OAG ZIMBABWE
Office of the Auditor-General

REPORT

of the

AUDITOR-GENERAL

on

APPROPRIATION ACCOUNTS

AND

FUND ACCOUNTS IN ARREAR

AS AT DECEMBER 31, 2021

Presented to Parliament of Zimbabwe 2023

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

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

Dear Sir,

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

Yours faithfully,

M. CHIRI,
AUDITOR-GENERAL.

HARARE

March 20, 2023.

We assure accountability

OAG ZIMBABWE
Office of the Auditor-General

OAG VISION

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

OAG MISSION

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

OAG VALUES

LIST OF ACRONYMS

AFROSAI-E	African Organisation of English speaking Supreme Audit Institutions
A-G	Attorney-General
BCP	Business Continuity Plan
BOI	Board of Inquiry
CAP	Consolidated Accounts and Policy
CBZ	Commercial Bank of Zimbabwe
CDF	Constituency Development Fund
CIAU	Central Internal Audit Unit
CRF	Consolidated Revenue Fund
CMED	Central Mechanical Equipment Department
CVS	Central Vaccines Stores
DRP	Disaster Recovery Plan
EBS	Electronic Bank Statement
ERP	Enterprise Resource Planning
FBC	First Banking Corporation
GAAP	Generally Accepted Accounting Practice
GR	Goods Receipt
ICT	Information Communication Technology
ISSAIs	International Standards of Supreme Audit Institutions
ITTTD	Industrial Training and Trade Testing Development Fund
IR	Invoice Receipt
JV	Journal Voucher
JSC	Judicial Service Commission
KPI	Key Performance Indicators
KRA	Key Result Areas
MDA	Ministries, Departments and Agencies
MTDS	Medium Term Debt Strategy
NPA	National Prosecuting Authority
NRZ	National Railways of Zimbabwe
OAG	Office of the Auditor-General
PBB	Programme Based Budgeting
PCN	Primary Care Nurses
PDMO	Public Debt Management Office
PFM	Public Finance Management
PFMA	Public Finance Management Act
PFMS	Public Financial Management System
PMG	Paymaster-General's Account
PMU	Procurement Management Unit
PoZ	Parliament of Zimbabwe
PSC	Public Service Commission
PPDPA	Public Procurement and Disposal of Public Assets Act
PPE	Property, Plant and Equipment
RBZ	Reserve Bank of Zimbabwe
R-G	Registrar-General
RGN	Registered Nurses
SAP	Systems Application Products
SDF	Standards Development Fund
SDG	Sustainable Development Goal
SLA	Service Level Agreements
SUB-PMG	Sub-Paymaster General's Account
SSB	Salary Service Bureau

TBs	Treasury Bills
ZABG	Zimbabwe Allied Banking Group
UR	Unallocated Reserve
USD	United States Dollars
UZ	University of Zimbabwe
VOCTE	Vocational and Technical Examinations Fund
VID	Vehicle Inspectorate Department
ZAR	South African Rand
ZIMRA	Zimbabwe Revenue Authority
ZPCS	Zimbabwe Prisons and Correctional Service
ZRP	Zimbabwe Republic Police
ZUPCO	Zimbabwe United Passenger Company
ZWL	Zimbabwe Dollar

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FOREWORD

1 SUBMISSION OF ANNUAL REPORT

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

A number of accounts were not included in my report for the year ended June 30, 2021, mainly due to the backlog created by the pandemic which saw my 2020 report being tabled on March 08, 2022. In addition, some of the 2021 financial statements were not received on time for my audit, so I finalized my report with audits which had been completed then, in a bid to meet the statutory deadline of June 30, 2022. This Report contains the results of audits of Appropriation Accounts and Funds which were still in progress at the time of concluding the 2021 annual report.

2 MANDATE OF THE AUDITOR-GENERAL

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

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

3 BASIS OF PREPARATION OF PUBLIC ACCOUNTS

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

4 CONDUCT OF THE AUDIT

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

I conducted audits at Head Offices of Ministries. Resources permitting, I would want to visit outstations as most Ministries and government departments have decentralized in line with the National Development Strategy (NDS1), where a number of activities are taking place at district and provincial levels.

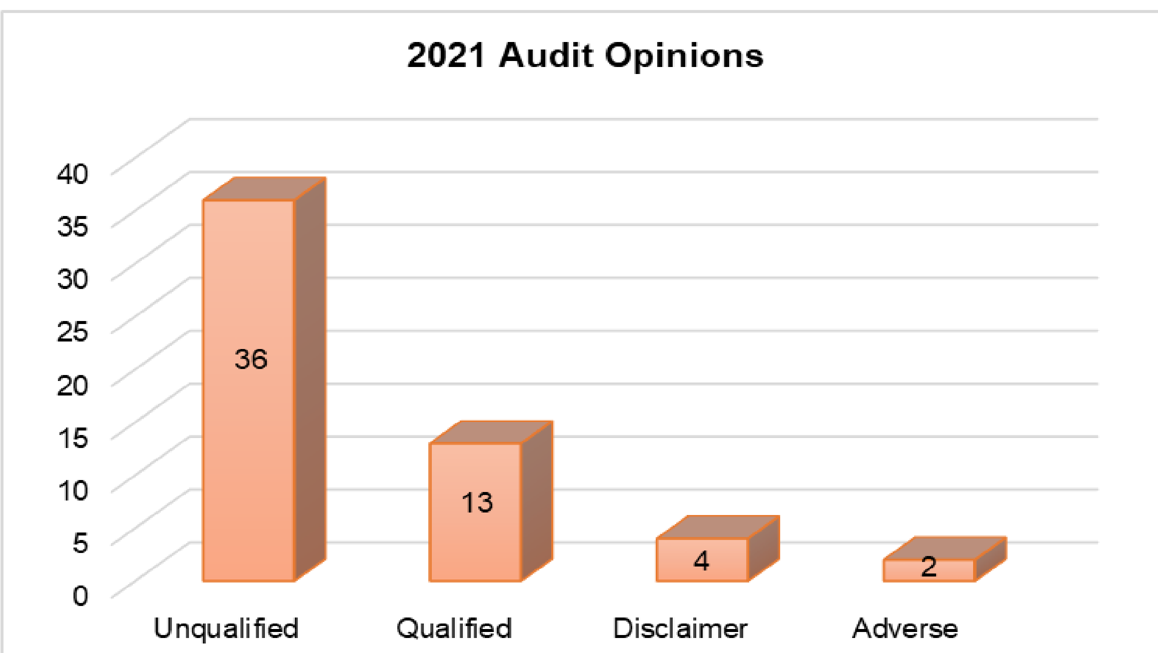
5. CERTIFICATION OF PUBLIC ACCOUNTS

I certify that I have examined the arrear Appropriation Accounts, Finance and Revenue Statements and Funds of Zimbabwe in accordance with the Constitution of Zimbabwe, the Audit Office Act [*Chapter 22:18*] and the Public Finance Management Act [*Chapter 22:19*].

AUDIT OPINION

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

Fifty-five (55) financial statements comprising Appropriation Accounts, Finance and Revenue Statements and Funds were audited, and of these, fifteen (15) had no issues. The audit opinions for the accounts are shown in the graph below:



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

ACKNOWLEDGEMENTS

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

My special thanks and gratitude go to my staff who have continuously demonstrated a high level of dedication, commitment to duty and support in the production of my report.

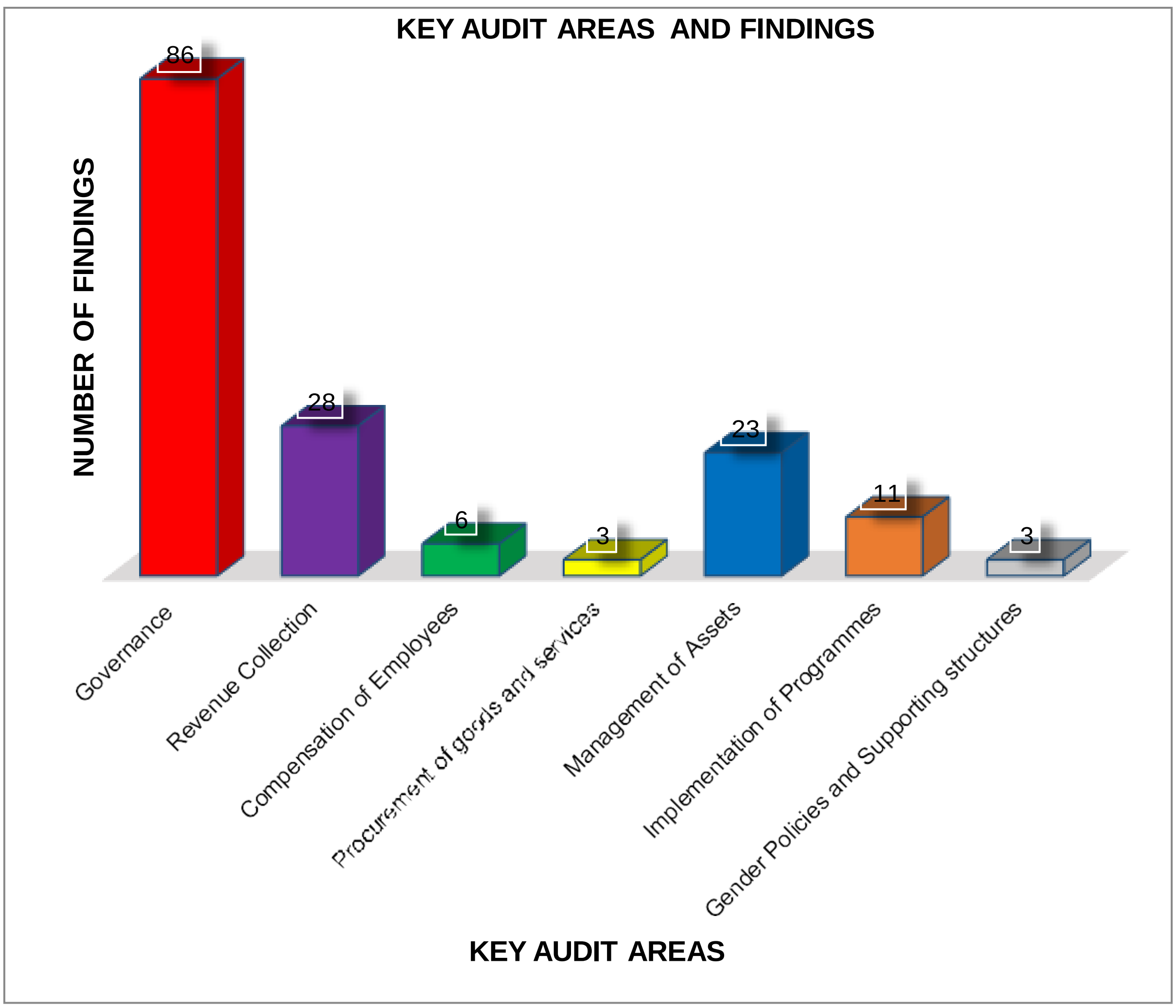
HARARE	M. CHIRI,
March 20, 2023.	AUDITOR-GENERAL.

EXECUTIVE SUMMARY

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

The audit covered financial, compliance and public service delivery, aspects on governance issues, revenue collection and debt management, compensation of employees, procurement of goods and services, management of assets, implementation of programmes and gender policies and supporting structures.

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



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

The key issues raised in this report were mainly on ineffective budget utilisation and control, unreconciled variances between complementary accounting records, ineffective management of public resources, monies advanced to parent Ministries, inefficient procurement of goods and services, absence of supporting documents, non-delivery of procured assets, inadequate accounting records, implementation of programmes and gender policies and supporting structures.

1. Budget Utilisation and Control

The budget allocated for Voted funds in terms of the Appropriation (2021) Act, 2020 and Constitutional and Statutory Appropriations for the 18 Ministries and Commissions as shown on Annexure B. The majority of the MDAs had a net underspending mainly due to low revenue inflows. Consequently, this affected the achievement of some programme targets and service delivery by the affected Ministries and Commissions.

2. Variances Between Complementary Accounting Records

There were a number of entities with variances between figures in the financial statements/returns and corresponding/related accounting records. In some cases, monthly reconciliations were not being done while in other cases there was no evidence that efforts were being made to clear the variances noted. This resulted in errors remaining undetected and not cleared thereby making it difficult to validate the correctness of the figures reported. Annexure C has details.

3. Management of Public Resources

Treasury accounting records revealed that Unallocated Reserves (UR) transfers to line Ministries amounting to ZWL194 853 258 615 were disbursed above the approved budget provision of ZWL7 629 100 000. This resulted in unauthorised excess expenditure of ZWL187 224 158 615. Treasury was still to regularize the excess expenditure at the time of audit on May 16, 2022.

4. Monies Advanced to Parent Ministries

Fund Accounts advanced a total amount of $9 194 976 to their parent Ministries without Treasury approval. Out of $9 194 976 advanced $1 768 902 was reimbursed leaving a balance of $7 426 174 that was still outstanding by the time of concluding the audits. Section 116(6) of the Public Financial Management (Treasury Instructions), 2019 states that, monies appropriated for Fund Accounts, shall not be used to meet expenses incurred under an Appropriation Account without Treasury approval. The achievement of the Fund's objectives may be negatively affected if funds are transferred to the parent Ministry. Below are such examples:

Entity	Advanced Amount $	Reimbursed Amount $	Outstanding Amount $
Cash Transfer Scheme for Urban Vulnerable Persons Fund.	2 850 271	1 723 902	1 126 469
Child Welfare Fund	3 544 915	45 000	3 499 915
Civil Service Training Loan Fund	132 078	-	132 078
National Housing Fund	2 667 712	-	2 667 712
Total	**$9 194 976**	**$1 768 902**	**$7 426 174**

5. Procurement of Goods and Services

Some suppliers delivered goods which did not meet Ministries' specifications. For instance, sixty-four (64) laptops which had been procured at a cost of $8 039 732 were returned to the supplier as they did not meet specifications. At the time of concluding the audit, the Ministry had not yet received the laptops, thirteen (13) months after the due date. Delays in the delivery of laptops compromises the services rendered by the Ministry to the public. It was of concern that suppliers could deliver goods with wrong specifications in a bid to meet the delivery contractual obligation.

The Disabled Persons Fund paid $4 093 079 to manufacturers of orthopaedic appliances which were to be issued to various beneficiaries. There was no evidence that follow-ups were made with the manufacturers that the intended beneficiaries had received the specified appliances. Section 59(8) of the Public Finance Management (Treasury Instructions), 2019 requires a register to be opened for all goods paid for but not received and entries shall be cleared when the goods are received. Orthopaedic appliances and other equipment paid for may not be received as per specifications or payments may be made for goods not collected.

An amount of $994 070 944 was paid for the procurement of assets by some ministries and a Fund. Full payment was made in advance. However, at the time of concluding the audits, the suppliers had not delivered the assets. The delays in the delivery period ranged from eight (8) to twenty-one (21) months. Payments in advance may result in loss of public funds in the event that the supplier fails to deliver. Service delivery may be compromised if assets procured are not delivered on time. Annexure D has details.

This calls for more vigilance by all Ministries, Departments and Agencies in monitoring implementation of contractual obligations by suppliers so that remedial actions in terms of the contract are invoked before it is too late.

6. Supporting Documents

Documents to support revenue collected and payments made totaling $7 582 372 414 were not availed for audit inspection. Section 59(5) states that the payment voucher shall contain sufficient information to enable the expenditure to be verified and Section 60(4) states that the payee's receipt for any sum paid in cash shall be attached thereto. Therefore, I could not ascertain the validity of the revenue received and payments reported. The unavailability of supporting documents leads to lack of transparency in accounting for public resources. Refer to Annexure E for details.

7. Accounting Records

Some Ministries did not record some of their assets on the PFMS, contrary to Treasury Instructions which require that all assets received from whatever source be recorded promptly and accurately in the appropriate manual registers and recorded immediately on the PFMS. Assets may be misappropriated or converted to personal use if they are not recorded promptly or if accounting procedures for assets are not followed.

8. Implementation of Programmes

An evaluation of programmes implementation revealed some achievements of set targets. This was attributed to the adoption of programme based budgeting coupled with monitoring and evaluation mechanisms. Implementation of some of the programs was reported to have been curtailed by the Covid-19 pandemic which had a significant negative effect. Annexure F refers.

It was further noted that in some cases, the criteria used by program managers to measure performance were different from those stated in the strategic and operational plans. Instances noted were that performance indicators and planned outputs for some programs were in absolute figures while planning targets were in percentage terms. Treasury Circular Number 6 of 2019 requires that sub-program managers should develop a work plan that is in line with indicators and targets. The use of different criteria makes the evaluation of performance difficult thereby affecting decision making.

Out of 175 Constituencies which received disbursements from the Constituency Development Fund (CDF) amounting to $340 650 474, seventy (70) Constituencies did not submit to Parliament of Zimbabwe, proof of payments that supported how $140 000 000 allocated to them was utilised. I, therefore, could not confirm with certainty whether the expenditure incurred related to the programs of the 70 Constituencies. Accountability may be compromised in the absence of quarterly reports and proof of how funds were utilised.

9. Gender Policies and Supporting Structures

Some Ministries had no Gender Focal persons and Committees while one Ministry indicated that there was a department catering for gender mainstreaming, inclusivity and wellness. However, audit was not furnished with minutes of meetings held and other documentary evidence to prove the functionality of the Gender Committee/Department. Therefore, audit was not satisfied that workplace gender issues were being given due attention. The country might not be able to meet the United Nations targets set on Sustainable Development Goal (SDG) 5 on gender equality.

Some Ministries did not develop specific Gender Policies for their Ministry but had partially implemented the provision of equal opportunities to men and women in trainings and recruitment as evidenced by the registers.

The absence of gender policies may compromise the implementation of gender issues. For instance, the National Council of Chiefs could not facilitate the Girl Child's right to inherit chieftainship among other issues. The Council was operating with only four female traditional leaders out of 768 traditional leaders. Section 17 of the Constitution of

Zimbabwe Amendment (No. 20) Act 2013, requires the State to promote full gender balance in Zimbabwean society and must take practical measures to ensure that women have access to resources, including land, on the basis of equality with men.

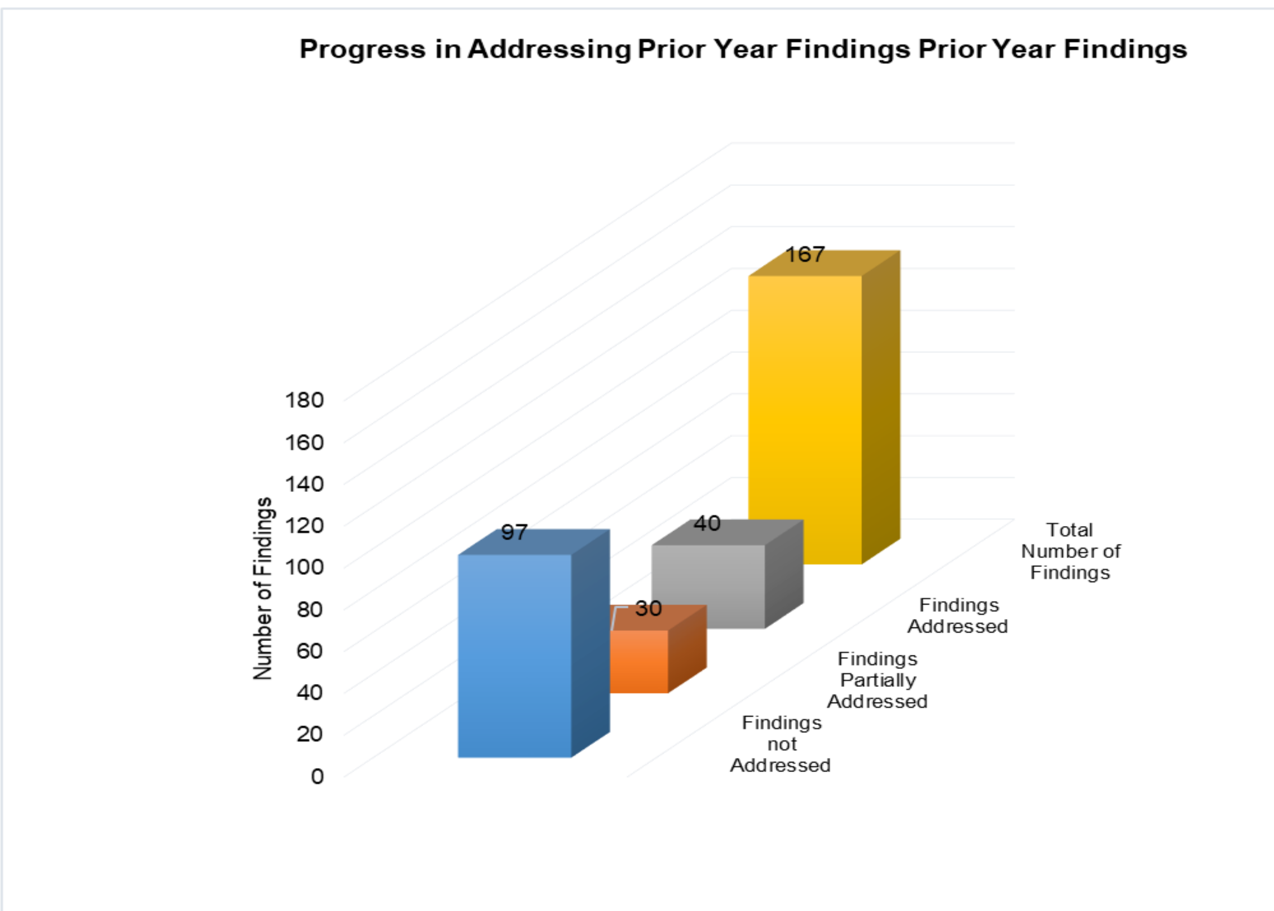
10. PUBLIC FINANCIAL MANAGEMENT SYSTEM

The SAP_ALL profile gives unlimited system access to users. During the year under review, eighteen (18) users had SAP_ALL profiles. This violated the PFMS Security Policy, which states that "the SAP All Profile must not be given to any user unless temporarily on a specified basis approved by the Accountant-General to execute approved transactions." SAP_ALL role could be used to perform irregular transactions and other sensitive functions in the PFMS.

