Monthly Revenue Analysis Sheets	Determined revenue targets and ascertain whether the targets were met.
Ecocash Reconciliations	Overview of the number of depots with functional ecocash merchant lines and also to understand the extent to which they were using Ecocash as a mode of payment.
E- ticketing Contract	Validated the existence of the contract and understand the terms of the agreement between ZUPCO and the service provider.
ZUPCO Ticketing Devices List	Verified the number of ticketing devices that ZUPCO had and assessed if they were operational.
E-ticketing Defect sheets	Obtained information on the frequency of repairs for the E-ticketing machines.
Training schedules	Verified if the drivers and conductors were being trained on the use of the e-ticketing machines.
Ticket Books and Goods Returned Vouchers	Inspected ticket books for defects and reviewed goods returned vouchers for returned ticket books.
Lifespan of Buses	Determined if the buses have exceeded their useful lives, the implications that came with the aging fleet and the plans in place for the buses which have exceeded their useful life.
Tracking System Reports	Obtained information on the number of buses that have been installed with vehicle tracking system and how many had functional tracking system.
Training schedules	Verified if the officers were trained on the use of the tracking devices.
Personal files for drivers and conductors	Ascertained whether the personal files were up to date with relevant documents such as drivers' licenses, retests and defensive certificates.

Annexure B (continued)

Documents Reviewed.

Document	Reason for review
Supplier list for spares	Obtained the criteria used in the selection of suppliers for spares.
Workshop progress records/reports	Assessed the frequency of repairs and or service for the buses.
Stores Requisition Forms	Verified if stores staff rechecked the specifications of the spares needed to avoid purchasing counterfeit spares.
Creditors age analysis	Ascertained the total amounts owed to CMED (Pvt) Ltd by ZUPCO for bus repairs and service for the buses and lease payments.
Job Cards/Job Sheets	Time taken to service buses and the labour rates for each bus.
Stock transfer forms	Validated if ZUPCO issued transfer forms for stock when transferring stock from central stores to depots.
Issue vouchers and goods received notes	Verified if stores were issuing out vouchers to workshops when giving out spares and if records for goods received notes were being maintained.
Waybills for buses	Verified if the correct number of trips were captured and the opening and closing ticket book numbers. These were also reviewed to determine whether the revenue and cash banked were tallying.
Buses dispatch sheets	Determined the number of buses dispatched at the depot compared to the establishment of the buses at the depot.
Certificate of fitness for buses	Ascertained the number of buses with valid certificate of fitness.
Debtors age analysis	Ascertained the total amounts owed to ZUPCO and how much was recovered.
Calibration reports for fuel tanks	Obtained information on the frequency of calibration for the tanks against the standard requirement.
Fuel reconciliation reports	Verified whether reconciliations were being carried out on a daily basis.

Annexure C

Schedule of Interviewed ZUPCO Personnel and Key Stakeholders.