It was also noted that there were cases of duplicate user accounts created in the system which remained unlocked. Unauthorized transactions could be performed without accountability if these duplicate accounts are not removed or blocked.

11 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of 167 audit findings that were raised for entities reported herein, 97(58%) were not addressed, 30 (18%) were partly addressed and 40 (24%) were fully addressed. Accounting Officers are urged to fully address the outstanding audit findings. The progress made is graphically shown below:



APPROPRIATION ACCOUNTS,

FINANCE AND REVENUE

STATEMENTS

AND

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VOTE 2. - PARLIAMENT OF ZIMBABWE

APPROPRIATION ACCOUNT 2021

Mandate

The mandate and purpose of the Parliament of Zimbabwe is to enact laws for peace, order and good governance in Zimbabwe. It is also responsible for executive oversight as well as having a representative role for the electorate.

Opinion

I have audited the financial statements of the Parliament of Zimbabwe for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve Transfers	Total	Expenditure	Net Under/(Over) Spending
$7 306 000 000	$30 000 000	$7 336 000 000	$3 635 204 474	$ 3 700 795 526
Constitutional and Statutory Appropriation				
$4 000 000	-	$4 000 000	$7 514 880	($3 514 880)

In my opinion, the financial statements present fairly the state of affairs of the Parliament of Zimbabwe as at December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 IMPLEMENTATION OF PROGRAMMES

1.1 Submission of Returns

Finding

Parliament of Zimbabwe did not submit for audit the Losses of and Damage to Government Property Return and a Departmental Assets Certificate in compliance with Treasury Circular Number 1 of 2022.

Risks/Implications

The financial statements submitted for audit were incomplete.

The financial statements may be materially misstated.

Recommendation

Management should avail for audit all the outstanding statements and returns.

Management Response

A team is currently working on updating the Assets Register to ensure compliance with regulations.

Evaluation of Management Response

Management did not respond on the non-submission of the Losses of and Damage to Government Property Return.

1.2 Monitoring and Reporting on Implementation of Programmes

Finding

The Parliament of Zimbabwe Budget Committee did not avail for audit, Monitoring and Evaluation Plans and Monitoring and Evaluation Reports. I therefore, could not confirm with certainty whether the Budget Committee effectively played its role. This was contrary to the provisions of Treasury Circular number 6 of 2019 on the Implementation of Results Based Budgeting. There was no evidence that the Budget Committee was trained to enable them to effectively fulfil their roles and responsibilities.

Risks/Implications

Value for money and service delivery may not be achieved due to non-monitoring and reporting of programme implementation**.**

Progress made towards achievement of the Strategic Performance Plans may not be known in the absence of monitoring and evaluation reports.

Recommendations

The Programme Based Budget Committee should be trained so that they can effectively fulfil their roles and responsibilities.

Monitoring and Evaluation Plans, Monitoring and Evaluation Reports, Mid-year and Annual Performance Reports should be prepared and maintained in line with the regulations.

Management Response

Training of the Budget Committee on monitoring and evaluation principles and techniques will be facilitated during the third quarter of 2022.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Procurement Procedures

Findings

My examination of a sample of vouchers revealed that goods and services worth ZWL32 565 066 (US$359 012) were procured without going for tenders or sourcing three (3) quotations. This was in contravention of Sections 10(2) and 34(1) of the Public Procurement and Disposal of Public Assets (PPDPA) Act [*Chapter 22:23*] as ammended, which requires bidders to be invited for procurement of goods and services above US$10 000 threshold and quotations to be sourced for purchases below the threshold. The table below refers:

Goods and Services Procured Without Going for Tender

Date	Details	Amount ZWL	USD equivalent
19/2/2021	Generic videos and videos for secondary schools in all official languages	10 600 000	126 371
24/02/2021	Payment for vehicle hire	1 083 396	12 916
11/5/2021	Payment for equipment used for virtual meeting	2 700 000	31 169
11/08/2021	Payment for purchasing tonners	2 168 225	25 270
16/8/2021	Payment for branded masks branded shirts and blouses	1 535 044	17 890
30/8/2021	Payment for equipment used for IPU virtual meeting	2 250 000	26 233
27/9/2021	Payment for ZAS promotional material	2 285 017	26 066
15/11/2021	Hiring of Toyota fortuner	1 200 000	11 043
22/11/2021	Payment for equipment used for IPU virtual meeting	3 480 000	32 929
01/12/2021	Hiring of Toyota Prado	1 200 000	11 043
6/12/2021	Procurement of t-shirts, mugs, thermo mugs and banners for the Lowveld show	1 334 969	12 285
14/12/2021	Payment for uniforms	2 451 435	22 560
12/7/2021	Payment for uniforms	135 000	1 580
21/7/2021	Payment for corporate uniforms	141 980	1 657
Total		**ZWL32 565 066**	**US$359 012**

There was also no evidence that the entity appointed an Evaluation Committee to perform independent evaluations of the procurement of goods and services above US$10 000 threshold. This was contrary to the requirements of Section 18 of PPDPA Act [*Chapter 22:23*].

Risks/Implications

Failure to invite interested bidders or to source three (3) quotations, restricts competition such that procurement may not be made to the best advantage of the entity.

The absence of an Evaluation Committee may result in lack of independence in the selection of suppliers.

Recommendations

Personnel responsible for procurement should be trained on procurement procedures and threshold requirements.

Management should appoint Evaluation Committees in compliance with regulations.

Management Response

Pursuant to the establishment of a Procurement Management Unit (PMU) an Evaluation Committee has been constituted to ensure compliance with the provisions of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

3 MANAGEMENT OF PROGRAMMES

3.1 Constituency Development Fund (CDF)

Finding

Out of 175 Constituencies which received disbursements amounting to $340 650 474, seventy (70) Constituencies did not submit to Parliament of Zimbabwe proof of payments that supported how $140 000 000 allocated to them was utilised. I therefore, could not confirm with certainty whether the expenditure incurred related to the 70 Constituencies. This was contrary to Paragraph 6 (d) of the Constituency Development Fund Constitution, which provides for the submission of acquittals and quarterly reports.

Risks/Implications

Accountability may be compromised in the absence of quarterly reports and proof of payments.

Funds may be utilised for unauthorised purposes if proof of payments are not provided.

Recommendation

The CDF Management Committee should follow up on outstanding acquittals and quarterly reports.

Management Responses

The Parliament of Zimbabwe has now put in place a mechanism to ensure acquittals by the respective constituencies. Disbursements for the ensuing year are only accepted after credible acquittal has been submitted. Where an acquittal is vague or missing, current applications will not be considered.

As such disbursements done during 2022 have been approved after due consideration of acquittals submitted.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Parliament made some progress in addressing audit findings raised in my previous audit report. Out of the eleven (11) findings, four (4) were addressed, two (2) were partially addressed and five (5) had not been addressed as indicated below:

4.1 Direct Payments

Direct Payments were followed up and disclosed in the adjusted financial statements.

4.2 Salary Reconciliations

Reconciliations of the PFMS Ledgers to the Salary Services Bureau records are now being done.

4.3 Record Keeping

The entity made some improvement in record keeping during the year under review.

4.4 Sub-PMG Account Reconciliation.

Sub-PMG Accounts reconciliations are now being done.

4.5 Sub-Exchequer Account Reconciliation

Sub-Exchequer Account reconciliations are now being done.

4.6 Internal Audit Section

The situation remained unchanged. There was one official in the department instead of four.

4.7 Long Outstanding Advances - Foreign Travel

Follow ups were done and the outstanding payments were reduced from $29 096 to $5 928.

4.8 Receipting and Banking

The finding is still to be addressed as banking was delayed by an average of 14 days compared to 60 days as previously reported.

4.9 Procurement Management Unit

The Unit was still to be established in 2021. However, an annual procurement plan for the entity was prepared.

4.10 Fuel Registers

The situation remained unchanged. The registers were not up to date.

4.11 Committee

The Gender Committee was not appointed in 2021.

VOTE 3. - PUBLIC SERVICE, LABOUR AND SOCIAL WELFARE

CASH TRANSFER SCHEME FOR URBAN VULNERABLE PERSONS FUND 2021

Objective of the Fund

The Fund was established for the purpose of providing social safety nets to urban vulnerable persons through cash transfers.

Opinion

I have audited the financial statements of the Cash Transfer Scheme for Urban Vulnerable Persons Fund. These financial statements comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies**.**

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

Statement of Comprehensive Income

Item	**Amount $**
Income	-
Expenditure	600 281
Deficit	**($600 281)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Accumulated Fund	-	7 324 608
Non-Current	934 625	-
Current	6 389 983	-
Total	**$7 324 608**	**$7 324 608**

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

However, the following are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Transfer and Disturbance Allowances

The Fund paid transfer and disturbance allowances using rates that were not defined in the Transfer and Disturbance Allowances Circular No.12 of 2009. Consequently, the Fund made an overpayment of $285 212. This was contrary to Transfer and Disturbance Allowance Circular No. 12 of 2009, which states that disturbance allowances should be a once-off payment of US$100 and US$70 for a married member or single with dependents and for a single member respectively. The meal rates are pegged at US$15 and US$10 respectively.

Risk/Implication

The use of rates that are not defined for transfer and disturbance allowances may result in over/under payments and misstatement of expenditure.

Recommendations

The Fund should recover the excess payments made.

The Fund should adhere to the requirements of Transfer and Disturbance Allowance Circular No. 12 of 2009 when paying transfer and disturbance allowances.

Management Response

The observation has been noted. The affected officers have since been notified and recovery action will commence in September, 2022.

1.2 Travel and Subsistence Allowances

Finding

Three officers were paid subsistence allowances totalling $47 030 for a workshop held in Mutare that they did not attend. Claim forms submitted by the officers indicated that during the same period they were undertaking inspections of quarantine centres in Bulawayo. There was no evidence that the officers took time off from the inspections to attend the workshops, as their inspection claim forms were continuous. No recovery action has been instituted against the officers.

Risk/Implication

Failure to recover overpaid allowances from officers may prejudice the Fund from financing resources needed for other operations.

Recommendations

Management should investigate the payments made to the officers for trips they might not have undertaken.

Management Response

Observation is acknowledged. The error arose due to the fact that the members concerned attended two programmes at the same time. Instead of claiming only for the exact days attended for each programme, claims were submitted for the entire period. Recovery action will be effected from September, 2022.

Evaluation of Management Response

Disciplinary proceedings should be instituted against the three officers for double dipping.

1.3 Advances to Parent Ministry

Finding

The Fund advanced $2 850 271 to the parent Ministry without Treasury approval. Out of the $2 850 271 advanced $1 723 902 was reimbursed leaving a balance of $1 126 469 that was still outstanding by the time the audit was concluded on June 23, 2022. Section 116(6) of the Public Financial Management (Treasury Instructions), 2019 states that, monies appropriated for

Fund Accounts, shall not be used to meet expenses incurred under an appropriation account without Treasury approval.

Risks/Implications

If advances are made without Treasury concurrence, it will become difficult to get reimbursement.

The achievement of the Fund's objectives may be negatively affected if funds are transferred to the parent Ministry.

Recommendation

The Ministry should reimburse the outstanding amount to the Fund.

Management Response

The observation is acknowledged. Recovery action will be done during the current financial year and in future Treasury approval shall be sought prior to making the advances.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in my previous audit report. Out of the five (5) findings, two (2) were partially addressed and three (3) were not addressed as indicated below:

2.1 Constitution and Accounting Officer's Instructions of the Fund

The finding was not addressed as the constitution and the manual were still in draft form.

2.2 Excess NetOne Sim Cards

The finding was not addressed. Internal audit was still carrying out an exercise to establish the uncollected sim cards and amounts to be recovered from NetOne.

2.3 Outstanding balances with NetOne

The finding was partially addressed as letters had been sent to NetOne to recall the funds for the seven provinces.

2.4 Social Allowance Benefits

The finding was not addressed. Internal audit was still carrying out an exercise to establish the uncollected sim cards and amounts to be recovered from NetOne.

2.5 Asset valuation

The finding was partially addressed as evidence submitted showed that guidance had been sought from Treasury on the depreciation policy.

CHILDREN ON THE STREETS FUND 2021

Objective of the Fund

The Fund was established for the purpose of protecting and rehabilitating the children living in and or working on the streets.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	15 500 000
Expenditure	15 038 454
Surplus	**$461 546**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	2 459 874
Current	2 459 874	-
Total	**$2 459 874**	**$2 459 874**

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

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Administration of the Fund

Finding

Section 4(a) of the Constitution of the Fund requires the Accounting Officer to nominate a Management Committee for the effective administration of the Fund. However, there was no evidence that meetings were convened by the committee to deliberate on the issues of the operations of the Fund.

Risk/Implication

Without holding meetings, administrative issues of the Fund may not be discussed leading to compromised service delivery.

Recommendation

The Ministry should hold the required meetings to ensure that issues relating to the administration of the Fund are discussed for effective service delivery.

Management Response

It is acknowledged that the Management Committee did not convene any meetings during the year under review to deliberate on the issues of the operations of the Fund. The situation has gradually normalized and meetings are now being held.

1.2 Expenditure Control

Finding

In the year under review, I observed that payment vouchers for expenditure amounting to $2 699 421 were not certified correct, passed for payment and did not have adequate supporting documents. This was contrary to the provisions of Section 53(1) of the Public Finance Management (Treasury Instructions), 2019 which requires all payments made to be appropriately authorised, accurate, complete and adequately supported.

Risk/Implication

Unauthorized and fictitious expenditure may occur.

Recommendation

All payments should be adequately supported and properly authorised to ensure validity of expenditure.

Management Response

The observation is acknowledged. There was an oversight on our internal control systems which could have been occasioned by the handing over and taking over of desks in our Accounts Section. The anomaly will be rectified since the expenditures are authentic.

1.3 Domestic Travel Expenses

The Fund did not maintain individual ledgers for domestic travel expenses. The ledgers, if properly maintained provide easy tracking of cleared and uncleared travelling and subsistence balances for officials. This was contrary to Section 64(5) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to ensure that efficient controls and accounting records are maintained in respect of all advances made and in particular to ensure that all advances are restricted to the minimum amount compatible with requirements.

Risk/Implication

Multiple advances may be issued if travelling and subsistence ledgers are not maintained.

Recommendation

The Fund should ensure that efficient controls and accounting records are maintained in respect of advances made.

Management Response

Management is still to respond.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Fund made progress in addressing the audit finding raised in my previous audit report. The only finding raised was addressed as indicated below:

2.1 Government Grant

Follow up was made with Treasury and the Fund received the government grant during the year under review.

CHILD WELFARE FUND 2021

Objective of the Fund

The Fund was established for the purpose of developing and promoting the welfare and protection of children and young persons.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	44 000 000
Expenditure	39 730 004
Surplus	**$4 269 996**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	7 844 880
Current	7 860798	15 918
Total	**$7 860 798**	**$7 860 798**

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

However, the following are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Administration and per capita grants

Finding

Payment vouchers for administration and per capita grants amounting to $5 172 052 did not have receipts from the institutions paid acknowledging receipt of the grants. This was contrary to Section 60(4) of the Public Finance Management (Treasury Instructions), 2019 which states that the payee’s receipt for any sum paid shall be obtained and attached to the payment voucher as proof of payment.

Risk/Implication

If acknowledgement of receipt of the grant is not obtained from the institutions, it would be difficult to confirm that the amounts were received by the intended beneficiaries.

Recommendation

The Fund should obtain receipts from the institutions to confirm payments in terms of Section 60(4) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

The observation is acknowledged. It is good practice to get acknowledgement of receipts each time a payment is made. All the institutions which receive the grants will be reminded to issue receipts in acknowledgement whenever they receive the grant.

1.2 Advances to Parent Ministry

Finding

Section 116(9) of the Public Finance Management (Treasury Instructions), 2019 states that Accounting Officers should not borrow money from Funds within their Ministries to finance Appropriation activities unless authorised by Treasury in writing. However, funds amounting to $45 000 were used to augment Appropriation activities bringing the total advances made to $3 544 915. Although the $45 000 was reimbursed, $3 499 915 was still outstanding at the time of concluding the audit.

Risk/Implication

The Fund may not meet its obligations of providing social welfare assistance to vulnerable children, if funds owed to them are not reimbursed.

Recommendation

The Fund should ensure that funds borrowed by the Parent Ministry are recovered so that they are utilised for their intended purposes of providing social protection for vulnerable children.

Management Response

The amount of $3 544 915 was advanced from the Fund to procure rations for eleven institutions for Children in Difficult Circumstances which are administered directly by the Ministry and whose budgets are financed by the Appropriation. We are still of the opinion that this amount was a fair charge to the Fund, since all children in difficult circumstances are administered in terms of the Children's Act.

1.3 Fuel management

Findings

As previously observed, I noted that 6 010 litres worth $1 657 090 in diesel coupons were not recorded in the fuel register. Consequently, there was no record of issue or usage of these fuel coupons in the fuel register submitted for audit. I therefore could not validate whether the fuel coupons were bought and used for the purposes of the Fund. Section 104(1) of the Public Finance Management (Treasury Instructions) 2019 requires all Ministries, Departments and Agencies to keep a record of fuel coupons received and issued in sequential order which shows the date of issue, quantity issued, issuing officer, purpose, receiving officer and vehicle registration number.

Furthermore, the Fund did not separate the running balances for diesel and petrol coupons in the fuel register submitted for audit thus distorting audit trail and making it difficult to determine from the register the quantity of diesel or petrol coupons used and on hand. At the time of concluding my audit on August 26, 2022, the Fund had 7 610 litres on hand for both diesel and petrol fuel coupons. Section 35(6)(a) of the Public Finance Management Act [*Chapter 22:19*] requires every accounting officer of a Ministry to keep or cause to be kept proper records of account.

Risks/Implications

The fuel coupons may be misused if they are not recorded in the fuel register.

Without a record of issues, it is difficult to ascertain if the fuel was used for the intended purpose.

Audit trail might be distorted if running balances for petrol and diesel fuel coupons are not separated.

Recommendations

Management should ensure that all fuel coupons procured by the Fund are recorded in the fuel register and that running balances for petrol and diesel coupons are separated to enhance accountability.

The register should be properly maintained so as to enhance transparency in the management of fuel coupons.

Management Response

The Ministry now maintains a separate fuel register for Child Welfare Fund where all fuel receipts and issuances are recorded. Fuel purchases of 3 210 litres and 2 800 litres made on 31 December 2021 and 14 July 2021 respectively were indeed for the Fund and should have been recorded in the fuel register. These have since been brought to account as they were for the benefit of the Fund. In future, care shall be exercised to ensure that fuels are recorded in the correct registers.

2. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Fund made progress in addressing audit findings raised in my previous audit report. Out of the four (4) findings, two (2) were addressed, one (1) was partially addressed and the other one (1) was not addressed as indicated below:

2.1 Expenditure reporting

The finding was addressed as expenditure was reported appropriately.

2.2 Budgetary Control

The finding was addressed as more than 50% was utilised for administration and per capita grants.

2.3 Administration and per capita grant

The finding was not addressed as indicated in paragraph 1.1.

2.4 Fuel coupons

The finding was partially addressed as the fuel register was still not showing running balances for diesel and petrol coupons separately.