Details	Designation	Reasons for interviewing
Ministry of Local Government and Public Works	The Secretary	To understand the role of the Ministry with regards to ZUPCO operations.
Department of Spatial Planning - Ministry of Local Government and Public Works	Deputy Director	To understand the Ministry's policy with regards to ZUPCO operations.
Mutapa Investment Fund	Chief Executive Officer	To understand the role of Mutapa Investment Fund in the governance of ZUPCO.
Massbreed	General Manager	To understand the relationship between ZUPCO and Massbreed with regards to supply, servicing and repair of buses.
CMED (Pvt) Ltd	Senior Workshop Foreman	To understand the leasing of buses and challenges of maintenance and servicing of buses.
City of Harare	Acting Director Urban Planning	To understand the role of City of Harare in improving the public transport infrastructure and their working relationship with ZUPCO.
ZUPCO Head Office	Chief Executive Officer	To understand the long-term objectives of ZUPCO and the current challenges that they were facing.
ZUPCO Head Office	Finance Manager	To understand the financial systems of ZUPCO and the challenges being faced.
ZUPCO Head Office	Operations Director	To understand the day-to-day operations of ZUPCO with regards to fleet management.
ZUPCO Head Office	Human Resources Manager	To understand whether ZUPCO had adequate human capital.
ZUPCO Head Office	Procurement Manager	To understand the processes involved in the procurement of goods and services key to ZUPCO operations.
ZUPCO Head Office	Chief Security Officer	To understand how they were safeguarding the assets of ZUPCO.
ZUPCO Head Office	Marketing Manager	To understand to what extent ZUPCO was meeting its service delivery targets.
ZUPCO Head Office	Legal Officer	To understand whether contractual arrangements entered with other parties were favourable to ZUPCO.
ZUPCO Head Office	ICT Manager	To understand the policy of ICT department in digitalizing ZUPCO operations.
ZUPCO Belvedere, Willowvale, Chinhoyi, Khami, Kelvin and Masvingo Depots	Depot Managers	To understand the day-to-day operations of ZUPCO with regards to management of buses.

Annexure D

CUSTOMER SATISFACTION SURVEY QUESTIONNAIRE – OFFICE OF THE AUDITOR-GENERAL.

Please do not write your name on the questionnaire as participants are meant to be anonymous. All information will be kept confidential. Thank you for your time and cooperation.

Terminus

1. In your opinion, how long does ZUPCO crews take to react after a local or intercity breakdown? Indicate. below

within 30min above 30min within 5hrs above 5hrs

2. Rate the level of responsiveness of ZUPCO crews to the transport needs in your area?

High Average Low

3. How reliable are ZUPCO services in your area?

Very reliable Reliable Moderate Not reliable

4. Do you have access to the ZUPCO Routes time tables? Yes No

5. Does ZUPCO adhere to their timetables? On a rate of 1-5 how do you rate them? 1 being the least and 5 being the highest rating

1 2 3 4 5

6. Do ZUPCO crews treat you with dignity and respect? Yes No
if No Why?.....

7. How appealing are ZUPCO buses in terms of cleanliness?

Very appealing Moderate Not appealing

8. Do you feel safe when travelling in ZUPCO buses? Indicate. Yes No
If No, Why?.....

Annexure E

Number of Days Buses Stayed in the Workshop and Potential Revenue Lost.

Bus Number	Date Inspected in workshop	Nature of work to be done	Location of bus	Date when the bus was inspected out of the workshop	Total number of days Buses Stayed in the workshop	Potential revenue lost US\$
Belvedere depot						
1870	09/04/2022	Diff noise and routine service	Massbreed Harare	03/04/2024	725	31 900
2442	07/07/2022	Routine service	Massbreed Harare	13/02/2023	251	40 160
2438	20/07/2022	Routine service	Massbreed Harare	22/02/2023	217	25 606
2454	25/07/2022	Routine Service and header tank	Massbreed Harare	15/02/2023	205	37 925
922	20/07/2022	Clutch booster	CMED (Pvt) Ltd Harare	Still at the workshop as at 16/09/24	789	90 735
538	02/11/2022	Spring and rollers	CMED (Pvt) Ltd Harare	Still at the workshop as at 16/09/24	684	251 712
1140	09/01/2023	Routine service, steering oil leaks	CMED (Pvt) Ltd Harare	Still at the workshop as at 16/09/24	616	194 040
534	26/04/2022	Routine service	CMED (Pvt) Ltd Harare	02/01/2024	616	99 792
942	09/01/2023	Routine service and breaks	CMED (Pvt) Ltd Harare	Still at the workshop as at 16/09/24	616	62 832
778	11/01/2023	Fuel system and turbo	CMED (Pvt) Ltd Harare	Still at the workshop as at 16/09/24	614	57 716
1154	30/01/2023	Radiator and fan	CMED (Pvt) Ltd Harare	5/04/2023	65	10 335
2146	30/01/2023	Kingpins and tyres	CMED (Pvt) Ltd Harare	01/01/2024	336	82 656
2506	30/01/2023	Repair of gearbox	CMED (Pvt) Ltd Harare	02/01/2024	337	60 997

Annexure E (continued)

Number of Days Buses Stayed in the Workshop and Potential Revenue Lost.