COMMUNITY RECOVERY FUND 2021

Objective of the Fund

The Fund was established for the purpose of rebuilding livelihoods of the disadvantaged communities in rural and peri-urban parts of Zimbabwe, as part of the recovery process.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	101
Expenditure	14 415
Deficit	**($14 314)**

Statement of Financial Position

Item	Assets $	Liabilities $
Accumulated Fund	-	34 351
Current	534 351	500 000
Total	**$534 351**	**$534 351**

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

However, the following are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Constitution of the Fund

Finding

Over the years I have raised the issue on the absence of an approved Constitution for the Fund. During my current audit, this situation continued as an approved constitution was still not in existence. According to Section 18(2) of the Public Finance Management Act [*Chapter 22:19*] it is a requirement that a Statutory Fund should draw up a constitution to guide and regulate its affairs.

Risk/Implication

In the absence of an approved constitution for the Fund, public monies might be prone to misuse as there will be no legal basis to assess usage of the funds.

Recommendation

The Fund should bring to finality the drawing up of the constitution and ensure that it is approved so as to provide legal basis for the existence of the Fund.

Management Response

The observation has been noted and follow up is being made with Treasury to expedite the process of approval of the constitution.

1.2 Maintenance of Accounting Records

Finding

There were no books of accounts such as cashbook and ledgers to record financial transactions of the Fund. Section 119(2) of the Public Finance Management (Treasury Instructions), 2019 requires Funds operating outside the Public Finance Management System to ensure that full and proper accounts such as cashbook, journal book, asset register, advances register and ledgers are kept of the transactions for which they are responsible.

Risks/Implications

In the absence of books of accounts reliability of financial statements might be compromised.

Errors and omissions might go undetected if there are no books of accounts.

Recommendation

Management should ensure that books of accounts are maintained for the Fund.

Management Response

The Ministry had intended to merge the fund with Sustainable Livelihoods but the objectives are slightly different and it has been resolved to separate them. The financial books of accounts will now be maintained as we have been assured of the fund's continuation.

1.3 Non-Utilisation of Funds

Finding

As observed in my previous reports, the Fund had $39 833 in its bank account as at January 30, 2021. These funds remained largely unutilised during the year serve for paying the Fund's bank charges. This resulted in the funds being severely eroded by inflation whilst lying idle in the bank account. There was no evidence that appropriate measures were put in place to ensure these funds were channelled towards the Fund's mandate of rebuilding livelihoods of the disadvantaged communities in rural and peri-urban parts of Zimbabwe as part of the recovery process.

Risks/Implications

The Fund might fail to fulfil its objective of rebuilding livelihoods of the disadvantaged communities in rural and peri-urban parts of Zimbabwe if funds are left idle.

The idle funds have severely lost their purchasing power due to inflation.

Recommendation

The Ministry should ensure that the idle funds are utilised in line with the Fund's objective in order to minimise the effects of inflation.

Management Response

The Ministry had intended to stop the program and merge it with Sustainable Livelihoods but the plans did not go through. The money has since been utilised.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made no progress in addressing the audit findings raised in my previous audit report. Out of the two (2) findings, none was addressed as indicated below.

2.1 Constitution of the Fund

The issue of Constitution of the Fund remained unresolved as indicated in Paragraph 1.1 above.

2.2 Non-Utilisation of Funds

Non-utilisation of funds was not resolved as indicated in Paragraph 1.3 above.

DISABLED PERSONS FUND 2021

Objective of the Fund

The Fund was established for the purpose of promoting the welfare of disabled persons by providing financial resources for rehabilitation, training and engaging in income and employment generating projects.

Opinion

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

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

Statement of Comprehensive Income

Item	**Amount $**
Income	113 057 553
Expenditure	114 268 897
Deficit	**($1 211 344)**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Accumulated Deficit	-	(515 101)
Current	2 667 032	3 182 133
Total	**$2 667 032**	**$2 667 032**

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

However, the following are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Health Assistance

Findings

I noted that the Fund was paying for health assistance using quotations only contrary to Section 59(3)(c) of the Public Finance Management (Treasury Instructions), 2019 which requires the supplier to submit the original invoice for the amount claimed before a payment is made.

The Fund paid $4 093 079 to manufacturers of orthopaedic appliances which were to be issued to various beneficiaries. There was no evidence that follow-ups were made with the manufacturers that the intended beneficiaries had received the appliances and as per the specifications. Section 59(8) of the Public Finance Management (Treasury Instructions), 2019 requires a register to be opened for all goods paid for and cleared when the goods are received.

Risks/Implications

Payments may be made for fictitious quotations.

Orthopaedic appliances and other equipment paid for may not be received as per specifications.

Recommendations

Management should request for invoices from suppliers before making payments.

The Fund should receive the procured appliances from the suppliers and distribute them to ensure that they reach the intended beneficiaries.

Management Response

It is acknowledged that payments for orthopedic appliances under these programmes were paid for using quotations. However, efforts will be made to get invoices before processing payments as the Ministry now has procurement officers in all the Provinces.

Evaluation of Management Response

Management is still to respond on the issue of follow-ups on delivery of orthopaedic appliances.

1.2 Unauthorised Excess Expenditure

Finding

The Fund incurred excess of expenditure over income amounting to $1 211 344. Total income for the year was $113 057 553 while the total expenditure for the year was $114 268 897. This resulted in the Fund having an accumulated deficit.

Risk/Implication

The Fund may fail to meet its future obligations if expenditure is not managed properly.

Recommendations

Management should institute robust budgetary controls to ensure that they are able to fulfil the objectives of the Fund.

Management Response

The observation is acknowledged that the Ministry incurred unauthorized excess expenditure over income amounting to $1 211 344. The excess was a result of expenditure incurred on urgent requests for medical assistance for the vulnerable of which payments were made manually to suppliers without vendor numbers. The

Ministry is in the process of seeking condonation from Treasury for the unauthorized excess expenditure.

2. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Fund made progress in addressing audit findings raised in my previous audit report. Out of the three (3) findings, one (1) was addressed, one (1) was partially addressed and one (1) was not addressed as indicated below:

2.1 Advance to Parent Ministry

The finding was addressed as recovery of the whole outstanding amount was made in November, 2022.

2.2 Micro-finance Activities

The finding was not addressed as no recoveries were made.

2.3 Sundry Receivables

The finding was partially addressed as recoveries amounting to $102 772 were made.

VOTE 4. - DEFENCE AND WAR VETERANS AFFAIRS

APPROPRIATION ACCOUNT 2021

Ministry's Mandate

The mandate of the Ministry is to defend the sovereignty, territorial integrity and national interests of the Republic of Zimbabwe and contribute to international peace and stability.

Qualified Opinion

I have audited the financial statements of the Ministry of Defence and War Veterans Affairs for the financial year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

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

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$23 754 000 000	$23 368 965 790	$47 122 965 790	$44 313 653 696	$2 809 312 094
Constitutional and Statutory Appropriations				
$898 000 000	-	$898 000 000	-	$898 000 000

In my opinion, except for the possible effects of the matter described in the basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the state of affairs of the Ministry of Defence and War Veterans Affairs for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Sub-Paymaster General's Account

Finding

The Appropriation Account disclosed expenditure amounting to $44 313 656 696 while the Sub-Paymaster General's Account reflected a total of $44 149 765 112, resulting in a variance of $163 891 584 which was not reconciled. No monthly reconciliations were carried out during the year.

Risk/Implication

Not carrying out reconciliations may result in misstating expenditure reported due to non-adherence to controls set to detect and correct errors.

Recommendation

The Ministry should carry out monthly reconciliations of the Sub Paymaster General`s Account to avoid misstatements due to errors and omissions

Management Response

The observation is noted. Measures have been put in place to adopt manual reconciliation to cater for foreign payments which do not go through the Sub PMG account.

However, below is another issue noted during the audit:

1 COMPENSATION OF EMPLOYEES

1.1 Classification of Expenditure

Finding

I noted that Covid-19 risk allowances amounting to $212 393 050 for the month of January 2021 were classified under basic salary. The amount was classified under basic salary because the risk allowances ledger account remained uncreated in the system up to the end of the year. This was contrary to the provisions of Section 54(1) of the Public Finance Management (Treasury Instructions), 2019 which requires expenditure to be classified under the appropriate sub-heads as shown in the estimates of expenditure, and as directed by the Treasury.

Risk/Implication

Wrong classification of expenditure could result in over and understatement of expenditure items resulting in misstatement of financial statements.

Recommendation

Reconciliations should be done on a monthly basis to ensure that expenditure is classified under the appropriate sub-heads and items.

Management Response

The observation is noted. The Covid-19 risk allowances amounting to $212 393 050 were paid under the basic salary since the Covid-19 risk allowances' ledger account was not yet created by then. However, a separate general ledger account for covid-19 risk allowances was then created in February 2021.

Evaluation of Management Response

Evidence of correction to reclassify the expenditure was not availed.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing prior year audit findings raised in my audit report. Out of four (4) findings, one (1) was addressed and the other three (3) had not been addressed as indicated below:

2.1 Unreconciled Unallocated Reserves

The Appropriation Account and the Treasury schedule had an unreconciled variance of $68 897 580. During the time of the audit the issue had not yet been resolved.

2.2 Variance between the Sub-PMG Account and the Appropriation Account

The Ministry did not submit monthly reconciliations of the Sub-Paymaster General's Account. The issue is not yet resolved.

2.3 Risk Assessment

There was still no evidence that the Ministry carried out the risk assessment.

2.4 Rental and Hire Expenditure

Program 2 payments were made without supporting Purchase Orders. The issue was resolved as purchase orders were attached.

WAR VETERANS FUND 2020

Objective of the Fund

The Fund was established for the purpose of rendering financial assistance to war veterans and their dependents in terms of the War Veterans Act [*Chapter 11:15*]. The assistance may be in the form of loans or grants to finance income generating projects, funeral expenses, manpower development and physical, mental or social rehabilitation of war veterans.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	145 754 030
Expenditure	(206 180 027)
Deficit	**($60 425 997)**

Statement of Financial Position

Item	Assets $	Liabilities $
Non-Current Accumulated Deficit	1 811 355 -	- (66 734 235)
Current	9 868 130	78 413 720
Total	**$11 679 485**	**$11 679 485**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the War Veterans Fund as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practices (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Late Submission of Financial Statements

Finding

The Fund's financial statements for the 2020 financial year were submitted for audit on June 30, 2022. The delay was a violation of Section 35(6) of the Public Finance Management Act, [Chapter 22:19] which requires the Ministry to submit the financial statements within sixty days after the end of the financial year.

Risk/Implication

The late submission of financial statements compromised accountability, effective decision making and good governance.

Recommendation

The Ministry should submit the accounts within the stipulated time frames.

Management Response

The observation is noted. Management acknowledges the need to submit the financial statements on time as required by statutory regulations. This is mainly on account of personnel shortages. Efforts are being made to fill up vacant posts. Meanwhile, we will prioritize the submission of financial returns during stipulated times.

1.2 Use of Manual Accounting System by the Fund

Finding

In my 2019 audit report, I mentioned that the Ministry maintained its financial transactions using the manual system of accounting. This was against the requirements of Section 119 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires all financial management transactions relating to Ministries to be accounted for through the PFMS, unless the Accountant-General has authorised the Ministry to operate an independent accounting package. The Ministry still kept on using the manual accounting system in the year under review.

Risk/Implication

A manual system that records transactions running into millions is susceptible to errors that result in misstatement of the financial statements.

Recommendation

The Ministry should adhere to Treasury Instruction requirements that all transactions be accounted for through the PFMS.

Management Response

Observation is acknowledged. Management is consulting with Treasury to ensure that an acceptable accounting package is used for the Fund accounts. The process also entails checking with other Ministries that administer funds of a similar nature.

1.3 Accounting Officers Instructions/procedures manual

Finding

The Fund did not have an Accounting Officer's Instructions/Procedures Manual to provide guidance on maintenance of accounting records and preparation of financial statements. This was against the requirements of Section 6(3) of the Public Finance Management Act [Chapter 22.19] read in conjunction with Section 28(7) of the Public Finance Management (Treasury Instructions) 2019, which require Accounting Officers to issue detailed written instructions governing the conduct of financial business and the control of all public moneys and the property for which they are responsible. As a result, the Ministry did not keep detailed asset registers and general ledger accounts.

Risk/Implication

Without guidance, the Fund may fail to maintain financial records, disclose accurate balances of the financial resources used as well as properly manage administrative issues thus affecting decision making.

Recommendation

The Fund should come up with Accounting Officer's Instructions/procedures manual to provide guidance on maintenance of accounting records and preparation of financial statements

Management Response

Observation is acknowledged. Our head office is in the process of crafting accounting officer's procedures manual. Efforts are underway to ensure detailed asset registers and general ledger accounts are maintained and records reflect market values.

1.4 Service Delivery

Findings

During the year under review, the Fund did not meet its obligations as its liabilities rose by 655% from the prior year figure of $11 968 429 to $78 413 720. The liabilities were made up of educational assistance not paid by end of the year. Sections 5 and 6 of the War Veterans Act [Chapter 11:15] require the Fund to provide assistance to war veterans and their dependents with regards to education, funeral, health, self-help projects and other incidental expenditure.

The Fund did not pay its creditors on time, although there was a balance of $9 868 130 in the bank. This may have affected the beneficiaries negatively as they could not access the respective services. As a result, the Fund's execution of its constitutional mandate may be compromised.

Risk/Implication

The beneficiaries of the Fund may be deprived of their constitutional right to health, education and funeral assistance due to delays in the processing of the payments.

Recommendation

The Fund should render assistance to the war veterans and their dependents on time as the money maintained in the bank may lose value as a result of inflation while the obligation remain outstanding.

Management Response

The observation is noted. The Fund was established to provide benefits to War Veterans of the Liberation Struggle and their dependents in terms of the Liberation Struggle Act [*Chapter 17:12*]. These benefits include payment of school fees, medical expenses and funeral grants. When grants get depleted, management maintains a minimum amount to cater for emergency medical cases. The amount that the audit query refers to was reserved to cover for these emergencies, particularly during the funding gap at the beginning of the year before the budget is approved by Parliament.

2. MANAGEMENT OF ASSETS

2.1 Biological Assets

Findings

During my audit, I noted a transaction where the Ministry paid an outstanding balance of $2 419 714 for the purchase of cattle from Mswelangubo Farm. The contract agreement as well as documents for the initial payment were not provided for audit. Therefore, I could not validate the actual number of cattle purchased.

Further to this, I could not establish whether the Fund took ownership of the cattle as there was no value of cattle in the statement of financial position as well as the asset register. This was in violation of Sections 100(1) and 119(2)(c) of the Public Finance Management (Treasury Instructions), 2019 which require prompt and accurate recording of assets in the appropriate registers and that Accounting Officers or officers delegated by them should ensure that full and proper accounts are kept of the transactions for which they are responsible.

Risks/Implications

The financial statements could be misstated resulting in incorrect decisions being made.

The Ministry may fail to trace the biological assets as they can be misappropriated because of non-availability of records.

Recommendation

Accounting officers or officers delegated by them should ensure that a record in the form of an asset register is kept with provision for movements in and out.

Management Response

Observation is acknowledged. The cattle in question were bought for empowerment projects of War Veterans. Management of the cattle project is under the stewardship of the Veterans of the Liberation Struggle Board. Recognition and measurement of the assets is done by the same board.

2.2 Valuation of Assets

Finding

The Ministry presented its other assets in the financial statements on a historical cost basis without considering the effects of depreciation and impairment. The register had no date of purchase, cost, current and accumulated depreciation and the book value of the assets. This was against provisions of Section 119(2)(c) of the Public Finance Management (Treasury Instructions), 2019 which requires accounting officers or officers delegated by them to ensure that full and proper accounts are kept. The asset register should include full details of the asset.

Risk/Implication

This results in inaccurate financial information as assets are overvalued therefore affecting decision making.

Recommendation

The Ministry should present its financial statements in accordance with set criteria in order to allow decisions to be made basing on accurate information.

Management Response

The observation is noted. The accounting officer's manual is being crafted to give instruction on the relevant records that must be maintained. Meanwhile, efforts are underway to revalue the assets and to update asset registers.

2.3 Segregation of Duties

Finding

I noted lack of segregation of duties in the administration of the Fund. One accountant was responsible for the preparation of payment vouchers, recording in the cashbook and general ledger as well as the preparation of financial statements.

Risk/Implication

Errors and fraud can go unnoticed if there is no segregation of duties.

Recommendation

The Ministry should ensure segregation of duties in the administration of the Fund.

Management Response

Observation is acknowledged. Management has distributed duties to ensure that there is segregation of duties. The Public Service Commission is also being engaged to fill vacant posts.

2.4 Record Keeping

Finding

The financial statements were prepared from the cashbook as the Fund did not have general ledger accounts. This was against provisions of Section 119(2)(e) of the Public Finance Management (Treasury Instructions), 2019 which require the Ministry to keep the ledger that gives a day to day listing of accounting transactions that occur through the bank account and non-cash transactions. The Fund operates on a manual accounting basis which overloads the already understaffed personnel.

Risk/Implication

The actual state of the financial statements may be incorrect at any given time.

Recommendation

The Ministry should use the PFMS or an authorised independent accounting package as required by the Treasury Instructions so as to keep a correct state of affairs.

Management Response

The observation is noted. Efforts are underway to secure an acceptable accounting package through engagement with Treasury. Ledgers are being maintained manually for current expenditure period.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Fund made no progress in addressing the audit finding raised in my previous audit report as indicated below.

3.1 Use of Manual Accounting System by the Fund

The issue remained unaddressed as indicated in paragraph 1.2

VOTE 5. - FINANCE AND ECONOMIC DEVELOPMENT

APPROPRIATION ACCOUNT 2021

Mandate of the Ministry

The mandate of the Ministry of Finance and Economic Development is to formulate macro-economic policies, national development programmes, plans, mobilization, allocation, management and accounting for public resources.

Opinion

I have audited the financial statements of the Ministry of Finance and Economic Development for the year ended December 31, 2021. These financial statements comprise of the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve Transfers/ Warrants	Unallocated Reserve Transfers to Ministries	Total	Expenditure	Net (Over)/Under spending
$28 956 100 000	$20 021 915 256	($194 853 258 615)	($145 875 243 359)	$38 414 324 157	($184 289 567 516)
Constitutional and Statutory Appropriation					
$9 208 000 000	$26 910 089 000	-	$36 118 089 000	$17 676 095 016	$18 441 993 984

Report on Other Legal and Regulatory Requirements

In my opinion, except for the possible effects of the matters described below, the Appropriation account has, in all material respects, been prepared in compliance with the disclosure requirements of the Public Finance Management Act [*Chapter 22:19*], the Appropriation Act [2021] and other relevant Statutory Instruments.

(i) Unallocated Reserve (UR) Transfers

Finding

According to Treasury accounting records, the Unallocated Reserve (UR) transfers to line Ministries amounting to ZWL194 853 258 615 were disbursed above the approved budget estimate of ZWL7 629 100 000 resulting in unauthorised excess expenditure of ZWL187 224 158 615. Treasury was still to initiate legislative processes to regularize the excess expenditure at the time of audit on May 16, 2022 as required by Section 307 of the Constitution of Zimbabwe Amendment (No. 20) Act, 2013.

Risk/Implication

Potential misappropriation might occur if expenditure is not managed within the approved budget.

Recommendation

Treasury should approach Parliament to regularise the unauthorized excess expenditure totaling ZWL187 224 158 615 and in future adhere to the provisions of Section 305(5) of the Constitution of Zimbabwe Amendment (No. 20) Act, 2013.

Management Responses

We acknowledge that the 2021 reported expenditure stood at ZWL194 853 258 615 against the appropriated Unallocated Reserve (UR) budget of ZWL7 629 100 000 resulting in unauthorized expenditure of ZWL187 224 158 615.

These expenditures were mainly due to budget pressures arising from employment cost reviews, vulnerable input support programme, capital grants (Air Zimbabwe), strategic grain reserves and road rehabilitation projects which were all targeted towards poverty alleviation and meeting the National Development Strategy 1 (NDS 1) targets.

Treasury is working on the legislative process to regularize the expenditures which were outside the approved budget. Furthermore, taking account of the observations from previous years including the 2021 financial year, going forward Treasury is using the Supplementary Budget route to ensure that there are no excess expenditures. For 2022, a Supplementary Budget has been tabled and approved amounting to ZWL929 253 500 000 to cater for the already incurred and anticipated budget pressures to avoid excess expenditures.

However, below are other issues noted during the audit:

1 COMPENSATION OF EMPLOYEES

1.1 Key Vacant Posts for Deputy Director Grade and Above

Finding

The Ministry had twenty – four (24) key vacant positions which does not promote sound principles of corporate governance, procedures and practices as shown in the Table below. This negatively affected the entity's service delivery and ability to attain the planned Programme Based Budgeting (PBB) key deliverables.