Bus Number	Date Inspected in workshop	Nature of work to be done	Location of bus	Date when the bus was inspected out of the workshop	Total number of days Buses Stayed in the workshop	Potential revenue lost US\$
548	30/01/2023	Replacement of Tyres	CMED (Pvt) Ltd Harare	01/01/2024	336	15 120
1152	30/01/2023	Replacement of Tyres	CMED (Pvt) Ltd Harare	02/01/2024	337	41 788
594	23/03/2021	Repair of Gearbox	Massbreed	Still at the workshop as at 16/09/24	1 072	32 160
1880	15/06/2022	General service	Massbreed	Still at the workshop as at 16/09/24	824	218 360
1956	17/05/2022	Repair of DIFF	Massbreed	Still at the workshop as at 16/09/24	856	158 360
2348	27/04/2022	Accident damaged	CMED (Pvt) Ltd Harare	Still at the workshop as at 16/09/24	897	539 994
Masvingo depot						
990	11/09/2023	Engine, track rod, 2 batteries, retarder, rear prop shaft, gear selector-rod, speed sensor and intercooler.	Masvingo Depot	Still at the workshop as at October 16, 2024.	401	103 859
1318	17/09/2023	restriction banjo, gear lever and gear cables.	Willowvale depot	Still at the workshop as at October 16, 2024.	395	31 600

Annexure E (continued)

Number of Days Buses Stayed in the Workshop and Potential Revenue Lost.

Bus Number	Date Inspected in workshop	Nature of work to be done	Location of bus	Date when the bus was inspected out of the workshop	Total number of days Buses Stayed in the workshop	Potential revenue lost US\$
1926	31/12/2022	Injector pump and injector.	CMED (Pvt) Ltd Masvingo	Still at the workshop as at October 16, 2024.	655	99 560
1928	31/08/2023	Sound in engine, smoking and failure to start engine.	CMED (Pvt) Ltd Bulawayo	Still at the workshop as at October 16, 2024.	412	38 728
524	31/05/2022	Prop shaft, clutch booster, fan belts, front swinging shackle, steering reservoir, windscreens and rear studs.	CMED (Pvt) Ltd Masvingo	Still at the workshop as at October 16, 2024.	869	328 482
1286	01/01/2022	Engine, fan, turbo charger, radiator and intercooler.	CMED (Pvt) Ltd Masvingo	Still at the workshop as at October 16, 2024.	1019	238 446
2068	01/02/2022	Accident Damaged	CMED (Pvt) Ltd Masvingo	Still at the workshop as at October 16, 2024.	988	175 864
1924	28/05/2024	Radiator, Tyres and Batteries.	CMED (Pvt) Ltd Harare	Still at the workshop as at October 16, 2024.	141	28 200
Total potential revenue lost						\$3 096 927

Source: ZUPCO January 2023 National Performance Report and Maintenance Statistics from Masvingo Depot as at October 30, 2024.

NB: The potential revenue lost was calculated by determining the total revenue generated per bus in the previous month it operated before being inspected into the workshop. This was then divided by thirty (30) days to determine the average daily revenue per bus. The average daily revenue was then multiplied by the number of days lost whilst in workshop. Below is an illustration of how the potential revenue lost was calculated.

Bus number	Previous productive month	Revenue generated US\$	Number of days in a month	Average daily revenue per bus	Number of idle days	Potential revenue lost US\$
		A	B	A/B=C	D	CxD
1870	May-22	1 309	30	44	725	31 900
2442	June-22	4 804	30	160	251	40 160
2438	June-22	3 532	30	118	217	25 606
2454	June-22	5 551	30	185	205	37 925
922	June-22	3 456	30	115	789	90 735

Annexure F

Frequency of Repairs for Buses.

Workshop number	Bus number	Date Inspected in the workshop	Date Inspected out the workshop	Number of times per month that buses went for repairs	Nature of repair
Belvedere depot					
222863	610	29/07/19	29/07/19	2	Tyre puncture
222869		30/07/19	30/07/19		Spare wheel repair
222718		14/08/19	24/09/19	2	Service-passenger seat
222701		10/08/19	10/08/19		Diesel leak
223195		05/10/19	05/10/19	1	Front tyre separated
223298		12/11/19	15/11/19	3	Service-stabilizer bar bushes
223734		15/11/19	15/11/19		Supply of two tyres
223734		22/11/19	30/11/19		Brakes, oil leaks
316		19/12/19	20/12/19	2	Service-boots and door adjustment
316		16/12/19	16/12/19		Fitting two tyres
222343	594	19/07/19	19/07/19	2	Engine drain plug
222854		21/07/19	30/07/19		Tyre puncture
222845		09/08/19	09/08/19	1	Supply spare wheel
223335		18/09/19	18/09/19	1	Tyre rotation
223235		15/10/19	21/10/19	1	Tyre puncture
223734		21/11/19	25/11/19	1	Supply and fitting of two tyres
223681		16/12/19	16/12/19	3	Supply two tyres
223700		20/12/19	20/12/19		Pressure leak
224155		24/12/19	24/12/19		Brake pipes air leak
Khami depot					
7438	2168	06/01/24	06/01/24	6	Attend to chargers
7349		07/01/24	07/01/24		Front bumper and exhaust
7530		11/01/24	11/01/24		Top engine oil
7459		22/01/24	22/01/24		Lights, wipers and general checks
7567		25/01/24	25/01/24		Rear and brake shoes
7587		31/01/24	31/01/24		Engine oil
7728		13/02/24	13/02/24	4	Oil and general checks
7808		23/02/24	23/02/24		Falling grills
7767		26/02/24	26/02/24		Rear and front wheel stud
7764		26/02/24	26/02/24		Two front wheel studs
8955	08/08/24	08/08/24	1	Worn out king pin	
8626	2518	25/05/24	25/05/24	1	Bolt lightening

Annexure F (continued)

Frequency of Repairs of Buses.

Workshop number	Bus number	Date Inspected in the workshop	Date Inspected out the workshop	Number of times per month that buses went for repairs	Nature of repair
8673		23/06/24	23/06/24	1	Top coolant
7379	2206	12/01/24	12/01/24	2	Rear wind screen
7594		02/02/24	12/01/24		Engine oil
8802		29/05/24	29/05/24	1	Broken passenger seat
8648		02/06/24	02/06/24	2	Shock bolts tightening
8903		02/06/24	02/06/24		Broken hanger
8866		09/07/24	09/07/24	7	Swing hanger cracked
8870		09/07/24	09/07/24		Broken hanger
8879		14/07/24	14/07/24		Malfunctioning boot locks
8890		18/07/24	18/07/24		Fabricated hanger
8697		19/07/24	19/07/24		Top Automatic Transmission fluid (ATF)
8898		19/07/24	19/07/24		Hanger repair
8907		30/07/24	30/07/24		Sized universal joint
8946		12/08/24	12/08/24	5	Fallen air vent
8965		16/08/24	16/08/24		Broken hanger
8978		16/08/24	16/08/24		Spring hanger
8987		22/08/24	22/08/24		No fan
8990		24/08/24	24/08/24		Cracked hanger
8642		28/09/24	28/09/24	1	Changed air filter
7433		05/01/24	05/01/24	2	Attend to batteries
7522		05/01/24	05/01/24		Changing both rear brake shoes
7854	06/03/24	06/03/24	3	Machining brake shoe	
8037	06/03/24	06/03/24		Attend to batteries	
8043	08/03/24	08/03/24		Wiper blades worn out	
8963	01/08/24	01/08/24	9	Low ATF level	
8918	05/08/24	05/08/24		Brake shoe pins	
8934	07/08/24	07/08/24		Fuel filters	
8958	07/08/24	07/08/24		Low ATF level	
8970	16/08/24	16/08/24		Cracked bottom pipe radiator	
8974	18/08/24	18/08/24		General checks	
8988	23/08/24	23/08/24		Loose spring hanger bolts	
8996	25/08/24	25/08/24		Loose exhaust	
8901	30/08/24	30/08/24		Broken radiator brackets	