Vacant Posts	Number of posts
Chief Director - CIAU	1
Director	9
Deputy Director	14
Total	**24**

Risk/Implication

The absence of substantive office bearers has got a negative effect on decision making and operational performance of the respective departments.

Recommendation

The Ministry should engage the Public Service Commission (PSC) with a view of initiating the recruitment of suitable candidates to fill these vacant posts.

Management Responses

At the time of audit, the Ministry had not recruited. However, we have managed to fill some managerial posts. A total of forty-two (42) candidates were interviewed to fill ten (10) various Deputy Director posts in the Ministry.

The vacant post of Chief Director for the Central Internal Audit Unit (CIAU) was recently advertised in the newspaper.

2 MANAGEMENT OF PROGRAMMES

2.1 Implementation of Programme Based Budgeting (PBB)

Finding

The Ministry operated without a Budget committee and could not avail non-financial information on planned and achieved outputs as well as on outcomes for the financial year ended December 31, 2021. This contravened Treasury Circular number 06 of 2019 which requires Ministries, Departments and Agencies (MDAs) to avail operational plans and evaluation reports for audit inspection. Therefore, I was not able to ascertain the basis to assess the performance of the Ministry during the financial year under review.

Risks/Implications

It might be difficult to establish whether budgeted resources were utilised for the intended purposes.

It would be difficult to evaluate the performance of the Ministry in achieving its objectives.

Recommendation

The Ministry should furnish audit with documentary evidence to support the establishment of the budget committee, outputs and outcomes attained in the year 2021 in compliance with Treasury Circular 06 of 2019.

Management Response

The budget committee was constituted by the Permanent Secretary but was not active in the implementation modalities, however the budget was formulated under the principles of PBB and executed as such. Reference is made to our Appropriation Account submitted for audit.

Evaluation of Management Response

Audit is still to be availed with appointment letters of the budget committee members.

3 GENDER POLICIES AND SUPPORTING STRUCTURES

3.1 Gender Issues

Finding

At the time of audit on April 21, 2022, the Ministry had no Gender Focal person and Committee, the post was left vacant after the transfer and promotion of the officer. Although the Ministry indicated that there was a department catering for gender mainstreaming, inclusivity and wellness, audit was not furnished with minutes of meetings held and other documentary evidence to prove the functionality of the Gender Committee/Department. Therefore, I could not satisfy myself that workplace gender issues were being given due attention.

Risk/Implication

The country might not be able to meet the United Nations targets set on Sustainable Development Goal (SDG) 5 on gender equality.

Recommendation

The Ministry should appoint a Gender Focal Person and members of the Gender Committee and facilitate their functionality.

Management Responses

The filling of both entry and promotional posts is the prerogative of the Public Service Commission, hence the post of Director Gender, Inclusivity and Wellness has never been filled. The acting Deputy Director Human Resources also performed Gender Inclusivity and Wellness functions in an acting capacity. When she left there was therefore no substantive Deputy Director to handle the duties.

Please note that the Ministry of Finance and Economic Development has eighteen (18) Gender Focal Persons across all the departments to handle issues to do with gender.

Evaluation of Management Responses

The Ministry did not avail minutes of meetings held by the eighteen Gender focal persons during the year 2021 to substantiate the functionality of the Gender structures.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing audit findings raised in my previous audit report. Out of the four (4) findings, two (2) were addressed and two (2) were not addressed as indicated below:

4.1 Direct Payments by the Ministry of Finance and Economic Development

The Ministry has since uploaded the expenditure in the System Application Products (SAP).

4.2 Salary Bill variance between the Appropriation Account and the Salary Service Bureau (SSB) Print-Out

The variance on employment cost figures of ZWL$476 546 was still to be reconciled at the time of audit in May 2022.

4.3 Excess on Unallocated Reserve Transfers

Treasury initiated a financial adjustment bill to regularise the excess expenditure of ZWL$100 690 788 418 incurred in the previous year (2020).

4.4 Other Ministries Discrepancies on Direct Payments

There was no evidence availed to prove whether the disagreed foreign currency denominated direct payments amounting to US$183 638 970 (equivalent to ZWL14 763 681 058) made by Treasury on behalf five (5) Ministries in year 2020 had been resolved.

PUBLIC FINANCIAL MANAGEMENT SYSTEM 2021

BACKGROUND INFORMATION

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

The Ministry of Finance is responsible for the system and the Accountant-General is the head of the PFMS while the Director is the Project Manager. The Infrastructure of the system is managed by the Ministry of Information Communication Technology, Postal and Courier Services. The following modules have been implemented:

Financial Accounting (FI)-for external reporting
Materials Management (MM)-for procurement
Sales and Distribution (SD)-for receipting
Customer Relationship Management (CRM)- for managing online services
Business Intelligence (BI) - for reporting and the Business Planning and Consolidation Module for budgeting.
Grants Management Module - for management of donor funds.
Business Planning and Consolidation (BPC)
Business Intelligence (BI).

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

Below are issues that were noted:

1 GOVERNANCE ISSUES

1.1 Information System Steering Committee

Finding

The membership of the Information System Steering Committee in place included service providers. The committee is charged with the responsibility to oversee the strategic planning of information systems and oversee major Information Systems (IS) investments. The inclusion of outsiders was in violation of ICT good practice, which requires that an Information System Steering Committee be composed of an entity's senior management.

Risks/Implications

Inclusion of members who are not part of the management in the steering committee may compromise decisions made by the committee as the service provider may be interested parties.

Recommendation

The Ministry should establish a formal IS Steering Committee composed of senior management in line with IT good practice.

Management Response

The finding is noted. The steering committee was not seating due to covid19 restrictions. The Committee will resume seating on June 28, 2022. The committee constitutes Ministry of Finance and Economic Development (Accountant General and Budgets), Ministry of ICT, Postal and Courier Services (Infrastructure Development and Management Department) and Technical Partners (Africom and Dexel). It will be chaired by the Accountant General.

Evaluation of Management Response

Technical partners from outside like Africom and Dexel should not be part of the IS Steering committee since it is not senior management as recommended by IT good practice.

2 INFORMATION SECURITY MANAGEMENT AND ADMINISTRATION

2.1 Duplicate User Accounts

Finding

Duplicate user accounts were created in the system. Out of the twenty-eight (28) duplicated user accounts created, only three (3) were locked.

Risk/Implication

Unauthorized transactions could be performed without accountability.

Recommendation

Duplicate user accounts should be removed or blocked.

Management Response

The duplicate users have since been removed.

Evaluation of Management Response

My further review on February 28, 2023, revealed that duplicate user accounts still existed.

2.2 SAP_ALL Permissions in Production System

Findings

SAP_ALL profile gives unlimited system access when assigned to individuals. In well controlled SAP environments no individual should be granted the SAP_ALL profile. In my prior audit, I observed that eleven (11) users had been given the SAP_ALL profile.

For the year under review, eighteen (18) users were assigned the SAP_ALL profile. The table below refers:

Users with SAP_ALL Profile

User Account Type	Number of Users with SAP_ALL profile
Dialog	11
Communication users	4
System users	2

This violated the PFMS Security Policy, which states that "the SAP All Profile must not be given to any user unless temporarily on a specified basis approved by the Accountant General to execute approved transactions." The authority will be transactional and will expire once the transaction is completed. Internal and external audit should both receive a copy of the Accountant-General's authorisation memo.

Risks/Implications

SAP_ALL Profile could be used to perform irregular transactions and other sensitive functions in the PFMS system.

Granting the SAP_ALL Profile may violate the segregation of duties principle in processing business transactions.

Recommendations

Management must assess, document, and approve the business needs for users to have SAP_ALL.

No regular employee of the organization should be assigned the SAP_ALL Profile or any SAP role with permissions similar to SAP_ALL.

Management Response

The assignment of the SAP_ALL was an anomaly on the part of PFMS personnel. We will educate ourselves on the use of SAP_ALL. Remove the role on every user with the exception of system users for now, whilst we give ourselves enough time to understand the background job the communication and system users will be doing.

3. INFORMATION SYSTEMS OPERATIONS

3.1 Incident and Problem Management

Findings

A problem and incident management plan outlines how an organization will reduce the number of incidents and resume normal operations as soon as possible after an unplanned disruptive event, thereby minimizing the impact on the business.

For the third year running, an Incident and Problem Management Plan was not availed for audit in violation of the Information Security Policy which states that the Ministry of Information Communication Technology and Courier Services and the Ministry of Finance and Economic Development should develop procedures to respond to security breaches in a timely manner.

Help Desk Procedures and a log of reported issues were not availed for audit. Help Desk Procedures describe the steps taken by the IT Department to address IT issues with User Departments in order to manage problems and incidents.

Risk/Implication

Failure to manage problems and incidents may result in the loss of PFMS services and, disruption of government business operations.

Recommendation

Management should put in place a formal Incident and Problem Management Plan to deal with incidents before they disrupt business operations.

Management Response

Ministry of Information Communication Technology, Postal and Courier Services has a Fault Escalation Guide which will be brought before the PFMS Technical Committee and Steering Committee for review and realignment to ensure compliance. The review process will be completed by June 30, 2023.

3.2 Business Continuity and Disaster Recovery Planning

Findings

Business Continuity and Disaster Recovery Planning is a structured approach to resuming operations in the event of a major disruption to an organization's business processes or IT services.

The Business Continuity Plan, which includes an IT Disaster Recovery Plan, remained in draft form.

Risk/Implication

In the event of a disaster, failure to restore IT operations on time may occur in the absence of an approved plan.

Recommendations

Management should ensure that an IT Disaster Recovery Plan has been approved for implementation.

In addition, an approved Business Continuity Plan (BCP) should be part of the Disaster Recovery Plan.

Management Response

Management is still to respond.

3.3 Outsourcing and Internal Service Level Agreement (SLA)

Findings

A Service Level Agreement (SLA) is a document that details the day-to-day tasks involved in running and supporting an institution's information systems, such as running servers, performing maintenance, providing necessary storage, and operating a helpdesk. Key Performance Indicators for IT Operations (KPIs) are used to measure and manage operations, and they set parameters against which operational effectiveness can be measured. There are two types of SLAs such as Outsourcing SLAs and Internal SLAs.

The SLA contains, among other items, the Key Performance Indicators (KPI) for the IT services.

Both internal and outsourcing SLAs were not available for audit inspection. As a result, I was unable to confirm whether;

- PFMS was getting good value from suppliers of products and services such as hardware, software, and networking infrastructure.
- Ministries, Departments, and Agencies (MDAs) were pleased with PFMS's service levels.

Risks/Implications

In the absence of outsourcing Service Level Agreements, suppliers and partners may not be held liable for failing to meet their service obligations. Furthermore, there may be increased downtime if the system encounters problems with software or hardware.

If there are no internal SLAs, MDAs' system challenges, expectations, and concerns may go unaddressed for extended periods of time.

MDAs may fail to keep timely and accurate records of system transactions, compromising data integrity.

Recommendation

Service level agreements must be established with vendors and MDAs in order to evaluate and improve service delivery.

Management Response

Noted. A draft Service Level Agreement will be produced by the Third quarter of the year 2022.

Evaluation of Management Response

The Service Level Agreements were not yet in place as at February 28, 2023.

4 CHANGE MANAGEMENT

4.1 Change Management

Findings

Change Management Policy and Procedures ensure appropriate control for managing system changes, covering the processes of requesting, developing, approving, and implementing planned or unplanned change information systems.

Whilst Change Management processes of approval, evaluation, and recording were stated in the PFMS Information Security Policy, the scope was limited. Migration of Program Change and Emergency Changes Procedures were not covered.

PFMS did not have a stand-alone Change Management Policy which included Emergency Changes. Detailed procedures for change processes were also not in place.

Risk/Implication

Uncontrolled changes to PFMS could result in unplanned outages and affect the integrity of data.

Recommendation

Management should develop and approve a Change Management Policy Document which incorporates Migration of Program Changes and Emergence Changes.

Management Response

Management is still to respond.

5. FINANCIAL ACCOUNTING CYCLE

5.1 Goods Receipt/Invoice Receipt (GR/IR) Suspense Account

Findings

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

For the second year running, I noted that there were un-reconciled entries within the GR/IR suspense account. The un-reconciled entries comprised of duplicated supplier invoices, goods receipts with no corresponding supplier invoices, supplier invoices with no corresponding goods receipts; and invoiced quantities greater than the quantities received.

Risk/Implication

Uncleared items in the GR/IR account may result in a material misstatement of the financial statements due to fraud or error.

Recommendation

Management should consider investigating the uncleared items in the GR/IR account prior to the closure of the financial period to avoid material misstatement of the financial statements due to fraud or error.

Management Response

We will continue to train ministry users on how to clear the GR/IR account.

5.2 Segregation of Duties over the Release of Purchase Requisitions and Purchase Order Creation

Findings

I observed that fourteen (14) users were granted authorization to release both purchase requisitions and purchase orders in the system. To enforce the segregation of duties principle, rights for these two functions are not assigned to the same user in a well-controlled SAP environment.

In my previous audit, I raised the same observation, and management responded that the segregation of duties conflict between releasing purchase requisitions and creating purchase orders had been addressed. However, at the time of the audit, the issue remained unresolved.

Risk/Implication

Unauthorised orders may be created as a result of a violation of the segregation of duties principle between the release of purchase requisitions and the release of purchase orders.

Recommendations

To prevent and deter procurement fraud and error, the segregation of duties over collective release of purchase requisitions and purchase orders should be enforced.

Authorizations should be reviewed on a regular basis to ensure that segregation of duties conflicts are resolved in a timely manner.

Management Response

The inclusion of users in the performance of the authorisation release is an anomaly and will be corrected forthwith.

5.3 Authorization to Open/Close Accounting Periods

Findings

I noted that sixteen (16) users could open and close the accounting period. In a well-controlled SAP environment, this functionality should be restricted to ensure the integrity of data posted to accounting periods. Further, authorisations for posting period opening and closure should be restricted to employees whose job roles are consistent with the maintenance of general ledger master data.

Further, five (5) of these users, could also make postings to the General Ledger resulting in a segregation of duties conflict between general ledger maintenance and transacting in the general ledger.

Risks/Implications

Financial statements could be misstated due to improper execution of period opening and closure.

Segregation of duties conflict between general ledger maintenance and transacting in the general ledger could impact negatively the integrity of data.

Recommendation

A restricted role-based access control system should be implemented in performing critical activities related to financial reporting like opening and closing accounting periods.

Management Response

The opening and closing of posting periods single role was now in place. The role is now assigned to Consolidated Accounts and Policy (CAP) section personnel. We still have the functionality amongst the PFMS staff on standby when the assigned personnel do not carry out the task in time.

6. ASSET ACCOUNTING CYCLE

6.1 Users with authorisations to create and maintain asset records

Findings

I observed that seven hundred and fifty-one (751) (2020:94) SAP users had both the ability to create and change asset records. This violated the principle of segregation of duties in well-controlled SAP environments.

During my previous audit, management indicated that asset creation and maintenance rights segregation of duties conflict had been resolved. However, at the time of the audit, on May 26, 2022, the figures had risen by six hundred and fifty-seven (657).

Risk/Implication

The lack of segregation of duties over asset record creation and changes impairs the functionality of independent checks over asset record creation and maintenance.

Recommendation

There is need to streamline authorisation roles in order to resolve the segregation of duties conflicts between asset record creation and maintenance in the PFMS.

Management Responses

The assignment of the role of raising purchase requisition increases the number of users who will be responsible for asset creation. Asset creation takes place at every district, ministry and department. As a result, the number will increase exponentially.

The creation and maintenance of assets segregation of duties conflict will be looked into and corrected forthwith.

7 EXPENDITURE CYCLE

7.1 Segregation of Duties Over Creation, Change and Deletion of Vendor Master Records

Findings

For the third year running, I noted that nineteen (19) users had been assigned the authorisations to create, change and delete vendor master data centrally. This was not consistent with the principle of segregation of duties when assigning authorisations in well controlled SAP environments, which requires that access to system resources be based on the roles of individual users within an enterprise.

In my last audit, I noted that thirteen (13) users had these authorisations and management had communicated that a single role for vendor creation had been created. However, during my review, access had increased to nineteen during the year under review.

Risk/Implication

The lack of segregation of duties over the creation, change and deletion of asset records impairs the functionality of independent checks over the creation and maintenance of asset records.

Recommendations

Authorizations to critical functions should be severely limited to the authorized personnel in the organizational structure.

Documented Procedural controls pertaining to the use of SAP default users should be instituted.

Management Response

Management is still to respond.

8 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made minimal progress in addressing prior year audit findings. Out of seven findings raised, one (1) was addressed, one (1) was still work-in-progress and five (5) were not addressed and have been reported again to management.

8.1 Information System Steering Committee

Recommendations on IS Governance issues relating to the establishment of the Steering Committee and Risk Management were still work-in-progress as indicated in paragraph 1.1.

8.2 Problem and Incident Management Plan, SAP*, SAP_ALL and Default Users

The recommendations remained outstanding as indicated in paragraph 2.2.

8.3 User Password Enforcement

The issue remained outstanding and has recurred during the year under review.

8.4 Goods Receipt/Invoice Receipt (GR/IR) Suspense Account and Period Opening /Closing

The recommendations were not implemented and were reported again as indicated in paragraph 5.1.

VOTE 7. - INDUSTRY AND COMMERCE

STANDARDS DEVELOPMENT FUND 2021

Objective of the Fund

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

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	1 307 271 178
Expenditure	299 741 917
Surplus	**$1 007 529 261**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Accumulated Fund	28 718 991 -	- 1 395 366 663
Current	1 371 630 752	4 983 080
Total	**$1 400 349 743**	**$1 400 349 743**

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

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

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Investment of Excess Cash

Finding

There was no evidence that management took steps to invest surplus cash averaging $42 612 006 for the first nine months and $597 567 896 for the last three months of 2021. If the amounts had been invested they could have generated interest for the benefit of the Fund. Section 13(2) of the Standards Development Fund Act [*Chapter 14:19*] states that any part of the monies not immediately required for the purpose of the Fund may be invested in such manner as the Minister, with the approval of Ministry of Finance, may determine.

Risk/Implication

The Fund could lose a substantial amount of revenue that could be earned in the form of interest from investing the surplus cash.

Recommendation

The Fund should consider investing surplus cash so as to generate revenue as required by Section 13(2) of the Standards Development Fund Act [Chapter 14:19].

Management Response

The observation has been noted. The Fund had opted to invest in properties, but because of the delays in the procurement processes, the Fund was unable to acquire any property. Most of the properties that had been identified by the Fund were taken up by other players.

1.2 Levy Debtors

Finding

The total outstanding Levy Debtors figure increased by $19 063 262 to $26 841 470 in the financial year under review. The recovery methods used by the Fund were not effective. Some entities that were on payment plans did not pay anything during the year under review. Section 2 of the Public Finance Management (Treasury Instructions), 2019 stipulates that officers should take adequate steps to collect any sums due to Government on due dates and should not allow a debt to become extinguished through lapse of time.

Risk/Implication

Failure to make regular follow ups may result in debts becoming irrecoverable.

Recommendation

The Fund should employ effective strategies to collect the amounts owing so that they are not extinguished through lapse of time.

Management Response

Levy Debtors have been outstanding from employers such as NRZ which is under government reconstruction scheme and City of Harare which is also under government bailout. Employers who have closed down are not automatically written off as some have resurfaced in other towns. The Fund has written to the Ministry of Local Government for assistance in recovery of debts from Local Authorities and no feed-back has been received to date.

2 MANAGEMENT OF ASSETS

2.1 Procurement of Motor Vehicles

Finding

The Ministry contracted Motor City Toyota, a motor vehicle dealer, to supply four Toyota Corolla vehicles at a value of $43 360 000 in November, 2021. A part payment of $32 520 000 was made in 2021 as a precondition stated in the contract. However, at the time of concluding the audit on September 6, 2022, the supplier had not delivered the vehicles stating that delay in delivery was due to global shutdown caused by Covid 19. The Ministry made several follow ups as evidenced by correspondence availed for audit inspection. Not much had been achieved.

Risk/Implication

The payment for goods in advance may result in loss of public funds in the event that the supplier fails to deliver.

Recommendation

The Ministry should engage legal experts to enforce fulfilment of the contract.

Management Response

The observation has been noted. The Fund did pay for four vehicles to Motor City Toyota valued at $43 360 000 and the Ministry is seized with the matter concerning delivery.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing five (5) audit findings raised in my previous audit report. Out of the five (5) findings, three (3) were addressed, and two (2) were not addressed as indicated below:

3.1 Variances in Expenditure Balances

The audit recommendation was implemented as the variances were investigated and adjustments made.