Annexure F (continued)

Frequency of Repairs for Buses.

Workshop number	Bus number	Date Inspected in the workshop	Date Inspected out the workshop	Number of times per month that buses went for repairs	Nature of repair
7431	2178	04/01/24	04/01/24	2	Low candle power
7393		24/01/24	24/01/24		Loose screen and light holders
7864		10/03/24	10/03/24	1	General checks
8638		29/05/24	29/05/24	1	Service
8828		14/06/24	14/06/24	1	Broken bull bar bracket
8985		22/08/24	23/08/24	2	Dirty air filter
9000		23/08/24	23/08/24		Engine oil
7377	2536	19/01/24	19/01/24	2	Worn out universal joint
7373		19/01/24	19/01/24		Broken front bumper brackets
7740		17/02/24	17/02/24	1	Fault gearbox
8875		12/07/24	12/07/24	3	Damaged rear screen
8895		19/07/24	19/07/24		Fix damaged glass
8926		20/07/24	20/07/24		Leaking header tank
7463		2390	24/01/24	24/01/24	1
7589	01/02/24		01/02/24	2	Broken front wheel studs
7727	13/02/24		13/02/24		Lubrication
8930	20/07/24		20/07/24	1	Bolt tightening
8968	18/08/24		18/08/24	1	Seven rear wheel studs and nuts
7532	2532	11/01/24	11/01/24	2	Master cylinder leaks
7457		21/01/24	21/01/24		Starter motor attendance
8010		20/02/24	20/02/24	3	Temperature gauge
7750		20/02/24	20/02/24		Tyres
8026		29/02/24	29/02/24		Service batteries
8033		03/03/24	03/03/24	4	Headlights
7869		11/03/24	11/03/24		Universal joint
7871	11/03/24	11/03/24		Sized universal joint	
7873	13/03/24	13/03/24		Cracked shock absorbing bracket	
8678		24/06/24	24/06/24	1	No rear shoes
8953		14/08/24	14/08/24	1	No rear shoes
7528	2340	08/01/24	08/01/24	1	Wheel studs
7829		27/02/24	27/02/24		Axle pin and fuel cap
7825		27/02/24	27/02/24	3	Bushes
7768		27/02/24	27/02/24		Front shackle pin
Masvingo depot					

Annexure F (continued)

Frequency of Repairs for Buses.

Workshop number	Bus number	Date Inspected in the workshop	Date Inspected out the workshop	Number of times per month that buses went for repairs	Nature of repair
1206	2470	31/05/23	-	1	Retarder problem
1209	1084	09/06/23	09/06/23	1	Rear tyre burst
1214	2581	23/06/23	23/06/23	1	Radiator fan worn out
1227	2318	29/07/23	29/7/23	1	Pressure leaks
1235	990	02/09/23	02/09/23	2	Starter-batteries
1236		09/09/23	09/09/23		Low engine oil
1241	2280	16/09/23	16/09/23	1	Non-starter-batteries
1242	2260	19/09/23	19/09/23	1	Non-starter-batteries
1255	2260	17/12/23	17/12/23	1	Brake shoes
1249	2394	27/09/23	27/09/23	1	Track rod
1250	1952	02/10/23	02/10/23	1	Centre bearing
1257	2288	20/12/23	20/12/23	1	No lights
1258	2576	21/12/23	21/12/23	1	Brake shoes
1260	890	29/12/23	29/12/23	1	Worn radiator
1261	1262	14/01/24	14/01/24	1	Broken gear cable and tyre
1264	2326	30/01/24	30/01/24	1	Stabilizer bar bracket
1265	2338	-	-	1	Tyre puncture
1266	2394	31/01/24	31/01/24	1	Low brakes
1267	2408	11/02/24	11/02/24	2	Clutch
1268		11/02/24	11/02/24		Pressure plate
1269	2184	-	-	1	Radiator
1270	2370	16/02/24	16/02/24	1	Prop shaft centre bearing
1272	598	07/03/24	07/03/24	1	Wheel bearing
1273	2336	10/03/24	10/03/24	1	Retarder
1275	2288	-	-	1	Brakes
1276	2318	14/02/24	14/02/24	1	Clutch
1277	2318	21/03/24	21/03/24	1	Clutch
1278	926	21/05/24	21/05/24	1	Tyre puncture
1279	2566	22/03/24	22/03/24	1	Defective tyre
1280	2590	24/03/24	24/03/24	1	Brake shoes worn
1281	2336	25/03/24	25/03/24	1	Prop shaft
1282	2311	28/03/24	28/03/24	1	Tyre worn
1283	2446	28/03/24	28/03/24	1	Tyre burst
1284	598	30/03/24	30/03/24	1	Wheel bearing
1285	2574	30/03/24	30/03/24	1	Batteries
1286	994	04/04/24	04/04/24	1	Worn out shoes
1287	2334	08/04/24	08/04/24	1	Brake shoes worn out
1288	2394	08/04/24	08/04/24	1	General checks

Annexure F (continued)

Frequency of Repairs for Buses.

Workshop number	Bus number	Date Inspected in the workshop	Date Inspected out the workshop	Number of times per month that buses went for repairs	Nature of repair
1289	2260	09/04/24	09/04/24	1	Retarder bolt broken
1290	1242	11/04/24	11/04/24	1	Retarder
1291	2336	08/04/24	08/04/24	1	Retarder bolt broken
1292	2408	10/04/24	10/04/24	1	Clutch
1293	1342	15/04/24	15/04/24	1	Radiator
1294	2434	22/04/24	22/04/24	1	Retarder bolt broken
1295	2260	22/04/24	22/04/24	1	Prop shaft
1296	2318	23/04/24	23/04/24	1	Prop shaft and joint worn
1297	1316	27/04/24	27/04/24	1	Non-starter
1298	1342	28/04/24	28/04/24	1	Non-starter
1299	2380	04/05/24	04/05/24	1	Retarder problem
1300	2408	04/05/24	04/05/24	1	Tyre puncture

Source: Belvedere, Khami and Masvingo Depots Job Cards.

Annexure G

Impounded Buses and Potential Lost Revenue.