3.2 Investment of Excess Cash

The Fund did not invest excess cash on hand as indicated in paragraph 2.1 above.

3.3 Rent Debtors

The recommendation was addressed as rental payments are now being done timeously.

3.4 Collection of Penalties on Rent Arrears

The recommendation was addressed as the 20% penalty charge on overdue rental payments was now being effected.

3.5 Motor Vehicles

The finding on the vehicle transferred to Head Office was not addressed as the Board of Survey for the vehicle had not yet been constituted.

TRADE MEASURES FUND 2020

Objective of the Fund

The Fund was established for the development and maintenance of legal metrology services provided to industry and commerce in terms of the Trade Measures Act [Chapter 14:23], and to ensure conformity of such services to standards and requirements prescribed by International Standard Bodies.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	705 340
Expenditure	840 911
Deficit	**($135 571)**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Assets/ Accumulated Fund	3 422 740	- 4 224 114
Current	1 276 886	475 512
Total	**$4 699 626**	**$4 699 626**

In my opinion, the financial statements present fairly the financial position of Trade Measures Fund as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Construction of Weighbridges

Finding

The Ministry, indicated that as at March 31, 2022, they had only completed construction of the weighbridge at Harare Trade Measures, while the weighbridge for Masvingo was under construction. The weighbridges for Mutare and Gweru were awaiting delivery of weighbridge deck and instrumentation. The weighbridges were supposed to have been completed by June 30, 2018. The supplier failed to fulfill his obligations as outlined in the contract.

Risk/Implication

Failure to follow-up completion of the construction of weighbridges and fulfilment of contract obligations by contractor may lead to wasteful expenditure, and this may impinge on service delivery by the Fund.

Recommendation

The Fund should make concerted effort in making follow ups with Applied Weighing Scale Company on the construction of outstanding weighbridges and appropriate action needs to be taken for any continued failure to fulfil the contractual obligations.

Management Response

The matter is being handled by the Legal Department to try and enforce the constructor to perform his obligation and deliver.

2. ASSET MANAGEMENT

2.1 Boards of Inquiry

Finding

A board of inquiry was not convened for the loss of a laptop HP Pro Book serial number CNC22300CZ that occurred on August 30, 2020. Section 12(1) of the Public Finance Management Act [Chapter 22:19] requires the Accounting Officer to cause an investigation to be held into the circumstances of such deficiency. Recommendations from the committee should have been used to strengthen the controls surrounding state property.

Risks/Implications

Failure to adhere to laid down regulations may compromise the internal controls.

The Fund may suffer financial losses if Boards of Inquiry are not carried out to investigate the cases and take appropriate action.

Recommendation

The Fund should urgently institute a board of inquiry to investigate and determine responsibility for the damage and loss of the assets.

Management Response

The observation is noted, the Board of Inquiry will be convened in the first quarter in 2022.

Evaluation of Management Response

At the time of concluding the audit in October 2022, the Ministry had not yet convened the Board of Inquiry.

2.2 Certificate of Handover and Take over

Finding

The Fund ceased to operate as a separate legal entity on December 31, 2020. As at March 4, 2022, the Fund administrators had not formally handed over the assets and liabilities to the Ministry as evidenced by the absence of the handover take over certificates and surrender of financial records. I could not ascertain whether the Fund's assets worth $4 895 748 and liabilities valued at $4 895 748 were properly accounted for.

Risk/Implication

If proper procedures are not followed to wind up the Fund, assets may be lost through theft and misappropriation, while liabilities may not be fully accounted for.

Recommendations

Management should carry out the handover and take over exercise with the Ministry officials and everything documented to facilitate smooth flow and full accountability.

Managements Response

The Fund was in the process of closing down and the assets were handed over during the physical asset verification by administration Section. The exercise was however almost complete.

3 PROGRESS IN THE IMPLEMENTATION OF PRIOR YEAR AUDIT FINDINGS

The Fund did not make significant progress in addressing audit findings raised in my previous audit report. Out of four (4) findings one (1), was addressed and three (3) were not addressed as indicated below:

3.1 Transfer of fuel Coupons and Assets

The finding was addressed as issue/receipt vouchers were signed for and procedures on what needed to be followed had been communicated to officers.

3.2 Procurement Plan for the Fund

The recommendation was not implemented as management insisted on restricting the procurement plans to 30% of the Fund's revenue budgeted.

3.3 Debtors

The finding was not addressed. The amount of ZAR11 160 was still outstanding from Valentine Freight Services.

3.4 Contract Management

No recovery action was taken against Baldon Furniture to return the money paid for the undelivered furniture.

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

APPROPRIATION ACCOUNT 2021

Mandate

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

Opinion

I have audited the financial statements for the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development for the year ended December 31, 2021. The financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve	Total Allocated	Expenditure	Net Under Spending
$46 259 000 000	$76 478 069 026	$122 737 069 026	$112 471 912 702	$10 265 156 324

In my opinion, the financial statements present fairly the state of affairs of the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development as at December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

PROGRAMME 1: POLICY AND ADMINISTRATION

1 PROCUREMENT OF GOODS AND SERVICES

1.1 Motor vehicles

Finding

The Ministry bought one hundred and twenty-two (122) motor vehicles at a total cost of $416 922 820 for operational purposes. However, as at the date of audit on May 31, 2022, the Ministry had received only fifty-seven (57) vehicles leaving a balance of sixty-five (65) vehicles which were yet to be delivered. According to the procurement contract, the vehicles were supposed to have been delivered in September 2021. The failure to deliver all the vehicles on time was a breach of the procurement contract and a violation of Section 67(19) of the Public Finance Management (Treasury Instructions), 2019. The Treasury Instructions require Accounting Officers to ensure that the conditions of a contract are complied with and applied consistently throughout the procurement cycle. The table below has the details:

Schedule of Outstanding Vehicles

Programme	Vehicles Purchased	Total Value ($)	Vehicles Outstanding
Programme 1	20	94 317 602	15
Programme 5 Department of Mechanisation	14	63 800 000	6
Programme 5: Irrigation Development	6	27 750 000	2
Programme 6	64	94 317 602	29
Programme 8	9	92 351 470	4
Programme 9	9	44 386 146	9
Total	**122**	**$416 922 820**	**65**

Risk/Implication

Financial loss may be incurred, if the supplier fails to deliver hence the Ministry's service delivery may be compromised.

Recommendations

The Ministry should invoke the provisions of the contract and seek legal advice for restitution.

Tenders should be awarded to suppliers with the capacity to deliver.

Management Response

The observation is noted. Follow ups with the supplier were done every month beginning January 2022 and the response received was that the supplier, Paza Buster, faced technical challenges in assembling the 4x4 Single Cab vehicle models. The Supplier promised, albeit verbally, to deliver the vehicles in June 2022. A written position was requested and the Ministry is still waiting for it.

2 IMPLEMENTATION OF PROGRAMMES

Programme 5: Agricultural Engineering & Farm Infrastructure Development

2.1 Distribution of Farm Equipment

Finding

The Ministry planned to distribute 3 000 units of farm equipment to farmers by December 31, 2021. However, the target was not met as 1 200 (40%) units of farm equipment was distributed.

Risk/Implication

By not distributing farm equipment as planned, intended beneficiaries would not produce to their full potential.

Recommendation

Management should find ways to achieve set targets.

Management Response

The 3000 units of equipment for distribution to farmers was from the three Mechanisation Facilities namely, John Deere, Belarus and Local Manufacture. From the John Deere facility equipment worth US$10 million out of US$51 million was unlocked while for the Belarus Phase 1 all equipment was delivered. The Local Manufacture Programme faced challenges in the allocation of foreign currency from the Auction System resulting in the delivery of only 12 disc harrows, 120 disc ploughs and 5 shellers. Local manufacturers are paid in local currency yet most of their raw materials are imported. As a result, not all the 3 000 units of equipment were delivered.

Programme 8: Land Survey and Mapping

2.2 Survey of A2 Farms

Finding

The Programme's 2021 performance plan was to have 1 000 A2 farms surveyed by December 31, 2021. However, as at December 31, 2021, a total of 411 (41.1%) A2 farms had been surveyed. This was despite the fact that the programme had received $291 080 786 (95.2%) out $305 454 201 it had been allocated in the budget for the surveys.

Risk/Implication

Insecurity of land tenure may adversely affect utilisation of farmland.

Recommendation

The Department should double efforts to cover up for the lost ground to achieve the planned objectives.

Management Response

The target was reviewed from 1000 A2 farms to 500 and of these, 411 farms were surveyed (82%). The Covid-19 pandemic severely affected field operations. Also the incessant rains affected the targets negatively as many farms were difficult to access and also there was fear of damage to the survey equipment by the rains.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

Programme 7: Land Resettlement & Security of Tenure

3.1 Outstanding Revenue

Finding

I could not validate the authenticity of the total amount of $1 656 581 385 disclosed in the Outstanding Revenue Return that was submitted for audit due to the out dated farmers' database and invoicing system used in the allocation of farmland. The Ministry has an excel database for all the farmers, but there are no corresponding accounting records such as ledgers. Section 35(6)(a) of the Public Finance Management Act [*Chapter 22:19*], requires the Accounting Officer to keep or cause to be kept proper records of account.

Risks/Implications

In the absence of complete revenue records, the Outstanding Revenue Return may be materially misstated.

The government might lose potential revenue from farmers due to accounting information distortions occasioned by outdated systems.

Recommendations

The Program should look for other robust databases, which have the capacity to handle the information for the Ministry and make sure all the farm beneficiaries are invoiced accurately.

Management Response

The observation is noted. In 2022 the Programme is currently working on consolidating the databases for beneficiaries of all various land categories with a view to bill all beneficiaries and keep records necessary for accounting purposes.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make progress in addressing audit findings raised in my previous audit report. Out of the six (6) findings, two (2) were addressed, four (4) had not been addressed as indicated below:

4.1 Direct Foreign Currency Payments

The issue of Direct Foreign Currency Payments was not resolved as indicated in paragraph (i) above.

4.2 Payroll Reconciliation

The issue was resolved the ministry managed to reconcile employment costs.

4.3 Consolidated Statement of Contingent Liabilities Return

The Ministry had submitted a nil return against the available evidence of the existence of contingent liabilities. The issue was not addressed as there were no adjustments made to the prior and current year returns.

4.4 Unsupported Expenditure

The issue was addressed as the Ministry managed to provide supporting documents.

4.5 Consolidated Revenue Received

The matter was not addressed as manual receipts are still to be captured into the Public Financial Management System.

4.6 Outstanding Revenue

The issue was not addressed as there is no accounting system for revenue collection as indicated on paragraph 4.1 above.

VOTE 11. - TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT

APPROPRIATION ACCOUNT 2021

The mandate and purpose of the Ministry of Transport and Infrastructural Development is to develop integrated transport Infrastructural networks and services that facilitate smooth, safe and secure movement of goods, services and persons.

Qualified Opinion

I have audited the financial statements of the Ministry of Transport and Infrastructural Development for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve	Total Allocated	Expenditure	Net Under spending
$30 064 400 000	$12 547 193 080	$42 611 593 080	$37 222 566 470	$5 389 026 610

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly the state of affairs of the Ministry of Transport and Infrastructural Development as at December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Variance on Expenditure Figures

Finding

There was a variance of $17 471 406 859 between the expenditure figures disclosed in the Appropriation Account of $37 222 566 470 and $19 751 159 611 for Sub-Paymaster General Account. I was unable to verify the correct expenditure figure as there was no reconciliation provided for audit. Section 61(1) of the Public Finance Management (Treasury Instructions), 2019 requires reconciliation of the Sub- Paymaster General Account to be done monthly.

Risk/Implication

There could be misstatement of expenditure in the Appropriation Account.

Recommendation

The Ministry should carry out a reconciliation to determine the source of the variance.

Management Response

The observation is noted. The variances were direct payments made to contractors on behalf of the Ministry by Treasury.

Evaluation of Management Response

At the time of concluding the audit the reconciliation of the figures for Sub-PMG, direct payments and appropriation account had not been done.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

Programme 1: Policy and Administration

1.1 Interest Paid to Contractors

Finding

The Ministry paid a total of $47 173 740 to road construction and maintenance contractors as penalty for late payment. This could be an indication that the Ministry was not proactive in soliciting for release of funds from Treasury in anticipation of paying contractors on time. Section 97(1) of the Public Finance Management (Treasury Instructions), 2019 states that it is the responsibility of the Accounting Officers to ensure that payments are made in a timely manner in order to avoid unnecessary expenditure in terms of penalties.

Risks/Implications

Project costs increase and wasteful expenditure may be incurred.

Recommendation

The Ministry should make cash flow projections in line with the contractors' works program and liaise with Treasury for the release of funds.

Management Response

The observation is noted. The Ministry made cash flow projections at the commencement of projects in liaison with Treasury. As has been happening of late, Treasury took long to avail the funds for payment of works. Interest charges are as per contractual agreement which state that after 30 days from the date of raising an invoice the contractor is allowed to charge interest for all outstanding invoices.

Evaluation of Management Response

The Ministry may consider making special arrangements with Treasury as this will continually affect more projects, resulting in wasteful expenditure.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

Programme 1: Policy and Administration

2.1 Revenue Reconciliations

Finding

The Ministry's receipting cashbook in the PFMS had un-cleared transactions of more than $24 billion, contrary to Section 46(4)(e), (6) and (7) of the Public Finance Management (Treasury Instructions), 2019 which require Accounting Officers to ensure that reconciliations are done on a daily basis. There was no reason given as to why the reconciliations were not done to clear the balances.

Risk/Implication

Errors and omissions may take time to be identified and corrected.

Recommendation

The Ministry should investigate the circumstances that led to the uncleared balance for accountability purposes.

Management Response

The observation is noted. There was an error of $19 066 746 000 in receipting in the system by VID Belvedere. On October 11, 2021, the receipting officer billed a quantity of 328 737 at a rate of $58 000 for Learners Driving Licence applicants in error instead of 58 at a fee of $1 000 to give a total $58 000. The remaining balance of $5 billion was due to currency conversions in the PFMS during receipting. The Ministry has since engaged the PFMS Office to help in rectifying these abnormalities.

Evaluation of Management Response

The time taken to resolve the issues is too long.

2.2 Reconciliation of Bank Deposits

Finding

There was no evidence of bank deposits on a sample of revenue collected amounting to $2 583 160 from VID Chinhoyi for December 2021. This amount was collected through swipe machines. There was also no evidence of reconciliations by Head Office, of the revenue collected by stations for CBZ sub exchequer accounts (20511730031) and (22393240017). This was in violation of Section 42(4) of the Public Finance Management (Treasury Instructions), 2019 which mandates receivers of revenue to ensure that revenue collections are safeguarded and properly brought to account.

Risk/Implication

Revenue collected may be misappropriated.

Recommendation

The Ministry management should ensure that all their deposits are reconciled to the bank account.

Management Response

VID Chinhoyi POS transactions were directly credited into our account 20511730031 (which sweeps into the Sub-Exchequer). Please take note that all Point-of-Sale reconciliations are carried out at all stations as this is where the individual transactions are carried out. The Head Office reconciles the aggregated daily collections from the master receipt.

Evaluation of Management Response

Of concern to audit was that individual deposits could not be traced to the bank statements. From audit position, these deposits remain unaccounted for until evidence of the deposits is availed.

3 IMPLEMENTATION OF PROGRAMMES

Programme 2: Roads Infrastructure Development and Road Transport

3.1 Roads Construction and Maintenance

Finding

My review of progress reports on road construction and maintenance indicated that various roads under construction and maintenance remained uncompleted during the year under review. Out of a sample of eighty-eight (88) projects, nine (9) were above 90% completion, four (4) contracts were cancelled, nine (9) contractors were behind schedule and five (5) were yet to commence works and the remaining sixty-one (61) were still work in progress at various stages. This less than satisfactory performance on planned targets could have been a result of embarking on too many projects at once which renders allocations of limited financial resources difficult to cover all projects. On the other hand, some of the contractors given the works did not have the capacity to do the job hence, the contracts were cancelled. Furthermore, engineers indicated that the payments were taking too long to be released or were not released at all thereby stalling the progress of construction works.

Risks/Implications

Delays in payments will attract penalties such as interests.

The cost of the projects will continue to increase due to inflationary pressures.

The Ministry will end up with so many uncompleted works over time which may result in re doing some of the works, hence wasteful expenditure.

Recommendations

The Ministry should embark on few projects at a time due to the limited resources that are released. It can also prioritise the projects that are almost complete and concentrate on those.

Due diligence should be taken in the awarding of contracts to avoid giving to contractors without capacity.

Management Response

Ministry of Finance and Economic Development & ZINARA delayed to release funding on time. The Ministry advised the financiers on time in the form of cash flow projections but have no control over the releases. Due diligence was done in awarding contracts on road construction projects. Contractors behind schedule and under contract determination will not be considered for new work.

Evaluation of Management Response

Due diligence should therefore be enhanced as there were contracts that were cancelled during the period under review.

4 MANAGEMENT OF ASSETS

4.1 Asset Registers

Findings

Contrary to Section 100(1-4) of the Public Finance Management (Treasury Instructions), 2019, I noted that the consolidated master asset register for the Ministry was last updated in 2016. In addition, assets that were acquired prior to February 2009 were not uploaded on the PFMS, despite a Treasury directive back then which gave Ministries a time frame within which all assets were to be uploaded on the PFMS. The reconciliations between the manual registers and the PFMS asset control account were not done. There was also no evidence that physical counts of assets in the Ministry's offices were done at least twice during the year under review.

Furthermore, assets from closed Retention Funds were not transferred to the Ministry's master assets register, neither were they captured on the PFMS. Treasury Circular Number 9 of 2020 directed Ministries to transfer all assets held by the Retention Funds to the Ministry's main asset register. I could not therefore establish whether all assets were properly accounted for. The officers indicated that they did not know how to upload assets onto the system.

Risks/Implications

The Assets Certificate is unreliable.

In the absence of an updated asset register, accountability of assets may be compromised.

Assets might be misappropriated.

Recommendations

The Ministry should ensure that the consolidated master assets register is updated and captured in the PFMS.

All assets from the closed Funds should be transferred to the Ministry's assets register.

Management Responses

The observations are noted. In respect of last recording of some assets in 2016, the items are no longer useful to the Ministry as they are now outdated. In respect of the reconciliation between the manual register and the PFMS assets control account, the Ministry is in the process of implementing the system. Typing of all the departmental assets in the computer was done. The Ministry was ordered by Ministry of Finance to submit a soft copy with all assets which were purchased outside the system to be introduced into PFMS. The information so requested by Treasury was forwarded to them but no feedback was given to the Ministry, hence, the assumption that all was in order.

The exercise was heavily affected by COVID 19 movement restrictions and disruptions. Most of the workforce (70%) were at home for longer periods. Administration staff had no access to enter in the offices. Also, handling of too many papers was discouraged.

All the other omissions are noted and corrective action to address the matters shall be done.

Evaluation of Management Response

Evidence submitted to Treasury was not presented during the audit.

5. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing audit findings raised in my previous audit report. Out of the six (6) findings, two (2) were addressed, two (2) were partially addressed and two (2) had not been addressed as indicated below:

5.1 Direct Payments

The balances of US$3 786 078 and ZAR6 403 830 had still not been processed by the Ministry.

5.2 Variance on Expenditure Figures

The variance of $78 725 709 between the Appropriation account expenditure and the Public Finance Management System figures was not reconciled.

5.3 Compensation of Employees

The variances between SSB and the Ministry were cleared.

5.4 Implementation of Road Development Programmes

The finding was partially addressed. The Ministry has since engaged relevant stakeholders on the need to speed up the procurement process.

5.5 Submission of Returns

The outstanding revenue returns were submitted.

5.6 Gender Implementation and Monitoring

The Ministry was in the process of appointing the gender committee.

TRAFFIC AND LEGISLATION FUND 2019 AND 2020

Objective of the Fund

The Fund was established to provide additional resources for registration, licensing, inspection and weighing of motor vehicles, surveys of vessels, driver testing and examination of vessel handling competency and certification, licensing of operators of public services vehicles/vessels and enforcement of transport legislation.

Qualified Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	45 778 122
Expenditure	35 355 580
Surplus	**$10 422 542**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Accumulated Fund	21 193 706 -	- 20 573 338
Current	27 179	647 547
Total	**$21 220 885**	**$21 220 885**

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

Basis for Qualified Opinion

(i) Expenditure Figures

Findings

Total expenditure for the year as disclosed in the statement of comprehensive income was $47 971 384 (2019: $14 032 318) while the Public Financial Management System (PFMS) reflected a total of $46 912 578 (2019: $15 902 270). This resulted in an unreconciled variance of $1 058 806 (2019: $1 869 952). This was as a result of expenditure processed in the system that was not reversed due to lack of budget support.

Furthermore, the figures reflected on the notes to the financial statements were not tallying with the figures on the PFMS. The source of the figures was not provided for audit. The Ministry indicated that the bank statement was used in the preparation of the financial statements.

Risk/Implication

There could be misstatements in the financial statements.

Recommendations

A reconciliation should be done between the Public Financial Management System figures and the figures disclosed in the financial statements to enable the detection of errors and omissions.

Management should ensure that financial statements are prepared from source documents such as ledgers and trial balance.

Management Response

The Ministry has noted the observation. However, this emanated from the fact that PFMS does not capture revaluation reserves and depreciation whilst the accruals concept considers both. Moreover, unreversed transactions to some extent had an effect on the difference.

Evaluation of Management Response

The reversals and reconciliation of the variance were not done at the time of concluding my audit.

(ii) Suspense Account

Finding

The statement of financial position disclosed a suspense account amounting to $647 547 (2019: $86 620). There was no explanation for the source of the suspense figure nor was there evidence of efforts being made to clear the balance as it increased by $560 927 from the previous year.

Risk/Implication

There could be misstatements in the financial statements.

Recommendation

The Fund management should engage the Ministry of Finance and Economic Development for guidance on how to clear the suspense account.

Management Response

The observation is noted. The Ministry observed that the imbalances could have been caused by the shift from accrual basis to cash basis. However, Treasury will be engaged in an effort to find a solution of how the suspense balance could have been avoided.

However, below is another issue noted during the audit;

1 GOVERNANCE ISSUE

1.1 Statement of Cash Flows

Finding

The statement of cash flows and trial balances for the period ending December 31, 2019 and 2020 were not submitted for audit, contrary to Section 154 (4) of the Public Finance Management (Treasury Instructions), 2019 which states among other requirements that a statement of cash flow shall be prepared. I therefore, could not verify the cash position of the Fund that is the inflow and outflow of cash and cash equivalents for the year under review.

Risk/Implication

This rendered the financial statements incomplete hence management might fail to make appropriate decisions.

Recommendation

A cash flow statement and trial balance should be prepared to enhance transparency and accountability.

Management Response

The Ministry has noted the observation and is now working on the cash flows which will be submitted once completed.

Evaluation of Management Response

The statement of cash flows and trial balance had not been submitted at the time of concluding the audit.

VOTE 12. - FOREIGN AFFAIRS AND INTERNATIONAL TRADE

APPROPRIATION ACCOUNT 2021

Mandate

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

Qualified Opinion

I have audited the financial statements of the Ministry of Foreign Affairs and International Trade for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$8 640 000 000	-	$8 640 000 000	$4 904 121 024	$3 735 878 976

In my opinion, except for the possible effect of the matter described in the basis for Qualified Opinion Section of my report, the financial statements present fairly the state of affairs of the Ministry of Foreign Affairs and International Trade as at December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Expenditure

Finding

The Ministry incurred expenditure amounting to $424 615 200 outside the system. The same expenditure was not uploaded onto the Public Financial Management System (PFMS). Resultantly, the expenditure figure of $4 904 121 024 disclosed in the Appropriation Account was understated by $424 615 200. This was contrary to Section 156(2)(b) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to ensure that financial statements fairly present the state of affairs of the Ministry.

Risk/Implication

The expenditure disclosed may be misstated thus distorting the reliability of the financial information presented.

Recommendation

The Ministry should ensure that the Appropriation Account submitted for audit is accurate and complete.

Management Response

Management is still to respond.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Diplomatic Missions Expenditure

Finding

The expenditure for diplomatic missions was uploaded in the Public Finance Management System (PFMS) according to commitment item under the cost centre of International Cooperation and Diaspora Engagement instead of classifying and disclosing the expenditure under the respective individual diplomatic mission's cost centres. For instance, Office Accommodation for all the missions was bunched together without disclosing how much each mission incurred. This made it difficult for me to substantiate the expenditure incurred by individual diplomatic missions during the year under review. As a result, I was not able to validate the expenditure of $4 584 082 096, as the expenditure could not be traced to payment vouchers.

Risk/Implication

There is risk that the Diplomatic Missions expenditure might be materially misstated.

Recommendation

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

Management Response

The observation is noted. Audit is advised that the Ministry has already put in place measures to address the issue by ensuring that all expenditure from Missions is being acquitted under Mission-by-Mission General Ledger Codes on a monthly basis. However, the constant breakdown of the PFMS (SAP) is hindering the progress to have the current year expenditure uploaded on the system.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Legal Instrument for Revenue Collection

Findings

The Ministry collected authentication (certification) fees amounting to $6 316 300 without Treasury authority. Section 42(13) of Public Finance Management (Treasury Instructions), 2019 states that any rates, scales or tariffs, which may affect revenue shall be referred to the Treasury for approval before being submitted for the assent of the President or other requisite authority before being brought into operation.

I was not furnished with white paper estimates for revenue collected by the Ministry for my examination. This would have enabled me to determine whether revenue collections were in line with the estimates.

Risks/Implications

If receivers of revenue collect unauthorised fees, fraud may be perpetrated and the public may be prejudiced.

Assessment of revenue collection may be compromised if there are no revenue estimates.

Recommendations

The Ministry should apply to Treasury for the gazetting of authentication fees.

The Ministry should prepare white paper estimates to promote efficient collection of revenue.

Management Response

The Ministry has engaged the Attorney-General (A-G) Legal Drafting Section to examine and approve the Draft Statutory Instrument in order to regularize the collection of authentication fees. The Ministry also engaged the Ministry of Finance and Economic Development who required more information in order for them to guide the Ministry accordingly. In this regard, the Ministry shared the Auditor's observation on the subject matter. The Ministry is awaiting response and guidance from Treasury.

2.2 Revenue Generated at Diplomatic Missions

Finding

The Ministry collected US$9 413 254 from Diplomatic Missions during the year under review. This included an amount of US$295 032 collected on behalf of other Government departments. However, there was no evidence that the Ministry submitted monthly returns to the Ministry of Finance and Economic Development indicating monthly revenue collected at its diplomatic missions. Diplomatic Missions are required in terms of Statutory Instrument 76 of 2013, to tabulate amounts received on behalf of other Ministries and Government departments and the submitted returns should be forwarded to Head office for onward transmission to the Ministry of Finance and Economic Development.

Risk/Implication

Failure to submit monthly returns of revenue collected might compromise accountability in the use of public funds.

Recommendation

The Ministry should adhere to Statutory Instrument 76(4)(1) of 2013 to enhance accountability of public funds.

Management Response

The Ministry has noted the observation and from henceforth, it will submit the Diplomatic Missions' monthly returns to the Ministry of Finance and Economic Development as recommended.

2.3 Outstanding Temporary Deposits

Finding

The Ministry held Temporary Deposits amounting to $8 946 885 dating as far back as 2011. This was contrary to Section 52(4) of the Public Finance Management (Treasury Instructions), 2019 which states that temporary deposits must be reviewed at least once annually and any moneys which have been on hand and unclaimed for a period in excess of six months shall be paid into revenue as "Unclaimed and confiscated money or property", unless the Accounting Officer, Receiver of Revenue or other responsible officer appointed for the purpose decides otherwise.

Risk/ Implication

Public funds could be exposed to misuse if they remain outstanding for too long a time.

Recommendation

The Ministry should make concerted efforts to clear the outstanding temporary deposits.

Management Response

Temporary Deposits are no longer being raised since 2017. However, Temporary Deposit return has been corrected and submitted.

Evaluation of Management Response

Management did not indicate how they intend to clear the Temporary Deposits.

2.4 Outstanding Foreign and Domestic Travel Allowances

Findings

Outstanding Foreign and Domestic Travel Allowances, dating back as far as 2018, amounted to US$457 889 as at May 30, 2022 from the US$743 200 which was owing at the end of the financial year. This represented a 38% recovery made by the Ministry. The outstanding amounts were as a result of non-acquittal of advances by officers upon return in violation of Section 65(15) of Public Finance Management (Treasury Instructions), 2019 which requires travelling and subsistence advances to be acquitted within 30 working days of completion of travel. The Ministry did not take action to recover from the officers as per regulations.

Additionally, further advances were being made to officers who had not acquitted previous advances. Section 65(7)(c) states that no new advance shall be made before the existing one is cleared, unless otherwise authorised by the Accounting Officer.

Risks/Implications

In the absence of acquittals, it would be difficult to account for public funds.

Outstanding Travel and Subsistence Advances may not be recovered.

Recommendations

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

Management should adhere to the requirements of Section 65(7)(c) of the Public Finance Management (Treasury Instruction), 2019 to enhance recoverability of the amounts.

Management Response

It is correct that out of the US$743 200 which was originally owing at the end of the financial year 2021, a total of US$457 889 was still outstanding by May 30, 2022. However, as of July 31, 2022 the outstanding balance stood at US$374 664, representing a further 11% recovery since May 30, 2022. Needless also to point out that since the beginning of June 2022, there has been no new advances made without acquittal of the previous advances.

3. MANAGEMENT OF ASSETS

3.1 Acquisition of Non-Financial Assets at Diplomatic Missions

Findings

Expenditure on procurement of assets at missions was done outside the system hence the assets procured at the missions valued at $343 419 723 were not uploaded in the Public Financial Management System (PFMS) register. This was in contravention of Section 100(1-2) of the Public Finance Management (Treasury Instructions), 2019 which states that all acquired assets are to be immediately captured in the PFMS and recorded on to the Central Government Master Assets Register maintained on the system.

Risk/Implication

Assets may not be properly accounted for if they are not updated in the asset registers.

Recommendation

The Ministry should seek guidance from Projects Office to ensure that assets procured outside the PFMS are updated in the SAP registers to enhance accountability and completeness of asset records.

Management Response

The observation is noted. This problem is due to the fact that Diplomatic Missions are not yet connected to the PFMS. Purchasing assets outside the PFMS will persist until such a time all Missions are connected to PFMS. The other challenge faced by the Ministry is that the system does not allow capturing of assets purchased outside the system. We are currently working with the Projects Office to solve the problem.

3.2 Undelivered Motor Vehicles

Finding

The Ministry purchased eight (8) Mazda BT-50 double cab vehicles from Willowvale Motor Industries valued at $5 998 880 in March, 2021. The vehicles remained undelivered by June 20, 2022. There was no evidence of follow-up being done by the Ministry.

Risk/Implication

Without effective follow-ups, the vehicles would remain undelivered resulting in loss of state assets.

Recommendation

The Ministry should follow-up on the delivery of the outstanding vehicles.

Management Response

The observation is noted. Please note that four of the eight vehicles are with Willowvale Motor Industries awaiting payment of duty. The delay in delivery was as a result of changes in taxation which now require duty to be paid in foreign currency. The Ministry is currently working with Willowvale Motor Industries in sourcing foreign currency for payment of duty. The other four vehicles were affected by the Durban floods and Willowvale Motor Industries has already ordered the replacement vehicles which are scheduled to be delivered by November 2022.

3.3 Maintenance of Guest Houses

Findings

During my site visit at Epping Guest House in Harare, I noted that the main house at the property was in a dilapidated state and required extensive repairs on the roof, ceiling, tiling, kitchen, electrical wiring as well as painting to avoid further deterioration. The house which was intended to be used for hosting diplomats was in a bad state. Resultantly, the Ministry was incurring huge expenditure on accommodation by hiring hotels to host foreign diplomats whilst the house was lying idle.

Furthermore, I also noted that the construction of a conference room at the site was aborted at slab level resulting in wasteful expenditure. The cost of the project could not be determined. In addition, a 4 roomed cottage at the guest house was inhabitable as it had collapsed.

Risks/Implications

Lack of maintenance would result in the house being condemned.

The house may depreciate in value.

Recommendation

The Ministry should prioritise the maintenance of the properties so that they can be utilized for the intended purposes as well as to maintain value.

Management Response

The Ministry is currently refurbishing Windsor Guest House which will house the Foreign Service Institute. The renovations are scheduled to be completed by September 2022. Epping and Preston Guest Houses, funds permitting, are our next projects. However, extensive cleaning of Epping Guest House and clearing the yard has been done.

3.4 Undeveloped land for Chancery and Residential houses

Finding

I noted that the Ministry had land in foreign missions listed below that was donated for chancery and residential houses. The land has remained undeveloped for several years since it was donated. This was caused by lack of funds to carry out some developments. The list below refers:

Undeveloped Properties in Diplomatic Missions

Mission	Type	Location
Zimbabwe-Dar es Salaam	3 Plots	Dodoma
Zimbabwe-Lusaka	Land	Lusaka

Risk/Implication

There is a risk that the land may be repossessed if it remains undeveloped.

Recommendation

The Ministry should engage Treasury so as to ensure that the development of land is prioritized as this would minimize expenditure on staff and office accommodation.

Management Response

The authorities in Tanzania are planning to move the administrative capital to Dodoma. Embassies will only be allowed to develop their plots once the host Government has moved to Dodoma. Development is yet to be done in Lusaka.

3.5 Boards of Inquiry for Assets at Diplomatic Missions

Finding

Section 12(1-3) of the Public Finance Management Act [*Chapter 22:19*] requires Boards of Inquiry (BOI) to be carried out to determine circumstances under which assets were damaged and recommend corrective measures to prevent the recurrence of the same. I noted that there were boards of inquiry for vehicles and furniture carried out at foreign missions as far back as 2010 but these had not been finalized hence the assets were still in the missions’ custody.

Risks/Implications

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

Recommendations

The Ministry should ensure that boards of Inquiry for assets conducted at missions are finalized.

Management Response

The observations are noted. The Ministry is working on disposals of assets in compliance with the provisions of the Procurement and Disposal of Public Assets Act. To date Head Office has presided over boards of survey for the following Missions: Abuja, Kuala Lumpur, Nairobi, Rome and Berlin. The Ministry is planning on completing disposals for the remaining Missions with redundant assets by year end.

4. GENDER POLICIES AND SUPPORTING STRUCTURES

4.1 Implementation of the Gender Policy

Finding

The Ministry did not develop a specific Gender Policy and had partially implemented the provision of equal opportunities to men and women in trainings and recruitment as evidenced by the registers.

Risk/Implication

It would be difficult to mainstream gender issues in the Ministry's activities without a guiding policy document.

Recommendation

The Ministry should put in place a gender mainstreaming policy document to provide guidelines on the implementation of gender activities that promote equity between men and women in the workplace.

Management Response

The Ministry has put a 10-member Gender Steering Committee that is in the process of drafting the Gender Policy. The Steering Committee has also written to the Ministry of Women Affairs, Community, Small and Medium Enterprises Development requesting on issues of gender mainstreaming.

5. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make progress in addressing audit findings raised in my previous audit report. Out of the nine (9) findings, two (2) were addressed, three (3) were partially addressed, and four (4) had not been addressed as indicated below:

5.1 Diplomatic Missions expenditure not disclosed in the Appropriation Account

The finding was not addressed. The observation persisted during the year under review as indicated on paragraph (i) above.

5.2 Unreconciled Expenditure

The finding was addressed as expenditure reconciliations were conducted during the year under review.

5.3 Compensation of Employees

The finding was addressed as salaries were reconciled with SSB figures during the year under review.

5.4 Risk Management

The finding was partially addressed. The Ministry has engaged an external consultant to assist in the development of the Risk Management Policy.

5.5 Disaster Recovery Plan

The finding was partially addressed. The Ministry has engaged an external consultant to assist in the development of the Disaster Recovery Plan.

5.6 Authentication Fees

The finding was not addressed as indicated on paragraph 2.1 above. However, the Ministry drafted a statutory instrument which is still to be approved.

5.7 Revenue Generated at Diplomatic Missions

The finding was partially addressed as the Ministry managed to disclose amounts due to other government departments separately. However, revenue returns were not submitted to the Head Office and Treasury as indicated on paragraph 2.2 above.

5.8 Procurement of Assets

The finding was not addressed as indicated on paragraph 3.1.

5.9 Maintenance of Assets

The finding was not addressed as indicated on paragraph 3.3.

VOTE 13. - LOCAL GOVERNMENT AND PUBLIC WORKS

APPROPRIATION ACCOUNT 2021

Mandate

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

Opinion

I have audited the financial statements of the Ministry of Local Government and Public Works for the financial year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	**Unallocated Reserve Transfers**	**Total Allocated**	**Expenditure**	**Net Underspending**
$10 069 700 000	$7 517 727 411	$17 587 427 411	$13 790 426 970	$3 797 000 441
Constitutional and Statutory Appropriations				
$19 540 000 000	-	$19 540 000 000	$6 377 347 555	$13 162 652 445

In my opinion, the financial statements present fairly, the state of affairs of the Ministry of Local Government and Public Works for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Expenditure

Finding

The Ministry did not provide for audit, payment vouchers with a total value of $17 351 732. Resultantly, I could not confirm whether the expenditure incurred was a proper charge to the Appropriation Account. Section 59(5) of the Public Finance Management (Treasury Instructions), 2019 states that payment vouchers should be completed and kept for all payments.

Risk/Implication

The absence of payment vouchers may create room for fictitious payments.

Recommendations

Management should ensure that accounting records are safely kept to avoid loss of vital information.

The payment vouchers should be submitted for audit.

Management Response

The observation is acknowledged. The payment vouchers have been submitted for audit inspection.

Evaluation of Management Response

Payment vouchers to support expenditure of $89 354 865 were requested for audit, the Ministry then submitted payment vouchers to support a figure of $72 003 133. However, payment vouchers for the remaining balance of $17 351 732 were not submitted for audit.

2 REVENUE COLLECTION AND DEBT RECOVERY

2.1 Land Developers

Findings

Records for the land developers were incomplete as information pertaining to each land developer was not filed. As a result, I noted the following:

There were no records for individual land developers. For instance, the breakdown for the amount of $7 018 347 under Kadoma Municipality was for different land developers in Kadoma and not just the Kadoma Municipality. The documents in the form of contracts and contact information for each land developer were not availed for audit. This made it difficult to confirm the accuracy of the balances disclosed in the returns for revenue received or outstanding revenue.

Furthermore, most of the land developers had not paid anything for the land procured more than five years ago. No evidence was produced to show that follow ups for the outstanding amounts were being done. Below is a schedule of debtors whose balances have remained unchanged.

Schedule of debtors

Name of Property	Name of Developer	Amount Owed as at 31/12/21 $
Rem of Railway Farm B	Kadoma Municipality	7 018 347
St Ilves	Chinhoyi Municipality	14 143 984
Lot 2 of stuhm	Civil servants housing	5 251 000
Cloverdale	Glorious properties	5 816 031
Killarney farm: Goromonzi	Katsande family trust	4 726 640
Gillingham Estate	Nehanda Co-op	11 872 000
Harare South Country	Lands Housing Trust	7 500 000
Remainder of Clipsham	IDBZ	3 375 000
Total		**$59 703 002**

Risks/Implications

Failure to maintain individual records for land developers may result in misstated balances.

The outstanding amounts lose value due to inflation and lapse of time and may become irrecoverable.

Recommendations

The Ministry should maintain records of each land developer as this will improve transparency and traceability on how the operations are being done, captured and reported.

The Ministry should perform due diligence on land developers before selling land to guarantee payment for the land sold.

Management Response

The observation is noted, however the single file noted contains all information pertaining to each land developer. The Ministry has noted the need to have individual files for each land developer. The issue is also being addressed through computerization exercise with 23rd Century Systems.

From mid-2020 there was an impasse on how to treat balances owing to the Ministry after the floating of the exchange rate. However, dunning letters are being sent out to remind land developers with outstanding balances to remit revenue to the Ministry bearing in mind currency policies adopted for any outstanding balances that were there before February 2019.

Evaluation of Management Response

The computerization of the whole system is appreciated, however, if the manual records are incomplete, the information that will be uploaded into the system will also be incomplete.

2.2 Outstanding Revenue

Finding

Revenue amounting to $89 076 068 was outstanding as at the end of the year under review. However, there were tenants who had been occupying buildings without paying rent. Some tenants had not been paying rent for over eight (8) years. There was no evidence that the Ministry performed follow ups on the outstanding rentals or follow ups on majority of tenants who were handed over to the Attorney-General. As a result, the completeness and accuracy of the outstanding revenue amount disclosed in the return could be misstated as some debts may be irrecoverable.

Section 49(1) and (2) of the Public Finance Management (Treasury Instructions), 2019 states that as a general rule, receivers of revenue are responsible for the collection of their own revenue and debt, and shall take adequate steps to collect any sum due to Government on due date and shall on no account allow a debt to become extinguished through lapse of time.

Risks/Implications

The outstanding revenue figure may be misstated.

The Ministry may be losing the time value of money on revenue that is not being collected from the tenants.