Bus number	ZUPCO depot	VID depot	Date impounded	Date released	Number of days lost	Potential lost revenue US\$
2306	Chitungwiza	Eastlea	05/06/24	20/07/24	45	14 850
1260	Mutare	Marondera	06/06/24	20/07/24	44	14 784
2290	Willowvale	Marondera	06/06/24	20/07/24	44	11 978
2212	Chitungwiza	Marondera	06/06/24	20/07/24	44	20 812
2154	Chitungwiza	Rusape	06/06/24	20/07/24	44	1 540
2410	Chitungwiza	Rusape	06/06/24	20/07/24	44	12 144
2444	Chinhoyi	Chinhoyi	06/06/24	20/07/24	44	16 577
1266	Chitungwiza	Chitungwiza	07/06/24	20/07/24	43	12 470
510	Chitungwiza	Chitungwiza	13/06/24	20/07/24	37	4 181
516	Chitungwiza	Chitungwiza	13/06/24	20/07/24	37	7 030
2146	Belvedere	Kwekwe	16/06/24	20/07/24	34	8 296
2578	Mutare	Beitbridge	17/06/24	20/07/24	33	14 817
2270	Chitungwiza	Eastlea	18/06/24	20/07/24	32	2 976
2572	Chitungwiza	Eastlea	18/06/24	20/07/24	32	10 400
2374	Chinhoyi	Chinhoyi	18/06/24	20/07/24	32	4 079
2192	Chinhoyi	Chinhoyi	28/06/24	20/07/24	22	6 549
2502	Belvedere	Bindura	14/07/24	20/07/24	6	1 522
1088	Hwange	Hwange	05/06/24	20/07/24	45	12 064
884	Chiredzi	Chiredzi	07/06/24	20/07/24	43	6 880
2422	Khami	Gwanda	07/06/24	20/07/24	43	6 751
2288	Masvingo	Masvingo	11/06/24	20/07/24	39	12 519
968	Gweru	Gweru	13/06/24	20/07/24	37	4 699
2408	Chiredzi	Chiredzi	13/06/24	20/07/24	37	9 509
2418	Beitbridge	Beitbridge	13/06/24	20/07/24	37	3 256
2534	Beitbridge	Beitbridge	18/06/24	20/07/24	32	8 000
2384	Gweru	Gweru	29/06/24	20/07/24	21	10 059
Total						\$238 742

Source: ZUPCO schedule of impounded buses by VID and Monthly Revenue Analysis Sheets per bus May to June 2024.

NB: The potential revenue lost was calculated by determining the average daily revenue per bus generated in the previous month when the bus operated before being impounded by VID. The average daily revenue was then multiplied by the number of days lost whilst impounded. Below is an illustration of how the potential revenue lost was calculated.

Bus number	Previous productive month	Revenue generated	Number of days in a month	Average daily revenue per bus	Number of idle days	Potential revenue lost US\$
		A	B	A/B=C	D	CxD
2444	May-24	11 679	31	377	44	16 577
2290	May-24	8 439	31	272	44	11 978

2374	May-24	3 952	31	127	32	4 079
2192	Apr-24	8 930	30	298	22	6 549
2502	Jun-24	7 610	30	254	6	1 522

Annexure H

Summary of Receivables Age Analysis.

Debtor	Balance ZWL\$ July 31, 2024	Balance ZWL\$ December 31, 2023	Balance ZWL\$ December 31, 2022	Balance ZWL\$ December 31, 2021	Balance ZWL\$ December 31, 2020	Balance ZWL\$ December 31, 2019
CAAZ	5 275 670 768	995 332 821	43 038 065	4 026 565	3 565	3 565
Home Affairs	-	-	-	10 999	10 999	3 504
Ministry of Public Services	-	-	2 570 866	18 891 361	26 890 008	19 857
21 st February Movement	-	-	-	6 246	6 246	6 246
Airforce of Zimbabwe	3 115 421 909	423 684 413	30 421 599	2 385 200	-	-
Arenel	-	-	-	1 648 500	-	-
City of Harare	-	-	-	12 372	12 372	12 372
CMED (Pvt) Ltd	291 601 720	94 646 884	6 574 000	-	-	-
Delta Beverages	127 672 336	127 672 336	3 819 757	4 138 031	-	-
Delta Mailings	10 615 294	10 615 294	(10 615 294)	10 243 448	-	-
Gweru City Council	-	-	-	199 109	-	-
IOM ND	-	-	-	-	25 262 677	-
Khumbula High School	-	-	-	-	1 800	1 800
Local Government	-	-	-	4 062	4 062	4 062
MDC Northern Division	14 278 380	14 278 380	14 278 380	8 961 657	8 961 657	-
MDC T	-	-	-	5 316 723	5 316 723	-
Ministry of Agriculture	-	-	-	11 200	11 200	11 200
Ministry of Environment and Climate	-	-	-	15 878	15 878	15 878
Ministry of Industry	-	-	-	-	3 500	-
Ministry of Education	3 977 959	3 977 959	3 977 959	-	-	-
Ministry of Local Government Bulawayo	-	-	15 402 683	15 402 683	15 402 683	5 792 558
Ministry of Public Service 2	-	-	-	-	-	1 000
Ministry of Rural Development	-	-	-	-	(6 463)	-
Ministry of Social Welfare	-	-	-	60 779 505	24 827 101	2 422
Ministry of Home Affairs	-	-	-	-	-	7 495
Ministry of Local Government 2	-	-	-	-	-	4 096 898
Ministry of Local Government	33 463 778 510	13 873 700 368	2 276 278 832	74 999 390	-	-
Ministry of Tourism	2 308 626	2 308 626	-	-	-	-
Mutare Depot Hires	45 000	-	-	347 060	347 060	347 060
Nhowe Mission	-	-	-	-	-	10 500
Natpharm 2000022	-	-	3 763 062	277 446	-	-