Service delivery by the Ministry may be compromised.

Recommendation

The Ministry should take measures to increase revenue from rentals by terminating lease agreements with non-paying tenants.

Management Responses

The observation is acknowledged. The increase in the outstanding revenue is due to the review of rent fees that was done towards the end of the year, the impact of COVID-19 and tenants who were handed over to the Attorney-General who were still being billed yet not paying.

The recommendation is acknowledged however the evictions are pending at the Attorney-General's Office.

2.3 Treasury Orders

Finding

The Ministry had Treasury Orders amounting to $951 178 as recorded in the Treasury Orders register. However, the Treasury Orders were not included on the return and there was no evidence provided to show that recoveries were being made. Therefore, I could not place reliance on the return submitted for audit.

Risk/Implication

The Treasury Orders figure could be materially misstated.

Recommendation

The Ministry should ensure that all Treasury Orders raised are included on the return and that recoveries are made.

Management Response

The observation is noted. The Treasury Orders will be included in the return and recoveries will be processed.

3 SERVICE DELIVERY

3.1 Submission of Annual Report

Finding

An Annual Report which covers the activities, outputs and outcomes of the entity was not prepared and submitted for audit contrary to Section 32 (3) of Public Finance Management Act [*Chapter 22:19*]. The Ministry only submitted the financial statements and the notes to the statements.

Risk/Implication

In the absence of the annual report, the Ministry may not be able to fairly present the state of affairs of the Ministry.

Recommendation

The Ministry should submit the annual report as required to enable decision makers to make informed decisions based on both financial and non-financial information.

Management Response

The observation is acknowledged. The draft 2021 Annual Report is now ready for approval and will be eventually submitted to your Office.

3.2 Devolution Funds

Finding

The total recorded disbursements amounted to ZWL6 377 348 000 whereas the minimum disbursements were supposed to be at least ZWL19 500 000 000. This was contrary to Section 301(3) of the Constitution of Zimbabwe which states that Devolution disbursements must not be less than 5% of the national revenues.

Risk/Implication

Inadequate funding for the devolution projects may affect service delivery and hamper progress of the programme.

Recommendation

The Ministry should engage Treasury for release of the devolution funds for meaningful implementation of the devolution projects.

Management Response

Treasury did not release the minimum disbursements for Devolution during the period under review despite the Ministry submissions.

3.3 Disbursement of Devolution Funds

Finding

Audit of the devolution funds revealed that $588 399 609 was disbursed to six local authorities while the said local authorities confirmed having received $352 077 677 resulting in a variance of $236 321 932. The variance was not reconciled at the time of concluding my audit. The table below refers:

Local Authority	Disbursement as per SAP ($)	Confirmed Disbursement ($)	Variance ($)
Bulawayo	135 948 313	54 503 703	81 444 610
Hurungwe	115 001 038	87 546 038	27 455 000
Chipinge RDC	74 534 000	48 700 000	25 834 000
Chiredzi	88 737 100	65 461 100	23 276 000
Zvimba RDC	106 390 158	42 466 836	63 923 322
Sanyati	67 789 000	53 400 000	14 389 000
Total	**$588 399 609**	**$352 077 677**	**$236 321 932**

Risk/Implication

State funds are exposed to misuse in the absence of reconciliations.

Recommendations

The Ministry must put in place measures to facilitate regular reconciliations between them and the local authorities for disbursements made.

The variances should be investigated and reconciled.

Management Response

The Ministry has written to the sampled Local Authorities requesting for confirmation of the disbursed amounts.

Evaluation of Management Response

The Ministry should request for confirmations from all Local Authorities that received devolution funding so as to get a holistic view of the disbursements.

4 MANAGEMENT OF ASSETS

4.1 Management of Motor Vehicles

Findings

The Ministry could not provide for audit, registration books for seventy-two (72) vehicles in its asset register. I therefore could not prove the ownership of the vehicles and confirm if they were indeed part of the Ministry's fleet.

Section 103(4) of the Public Finance Management (Treasury Instructions), 2019 requires the Accounting Officer to ensure that all Ministry vehicles (including donated vehicles) be registered under the Ministry.

Risk/Implication

Vehicles without registration books may end up being converted for personal use.

Recommendation

Accounting Officers should ensure that all Ministry vehicles (including donated vehicles) have been registered under the Ministry.

Management Response

The motor vehicles were purchased between the years 2002 to 2006 during the time when government vehicles were not provided with registration books. The Ministry is going to register the vehicles. Vehicles ABG3660 and ABG4241 were donated by Reserve Bank of Zimbabwe and progress is being made to have the vehicles transferred to the Ministry.

5 PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Ministry made progress in addressing prior year audit findings raised in my previous audit report. Out of eight (8) findings raised, five (5) were addressed and three (3) were not addressed as follows:

5.1 Expenditure Variances

The finding was addressed as there were no variances between the Appropriation Account and Sub- Paymaster General's Account.

5.2 Unallocated Reserve Transfer (UR)

The issue of Unallocated Reserves was addressed as they were well supported for the year under review.

5.3 ZUPCO Subsidy

The issue was addressed as disbursements were fully acquitted.

5.4 State lands

The issue is being addressed and there is work in progress as the Twenty Third Century Systems was engaged to develop a system for the Ministry.

5.5 Receipts and Disbursements

The issue of revenue receipted manually but not receipted in the PFMS system was not addressed as revenue disclosed was not receipted in the PFMS system.

5.6 Outstanding Revenue

The ineffective debt collection strategies for outstanding revenue from land developers remains the same and has been included in the report. Paragraph 2.2 refers.

5.7 Lease Revenue debtors

The issue of a database for state lands has been addressed partially as the Ministry engaged Twenty Third Century Systems to develop a system to manage such a database.

5.8 Commercial Rental Debtors

The issue is still outstanding and has been included in the report. Paragraph 2.1 refers.

NATIONAL CIVIL PROTECTION FUND 2019 AND 2020

Objective of the Fund

The Fund was established for the purpose of developing and promoting civil protection in Zimbabwe.

Adverse Opinion

I am required to audit the financial statements of the National Civil Protection Fund for the years 2019 and 2020. These financial statements comprise the statement of financial position as at December 31, and the statement of comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ($)
Income	169 770 941
Expenditure	154 853 483
Surplus	**$14 917 458**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	3 839 224	-
Accumulated Fund	-	53 649 471
Current	58 925 465	9 115 218
Total	**$62 764 689**	**$62 764 689**

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion Section of my report, the financial statements do not present fairly, in all material respects, the financial position of the National Civil Protection Fund as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Adverse Opinion

(i) Financial Statements

Findings

There was no segregation of duties as one Accountant was responsible for receipting, recording revenue/expenditure transactions as well as performing reconciliations. As a result, the financial statements submitted for audit had anomalies that made it difficult to rely on the financial information. The anomalies were as follows:

The statement of financial position had imbalances of $479 651 and $9 115 218 for 2019 and 2020 respectively. These imbalances were disclosed as ‘retained income’ in the financial statements.

The cash and cash equivalents balances were shown as $537 736 and $47 367 579 for 2019 and 2020 respectively in the financial statements, whereas the bank certificates showed figures of $109 617 (2019) and $38 732 013 (2020). No explanation was provided for the variances.

The Revenue figure disclosed in the 2020 financial statements was overstated by $4 780 142 which represented deposits rejected /(reversed) by the bank.

Section 35(1)(a) of the Civil Protection Act [*Chapter 10:06*] requires the Accounting Officer to keep proper accounting records, in which all financial transactions of the Fund should be recorded. Therefore, I could not confirm the accuracy and completeness of the financial information provided for audit.

Risks/Implications

Financial statements may be materially misstated.

The absence of segregation of duties may result in errors and wrongful acts going undetected.

Without proper accounting records, it may be difficult to fully account for financial and non-financial transactions.

Recommendations

Management should maintain records that will facilitate the preparation of reliable financial information.

There should be segregation of duties to enhance the internal checks and controls of the Fund.

Management Response

The Financial Statements have been corrected and resubmitted.

Evaluation of Management Response

The resubmitted financial statements still had anomalies that needed to be corrected.

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Missing Payment Vouchers

Finding

Expenditure amounting to $4 745 032 was not supported by payment vouchers. Section 59(5) of the Public Finance Management (Treasury Instructions), 2019 states that payment vouchers should be completed and kept for all payments. Resultantly, I could not confirm whether the expenditure incurred was a proper charge to the Fund.

Risk/Implication

The absence of payment vouchers may create room for fictitious payments.

Recommendations

Management should ensure that payment vouchers are safely kept to avoid loss of vital information.

All payment vouchers should be submitted for audit.

Management Response

The observation is acknowledged. The Department will continue to look for the missing payment voucher for Freight, customs and Transport and will avail it for your inspection on or before the conclusion of the audit.

Evaluation of Management Response

The payment vouchers were not availed for audit as at the conclusion of the audit.

2 REVENUE COLLECTION AND DEBT RECOVERY

2.1 Grants Received

Finding

There was no supporting documentation for grants received by the Fund amounting to $93 77 480. Some grants did not have release letters from Treasury, some did not have remittance notes to show the disbursement of the grants and some were not recorded in the cashbook or ledger.

According to Section 35(1)(a) of the Civil Protection Act, the Fund should keep proper accounts and other records, in which all financial transactions of the Fund should be recorded. Consequently, I could not validate the completeness of the grants received by the Fund.

Risk/Implication

Failure to provide supporting documents for grants received compromises the reliability of financial statements.

Recommendation

Management should ensure that the receipting and recording of grants is done properly and also supervision of work is regularly done.

Management Response

The observation is noted. The Release letters are available for inspection.

Evaluation of Management Response

The release letters were not availed for audit examination.

2.2 Donations

Findings

Donations disclosed in the 2019 financial statements submitted for audit were understated by the omission of:

- Donations made in kind, which had unspecified amounts. This was in contravention of Section 112(6)(b) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to submit the estimated value of the gift or donation when applying for authority to accept gifts and donations.
- Donations in the local currency (ZWL).

This might have been caused by lack of coordination between the accounts, the Fund administration and the valuation within the Ministry. Consequently, the amount disclosed for donations was not reliable.

Risks/Implications

If all donations are not disclosed, the financial statements may be misstated.

Without coordination between the parties involved, donations may be exposed to theft without detection.

Recommendation

Management should ensure that there is improved cooperation between the accounts, administration and the valuations departments so as to facilitate the receipt and recording of donations.

Management Response

In future all donations in kind will be receipted in the cash book and incorporated in the Financial Statements. Values will also be attached to the donations before acceptance by Treasury.

3 MANAGEMENT OF ASSETS

3.1 Asset Valuation

Finding

The assets procured by the Fund amounting to $3 683 475 during the year 2020 were not depreciated. This was contrary to Section 11(6) of the Public Finance Management (Treasury Instructions), 2019 which states that assets should be depreciated. Resultantly, the assets figure disclosed in the financial statements was also overstated.

Risk/Implication

The financial statements may be misstated thereby affecting the management decision making processes.

Recommendation

The assets bought during the year should be depreciated so as to ensure proper accountability and accurate valuation of assets.

Management Response

Management is still to respond.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

4.1 Advances to Appropriation Account.

The Ministry reimbursed the advanced funds amounting to $76 111.

4.2 Contingency Plan

The contingency plan is in the process of being developed.

VOTE 14. - HEALTH AND CHILD CARE

APPROPRIATION ACCOUNT 2021

Mandate

The mandate and purpose of the Ministry is to provide the highest standards of health care services to all Zimbabweans in line with the Primary Health Care approach as set out in the National Health Strategy.

Qualified Opinion

I have audited the financial statements of the Ministry of Health and Child Care for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve	Total Allocated	Expenditure	Net Under Spending
$54 705 000 000	$1 450 627 585	$56 155 627 585	$43 338 848 105	$12 816 779 480

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly the state of affairs of the Ministry of Health and Child Care as at December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Reconciliation of Employee Costs

Finding

The Appropriation Account submitted for audit showed compensation for employee costs amounting to $12 719 189 327 whilst the Salary Service Bureau (SSB) report showed $17 471 965 202. The variance of $4 752 775 875 was not reconciled. The variance casts doubt on the accuracy of the expenditure figure for the year. The Ministry did not perform monthly reconciliations as required by Treasury Circular of June 5, 2018 to ensure accuracy of the employment cost figure for 2021 financial year.

Risk/Implication

Failure to carry out monthly reconciliations and investigate variances may result in the Ministry not being able to detect errors and fraudulent transactions.

Recommendation

The Ministry should investigate and reconcile variances in order to determine the correct compensation of employee costs.

Management Responses

The Ministry is in the process of investigating the variance. The variance could be emanating from salaries in kind and salaries for Mission hospitals and Voluntary organisations that were accounted for as current transfers.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Audit Committee

Finding

The Ministry operated without an Audit Committee during the year 2021. This was because a new Committee had not been appointed following the expiry of the term of office of the previous Committee in 2020. Section 163(1) to (5) of Public Finance Management (Treasury Instructions), 2019 requires the Accounting Officer to establish and appoint members of the Audit Committee.

Risk/Implication

Failure to establish an Audit Committee compromises corporate governance within the Ministry.

Recommendation

The Accounting Officer should appoint the Audit Committee as required by regulations.

Management Response

The observation is noted. No new appointments have been made to date.

1.2 Staff Establishment

Findings

The Ministry's consolidated staff return submitted for audit verification showed that the staff establishment for the 2021 financial year was 52 014 which was greater than the approved establishment of 47 777. There was no evidence of authority to increase the Ministry's establishment. This casts doubt on the accuracy of the staff information of the Ministry and could be as a result of not maintaining updated staff records. Section 55 (2) of the Public Finance Management (Treasury Instructions), 2019 states that no unestablished officer shall be appointed for specific work unless adequate provision has been made for the purpose.

Further to the above, Masvingo Province had 667 staff in post against an approved establishment of 504 staff members resulting in an excess of 163 in respect of student nurses, trainee environmental health officers and primary health care nurses.

Risks/Implications

Variations in information on staff establishment indicates errors which may also affect payroll information.

Without accurate staff information, it will be difficult to properly plan and manage human resources activities to ensure service delivery to the citizens.

Recommendation

The Ministry should reconcile its staff information with the approved establishment. Also, the Ministry should carry out regular updates to its staff information.

Management Responses

The seemingly significant change in the establishment was caused by the increase in the creation of new posts in 2020 in response to the COVID19 outbreak. Treasury concurrence for the new posts was availed to the Auditor.

Masvingo Province had no establishment for Trainee Environmental Health Technicians but were using posts under Mashonaland Central Province student establishment. It is an administrative arrangement which will be regularised.

Student Nurses establishment was 540 and the intakes were reduced when the country had more nurses who could not get employed as there were no posts in the Ministry to absorb them. This will be rectified during the second quarter so that it reflects the correct status.

On Primary Care Nurses (PCNs) there is no over establishment, the posts for PCNs were being held against vacant Registered Nurses (RGNs) posts but reported wrongly on the staff returns as it is on the ground.

Evaluation of Management Responses

Copies of Treasury Concurrence submitted for audit were for unfreezing posts which were already included in the approved staff establishment. Only one Treasury Concurrence had authority to recruit 200 additional employees (20 port health officers, 80 port health technicians, 50 pharmacy technicians and 50 state certified medical laboratory technicians) in response to COVID19 outbreak.

1.3 Expenditure Classification

Finding

During the year under review, transactions amounting to $97 677 090 for the procurement of various goods and services such as fuel, repairs of motor vehicles and procurement of ICT equipment were bunched together, processed and accounted for as training allowances. This was contrary to Section 54(1) of the Public Finance Management (Treasury Instructions), 2019 which states that all expenditure on voted services shall be classified under the appropriate sub-heads and items as shown in the estimates and as directed by the Treasury.

Risk/Implication

Improper classification of expenditure misleads users of financial statements and incorrect financial decisions could be made.

Recommendation

The Ministry should use the chart of accounts to classify expenditure transactions.

Management Response

The observation is noted. As this was noted and highlighted, the issue was raised during the 2020 audit, after the Ministry had already committed and expended using the single General Ledger. The 2022 Budget has sought to address this anomaly and full implementation will be achieved by 2023. Lumping of expenditure under one item was an adopted legacy error which the Ministry intends to correct. We have already started those corrections.

2 PROCUREMENT

2.1 Procurement of COVID19 Vaccines

Finding

The Ministry procured 16 950 000 doses of COVID19 Janssen vaccines and paid the total invoice amount of $11 514 803 599 during the year. My audit examination of invoices at Central Vaccines Stores (CVS) on April 28, 2022 revealed that out of the total doses paid for, the supplier delivered 16 200 000 doses leaving out a balance of 750 000 doses of the vaccine worth $633 909 111. The Ministry did not provide explanations for the delay in delivery of the outstanding vaccines.

Risks/Implications

Government may lose money if vaccines paid for in advance are not delivered.

Recommendation

The Ministry should follow up on the delivery of the Janssen vaccine.

Management Responses

The Ministry is yet to address the audit finding.

Evaluation of Management Response

The management response did not address the finding.

3 SERVICE DELIVERY

3.1 Performance Outcomes

Findings

Programme I: Policy and Administration

The strategic objective of the program is to improve an enabling environment for health service delivery. For the year 2021, the Ministry did not achieve two performance targets on improving domestic funding for health and human resource performance in the health sector. Domestic health expenditure per capita was low at US$18.50 compared to the target of US$35. This was due to the current financial challenges which limited the potential to increase funding.

Programme II: Public Health

The strategic objective of the programme is to prevent diseases through creating an enabling healthy environment and promoting healthy lifestyles. The Ministry did not achieve its targets on reproductive and maternal, new born, child and adolescent health and nutrition.

Institutional Maternal Mortality Ratio which measures the number of maternal deaths among 100 000 deliveries in health facilities/institutions was high. The 2021 ratio was 113 against the target ratio of 98 indicating a high number of maternal deaths at health institutions. The Ministry cited shortage of skilled workforce, motivated health workers, health equipment, drugs and commodities, ambulances as the causes for the unsatisfactory performance.

Also, the perinatal mortality rate which measures the rate of still births and babies dying in the first 28 days was high. The 2021 rate was 32.8 against the target ratio of 26.

Programme IV: Bio-medical engineering, Bio-pharmaceutical productions and Bio-sciences

The strategic objective of this new programme which was introduced in 2021 was not stated.

Further to the above, the Ministry did not achieve two targets under this programme. The Ministry did not develop the bio-pharmaceutical policy and the bio-medical policy as planned. Out of the budget of $1 238 144 000 for the programme, only $147 552 082 (12%) was utilised. This was because the departments that were supposed to implement the planned activities under these programmes had not been fully established.

Risks/Implications

Failure to achieve set targets indicates low performance which negatively affects the provision of health services to the citizens.

Recommendation

The Ministry should continue revising and developing strategies to achieve all set targets and consequently enhance service delivery.

Management Responses

Programme I - Domestic funding for health: The Ministry does not have much control over this indicator except lobbying.

Improvement of human resource performance: Staff are leaving for greener pastures and most of the factors affecting this performance indicator are outside the control of the Ministry.

Programme II - Institutional Maternal Mortality Ratio and perinatal mortality rate: Availability of adequate numbers of skilled and well-motivated health workers, health equipment, drugs and commodities, ambulances etc is affecting this performance indicator.

Programme IV - Development of these policies requires the operationalisation of the Ministry's new organisational structure and establish the relevant department.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

4.1 Compensation of Employees

The variance of $1 613 653 307 between the Appropriation Account and the Salary Service Bureau (SSB) was not investigated, reconciled and cleared.

4.2 Direct Payments

Direct payments amounting to $83 119 705 remain unconfirmed by the Ministry. Payment vouchers and supporting documents such as purchase orders, invoices/receipts and goods received vouchers for the direct payments were not availed.

4.3 Budget Provisions

Errors made to the budget uploaded onto the PFMS and errors made in the Unallocated Reserve letters were not addressed.

Unallocated Reserves amounting to $12 284 752 remained untraced and unreconciled by the Ministry.

4.4 Virements

The Ministry stopped processing virements in the first six months of the year.

4.5 Expenditure General Ledgers

The Ministry continued to lump up various expenditures in one general ledger of training allowances.

4.6 Rentals

Rates charged for rentals were reviewed up to reflect the prevailing economic conditions, however the revised rentals were not applied as tenants were still paying the old rates.

The Ministry had not yet compiled a consolidated database for all houses that belong to the Ministry from which monthly rentals are supposed to be collected.

4.7 Receipting and Banking

The variance of $107 799 between the Receipts and Disbursement return and the PFMS receipting and deposit cash books remained un-cleared.

4.9 Filling of Vacant Posts

Key posts of the Finance Director, Chief Internal Auditor, Deputy Director for Procurement and Director for Pharmacy have not been filled.