Annexure H (continued)

Summary of Receivables Age Analysis.

Debtor	Balance ZWL\$ July 31, 2024	Balance ZWL\$ December 31, 2023	Balance ZWL\$ December 31, 2022	Balance ZWL\$ December 31, 2021	Balance ZWL\$ December 31, 2020	Balance ZWL\$ December 31, 2019
Natpharm	60 940 455	60 940 455	31 495 655	5 853 455	-	-
Office of the President	49 891 391	49 891 391	1 300 000	10 560	10 560	10 560
Office of the President	9 659 368	-	-	2 500	2 500	2 500
Parienyatwa Hospital	-	-	-	8 089 266	-	-
Piki Goko	-	-	-	200 356	200 356	200 356
PRAZ	-	-	-	643 500	-	-
One Time Customer	133 987 934	-	(96 099 903)	-	-	-
Other Customers	410 000	410 000	410 000	-	-	-
Protection and Disaster Unit Masvingo	567 984	567 984	567 984	567 984	-	-
Protection and Disaster Unit Mat South	2 228 628	2 228 628	2 228 628	2 228 628	-	-
PSMI	13 649 840 638	96 577 500	96 577 500	37 140 000	-	-
20000016 PSMI	-	-	-	1 302 840	-	-
RIO Zim	-	-	-	(9 225)	-	-
Sakunda Petroleum	-	-	-	18 843	18 843	18 843
Simbisa Brands	-	-	-	206 100	-	-
St Tsuru	-	-	-	6 000	6 000	6 000
Sub-Saharan	-	-	-	-	17 750	17 750
Ultimate Protection	15 548	15 548	-	-	-	-
ZANU PF Womens League	-	-	-	-	-	166 987
ZANU PF	4 114 225 350	2 134 733 177	386 850 278	16 512 870	-	-
ZANU PF HQ	-	-	2 047 239	2 047 239	2 047 239	64 454
ZANU PF Bulawayo Province	-	-	-	-	-	199 422
ZANU PF Bulawayo Province 2	-	-	-	-	-	441 977
ZANU PF HQ 2	-	-	-	-	-	5 347 962
ZANU PF Matabeleland North	-	-	-	-	-	101 915
ZANU Northern	-	-	67 200 693	30 677 437	-	-
ZBC Northern Division	-	-	6 909 646	8 038 161	8 038 161	-
ZBC Southern Division	-	-	6 091 439	6 091 439	2 855 270	-
ZDF	599 669 176	189 334 784	12 132 500	-	-	-
ZNA	6 511 348 692	1 109 156 685	140 355 215	7 505 361	37 599	37 599
ZIMSTAT	-	-	-	33 402	1 200	1 200
Zimbabwe School of Mines	-	-	-	(284 435)	-	-