Incumbents for the Deputy Director Administration, Director and Deputy Director for Hospital Planning, Director and Deputy Director for Human Resources and Director for Procurement posts were still in acting capacity.

4.10 Mainstreaming of Gender Issues

The Ministry had not yet developed the gender policy or reference framework to guide the implementation of gender issues.

The Ministry had not yet incorporated gender issues as Key Result Areas (KRAs) in its performance management system.

VOTE 16. - HIGHER AND TERTIARY EDUCATION, INNOVATION, SCIENCE AND TECHNOLOGY DEVELOPMENT

APPROPRIATION ACCOUNT 2021

Mandate

The Ministry is responsible for the oversight, formulation and implementation of policies related to planning, training and development of human capital and the promotion of science, technology and innovation. It also facilitates cooperation in research and development, higher and tertiary education as well as in science and technology at local, regional and international levels.

Qualified Opinion

I have audited the financial statements for the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$14 638 000 000	$6 012 458 362	$20 650 458 362	$17 003 918 244	$3 646 540 118

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion Section of my report, the financial statements present fairly the state of affairs of the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development as at December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Overstatement of Expenditure

Finding

Expenditure in the Appropriation Account was overstated by $85 358 607 being amounts recorded as expenditure in ledgers at year end for goods and services- $70 358 607, compensation of employees- $10 000 000 and current grants- $5 000 000. The amounts were transferred to the Industrial Training and Trade Testing Fund and the Vocational and Technical Examinations Fund. No supporting documentation was produced indicating the goods and services and compensation of employee costs that were being paid for. Section 17(8) of the Public Finance Management Act [Chapter 22:19] requires unexpended amounts at year end to be re-deposited in the Consolidated Revenue Fund at the close of the financial year.

Risks/Implications

The Ministry's Appropriation Account was materially misstated and could mislead users of the financial statements.

The funds could be misappropriated without trace and if unused could lose value due to inflation.

Recommendation

The Ministry is advised to comply with regulations on use of public financial resources.

Management Response

The observation is noted. However, the amounts pertain to reimbursements of the Vocational and Technical Examinations Fund (VOCTECH)-$54 000 000 and the Industrial Training and Trade Testing Development Fund (ITTTD)-$32 000 000.

Evaluation of Management Response

The Ministry did not provide details and supporting documents for the nature of expenditure paid by the Funds on behalf of the Ministry justifying the re-imbursements.

According to documentation an amount of $38 358 607 was transferred to the VOCTECH Fund and $47 000 000 was transferred to ITTTD Fund.

(ii) Unsupported Expenditure

Finding

The Ministry incurred expenditure amounting to $7 799 698 which was not fully supported by invoices/receipts or goods received notes. I therefore, could not satisfy myself whether the payments made were a proper charge against public funds. This was contrary to the provisions of Section 59(3)(c) of the Public Finance Management (Treasury Instructions), 2019 which does not allow expenditure to be incurred based on quotations.

Risks/Implications

In the absence of adequate supporting documents, payments may be made for services not provided.

Recommendation

The Ministry should ensure that all source documents are attached to relevant vouchers when making payments to prevent fraudulent payments and to enhance accuracy and validity of expenditure.

Management Response

The observation was noted and corrections were done. The invoices and other supporting documents addressing these observations were submitted.

Evaluation of Management Response

Documents produced were in support of an amount of $10 887 218 leaving a balance of $7 799 698.

(iii) Statement of Receipts and Disbursements

Findings

The Ministry collected and deposited revenue and other public moneys amounting to $5 025 681 into the Sub-Paymaster General Account instead of the Sub-Exchequer Account. The amount remained in the Sub-Paymaster General Account up to the year-end without being corrected.

The Ministry disclosed $5 025 681 on the Statement of Receipts and Disbursements as at December 31, 2021 as disbursed to the Main Exchequer account thereby overstating payments to the main Exchequer account by the same amount.

Risks/Implications

Revenue processed outside the system may not be properly accounted for.

The Statement of Receipts and Disbursements could be misstated.

Recommendation

Revenue and other public moneys due to the Exchequer should be deposited into the Ministry's Sub-Exchequer account.

The deposit that was made to the sub-PMG should be corrected.

Management Response

The query is noted. The error in depositing the amounts of $5 025 681 was done by Salary Service Bureau and we have since written to them to minimise such errors.

(iv) Travel and Subsistence Advances

Findings

The Ministry issued travelling and subsistence advances amounting to $6 589 062 during the year. As at September 30, 2022 acquittals for the advances, in the form of travelling and subsistence claim forms, had not been submitted and no recoveries had been made from the officials concerned. I could therefore not ascertain whether the trips were undertaken in the absence of the acquittals. Section 65(15) of the Public Finance Management (Treasury Instructions), 2019 requires that advances be acquitted within thirty (30) working days of return to home station. Deductions of outstanding advances should have been effected on the pay sheets. This was attributable to internal control lapses in supervision of accounting staff.

Risks/Implications

Travelling and subsistence allowances may be issued for trips not undertaken.

Recommendation

The Ministry is encouraged to monitor issuance of travelling and subsistence advances and also ensure acquittals are done for all allowances issued. If no acquittals are made recoveries on the pay sheets should be done on time as per regulations.

Management Response

The observation was noted. Acquittals were received in 2022.

Evaluation of Management Response

No evidence of the acquittals was submitted for audit verification at the time of concluding the audit on September 30, 2022.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Classification of Expenditure

Finding

Expenditure amounting to $25 614 762 was processed from incorrect ledger accounts. Virement procedures should have been followed if there were cases of inadequate funds in some subheads. The misclassified expenditure was however, reduced to $18 425 341 through 50 journal vouchers raised from August 3-5, 2022. I raised a similar issue in my reports for the financial years ended December 31, 2019 and 2020.

Risk/Implication

Misclassification of expenditure distorts accounting information which could mislead decision makers.

Recommendation

The Ministry should ensure that all expenditure is processed under appropriate ledgers to ensure accuracy of reporting.

Management Response

The observation has been noted and corrections have been made.

Evaluation of Management Response

The Ministry made corrections however, $18 425 341 remained outstanding.

1.2 Unauthorised Payment Vouchers

Finding

The Ministry incurred expenditure amounting to $12 791 804 without the vouchers either being certified correct, certified not previously paid, and/or passed for payment. This was contrary to the provisions of Section 59(14) of the Public Finance Management (Treasury Instructions), 2019 which requires that cash vouchers be properly certified as correct and passed for payment before the payment is processed. The anomaly was as a result of inadequate review of the payment processes within the Ministry.

Risk/Implication

Unauthorised payments may be processed.

Recommendations

The Ministry should ensure that all vouchers are properly checked before processing for payment. Checks and controls must be instituted to strengthen the payment system.

Management Response

The observation was noted. The Ministry will in future ensure the preparation of payment vouchers has gone through all the authorisation levels before payment has been effected.

1.3 Sub-Paymaster General's Account Reconciliation

Findings

The Appropriation Account had total expenditure of $17 003 918 243 while the Sub-Paymaster General's Account (sub-PMG) reconciliation disclosed total payments of $13 175 235 691, resulting in an unreconciled variance of $3 828 682 552. I could therefore not validate whether the expenditure in the Appropriation Account was accurate in the absence of the breakdown or make up of the variance.

The year-end reconciliation also showed total releases from Treasury of $13 175 905 407 while the Public Financial Management System (PFMS) had a total of $13 379 362 233, giving an unexplained variance of $203 456 826.

The Ministry did not prepare monthly reconciliations of the sub-PMG Account and the Public Financial Management System (PFMS) cashbook during the year. Monthly reconciliations would have enabled the Ministry to detect and correct any errors occurring.

Risk/Implication

Failure to perform monthly reconciliations might result in fraudulent transactions and errors going undetected.

Recommendation

The Ministry is advised to carry out monthly sub-PMG reconciliations so that any possible misstatements or errors are detected and corrected timeously.

Management Response

The observation was noted. The Ministry will comply with requirements of good accounting practice where reconciliations to the Appropriation account will be religiously observed.

1.4 Winding up of Retention Funds

Finding

Treasury Circular Number 9 of 2020 directed that Retention Funds be wound up by December 31, 2020. However, the Ministry did not wind up the National Education Training Fund and the Commercialization and Innovation Fund. As a result, resources accruing to the funds were not paid over to the Consolidated Revenue Fund as required. The exemption letter given to the Ministry by Treasury to continue operating some of the Funds did not include the two mentioned Funds.

Risk/Implication

National budgeting and planning processes may be affected and the need for uniformity in accounting for national resources is compromised.

Recommendation

The Ministry is advised to comply and wind up the Retention Funds as per the Treasury Circular.

Management Response

The observation was noted. The Ministry retained all funds on the basis of verbal authority from Treasury up to the end of December 2021. A written confirmation from Treasury dated June 21, 2022 only confirmed four Funds and we have started the process of winding up the remaining Funds.

2. MANAGEMENT OF ASSETS

2.1 Undelivered Assets

Finding

The Ministry paid an amount of $46 362 496 for the acquisitions of five (5) motor vehicles, thirty-nine (39) desk top computers and eleven (11) vacuum cleaners which were not delivered as at the date of audit of September 30, 2022. The delivery period for vehicles was two weeks and that for computers was four weeks from date of purchase. Table below refers.

List of assets acquired not delivered

Date	Details	SUPPLIER	Amount ($)
09/09/2021	2-Toyota Hilux 2.8 GD6 4x4 double cab	FARAMATSI MOTORS	16 724 604
06/10/2021	3-Toyota Hilux 2.8 GD6 4x4 double cab	FARAMATSI MOTORS	25 086 906
02/09/2021	39 Desk top computers	LATMARK SUPPLY CHAIN (PVT) LTD	4 359 157
04/08/2021	11 Vacuum cleaners	OK ZIMBABWE	191 829
Total			**$46 362 496**

Risk/Implication

The Ministry could be deprived of the use of the assets and this may affect service delivery.

Recommendations

Due diligence during the procurement process needs to be strengthened in order to mitigate against risks of engaging suppliers without the capacity to fulfil contractual obligations. In addition, the Ministry should follow up on the assets paid for so that they are delivered.

Management Response

Evidence of the Ministry's efforts to recover these assets is available.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make progress in addressing prior year audit findings. Out of a total of six (6) findings raised, one (1) was addressed, two (2) were partially addressed and three (3) were not addressed as indicated below.

3.1 Unsupported Expenditure

The issue was not addressed as documentation was not provided to support the reported expenditure.

3.2 Sub-Paymaster General Account Reconciliation

There was no improvement in the area. Monthly reconciliations of the Sub-PMG Account to the Public Financial Management System records were not done. Variances still existed between release in the Public Financial Management System and those which were on the Sub-PMG Account in the current year.

3.3 Acquittal of Capital Grants

The issue was addressed. Acquittals were availed for Capital Grants to Universities and other Agencies.

3.4 Classification of Expenditure

There was no improvement since there was recurrence of misclassification of expenditure during the financial year under review.

3.5 Travel and Subsistence Advances

The issue was partially addressed. SSB deductions were effected, however, acquittals were not availed for the outstanding advances.

3.6 Master Assets Records

The issue was partially addressed. Some of the assets were recorded in the Asset register while others are still not yet recorded.

AMENITIES FUND 2018

Objectives of the Fund

The Fund was established for the purpose of providing students with facilities for sporting, social and cultural, sponsor education in subjects of a technical and cultural or intellectual nature, provide additional study aids for students. The Fund also provides salary advances for staff whose salaries are in arrears, canteen facilities for students and facilitates the production of learning aids.

Disclaimer of Opinion

I am required to audit the financial statements of the Amenities Fund for the year 2018. These financial statements comprise the statement of financial position as at December 31, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ($)
Income	21 529 618
Expenditure	18 321 727
Surplus	**$3 207 891**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Assets	4 606 124	-
Accumulated Fund	-	23 946 852
Current	22 613 363	3 272 635
Total	**$27 219 487**	**$27 219 487**

I do not express an opinion on the financial statements of the Amenities Fund. Because of the significance of the matters described in the Basis for Disclaimer of Opinion Section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Absence of Chart of Accounts

Finding

The absence of a documented chart of accounts for the Fund made it difficult for uniform preparation of financial statements by tertiary institutions, resultantly, the consolidated financial statements produced had material misstatements. In preparing notes to the account balances, the Ministry used a breakdown of submissions from institutions instead of a breakdown of ledger balances as it proved difficult to consolidate due to the different chart of accounts used by the various institutions. For example, what constituted goods and services, other expenses, revenue and other revenue differed from one institution to another. I could therefore not verify the accuracy of the consolidated financial statements and this limited the scope of my audit.

Risk/Implication

The consolidated financial statements may be materially misstated due to inconsistent accounting for transactions rendering them less useful to users.

Recommendations

The Ministry should develop a chart of accounts as guidance on accounting and preparation of financial statements.

The Ministry may also consider adopting the government chart of accounts and get it used by every tertiary institution to ensure production of uniform financial statements.

Management Response

The observation has been noted. A workshop on Chart of Accounts has been conducted beginning of March 2022. Detailed templates for the statement of financial position, statement of comprehensive income, statement of cash-flows and notes to the financial statements have been developed so that there is uniformity and consistency in reporting by tertiary institutions.

(ii) Unsupported Figures

Findings

The 2018 take-on balances in the financial statements were different from the closing figures in the 2017 financial statements by an amount of $3 900 295. The adjustments were made to the prior year audited balances without explanatory notes and supporting documents, thereby defeating the principle of transparency and accountability.

Further, figures posted to the statement of Comprehensive Income, for retained income of $303 255 and prior year adjustment of $384 580, did not have clear sources of origin and had no supporting documents.

Risk/Implication

The financial statements are materially misstated making them less useful to users due to figures included whose origin cannot be traced.

Recommendations

Supporting information to explain figures and variances should be provided.

The adjustment of $384 580 should be investigated and supported by the related documentary evidence.

Management Responses

The observation has been noted. Notes to explain the variances will be provided in future.

The adjustment of $384 580 will be investigated.

Evaluation of Management Response

The response did not provide time frames as to when the issues will be cleared.

(iii) Variances Between Pastel Accounting Ledgers and Financial Statement Balances

Finding

A net variance of $351 049 was noted between Pastel accounting ledgers and the figures disclosed in the financial statements for Bulawayo and Mutare Polytechnics. This was contrary to good accounting practice which requires financial statements to be prepared from accounting ledgers. Consequently, I was unable to determine whether the consolidated financial statements of the Fund were fairly stated due to the variances noted in individual institution figures.

Risk/Implication

The financial statements may be materially misstated.

Recommendation

Financial statements should be prepared from accounting ledgers as per good accounting practice.

Management Responses

Bulawayo Polytechnic

At the end of 2018 the institution had not yet fully migrated to pastel from digital edge. The revenue side of the cashbook was still maintained in legacy system (digital edge). The first and second quarter payments were done in the digital edge system hence the production of manual financial statements based on two systems.

Mutare Polytechnic

The variances were as a result of the transactions that were posted into sage pastel well after the financial statements had been submitted for consolidation. These adjustments were made as they had a material effect. The correction has since been made by effecting the adjustments in the 2018 comparative figures that were presented in the 2019 financial statements.

(iv) Preparation of the Statement of Cash Flows

Finding

The Ministry did not prepare the consolidated statement of cash flows as part of its financial statements although individual colleges prepared the statements of cash flows. This was contrary to the provisions of Section 35(6) of the Public Finance Management Act [*Chapter 22:*19] which requires the Accounting Officer to submit for audit a set of financial statements that include a statement of cash flows. Inadequate supervision in the preparation of financial statements contributed to the anomaly.

Risk/Implication

It may be difficult to assess the cash position of the Fund in the absence of the Consolidated Statement of Cash Flows.

Recommendations

The Ministry should ensure that a consolidated statement of cash flows for the Fund is prepared in line with the provisions of Section 35(6) of the Public Finance Management Act [*Chapter 22:19*]. Furthermore, supervision in the preparation of the Consolidated Financial Statements of the Fund should be undertaken.

Management Response

The observation has been noted. Adequate supervision in the preparation of the consolidated financial statements of the Fund will be done.

(v) Accounting for Receivables

Finding

There was a variance of $984 634 between the financial statements from Morgan Zintec College's trade receivables of $1 197 170 and the figure in the consolidated financial statements of $212 536. The debtors figure in the financial statements was therefore materially misstated.

Risks/Implications

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

Recommendation

Errors in college financial statements should be investigated and corrective action taken.

Management Response

The variance was treated as a suspense item instead of trade receivables.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Variances in the Cash and Cash Equivalents Balance for Individual Institutions

Finding

The Statement of Cash Flows for Msasa Industrial Training College had a cash balance of $13 629 while the certificate of bank balance had a closing balance of $29 773. The variance of $16 144 was not reconciled/explained. Inadequate supervision in the preparation of financial statements could have contributed to the anomaly.

Risk/Implication

The financial statements of the Fund may be materially misstated.

Recommendation

The Ministry should ensure that there is adequate supervision and checking whether the preparation of monthly reconciliations and preparation of financial statements is properly done.

Management Response

Management has not yet responded.

1.2 Suspense Account Balances Not Disclosed in Consolidated Financial Statements

Findings

The trial balance from Morgan Zintec College had a suspense account balance of $984 635 which was not disclosed in the consolidated financial statements for the period under review.

Bulawayo Polytechnic's financial statements had a suspense account balance of $208 057 whose clearance was not supported by authorised journals, ledgers and other source documents. I could therefore not verify whether the suspense balance had been properly cleared.

The financial statements for Seke Teachers' College had a suspense account balance of $4 383 which was not included in the consolidated financial statements.

Risk/Implication

Inaccurate financial statements are produced.

Recommendation

The Ministry should ensure that proper procedures are followed to account, disclose and to clear the suspense account balances.

Management Responses

Morgan Zintec College:

This could have been an error.

Bulawayo Polytechnic:

After audit observation journals were provided to Headquarters for clearance of the suspense.

Seke Teachers' College:

It was an error of omission. The amount of $4 383 was supposed to be included in the consolidation of Financial Statements.

Evaluation of management response

Copies of the authorized journals and supporting evidence from Bulawayo Polytechnic were not submitted for audit inspection.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Accounting for Receivables

Findings

Msasa Industrial Training College did not avail a Pastel generated debtors control account to support the receivables figure of $70 124. I could not verify the accuracy of receivables figure disclosed in the financial statements.

Bulawayo Polytechnic had outstanding receivables amounting to $2 988 137 as at December 31, 2018 dating as far back as the year 2016. There was no evidence to show that effort was made to recover the outstanding amounts.

Westgate Industrial Training College student debtors' cards had an amount of $6 029 while the financial statements had $8 191 resulting in a variance of $2 162. The variance was not explained.

Westgate Industrial Training College also had outstanding receivables worth $55 130 dating as far back as 2011. There was no evidence to show that the college authorities were making efforts to recover the outstanding amount.

Risks/Implications

The debtors' in the financial statements for the period under review may be materially misstated.

Future projects of the Fund may not be undertaken since the bulk of the money is tied up in receivables.

Recommendations

The debtors control account should be availed for audit examination.

The Ministry should ensure that there is adequate supervision in the preparation of financial statements.

The institutions should make concerted effort to recover the outstanding amounts.

Management Responses

Msasa Industrial Training College

Amenities and Tertiary Funds were billed as one account hence the separation of receivables was tricky and now the Accounts have since been separated so they are billed separately.

Bulawayo Polytechnic

Tertiary debtors in Amenities Fund arose out of payments done using Amenities funds for Tertiary expenses which would then appear in the Amenities financial statements as Tertiary debtors and Amenities Creditors in Tertiary Fund. At the end of the financial period the institution is supposed to pay off Amenities creditors to offset the debtors. It was not done and the debtors were carried into the next period.

Westgate Industrial Training College

The amount of $2 162 was for prepaid fees recorded on student's debtor's ledger cards. The total owed by the student was $8 191 and the amount of $6 029 was the net amount after consolidation of debtors. The Debtors schedules have since been uploaded in the Pastel Accounting System and the College abandoned the old manual system of accounting for transactions.

Robust systems have been set up to ensure shorter debtors' turnover period is achieved through mandatory registration and access control through issuing student identity cards to fully paid students.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in my previous audit report. Out of the five (5) findings raised during the 2017 financial year, only one (1) finding was addressed as indicated below:

3.1 Suspense Account

The finding on clearance of the suspense account balance of $2 808 215 was not addressed as indicated on paragraph 1.2.

3.2 Hire of College Facilities

The finding was addressed as registers for hire of facilities were now being maintained.

3.3 Debtors' Ledger Accounts

The finding was not addressed as debtors' ledgers still had differences between balances in the Pastel Accounting System and those disclosed in the financial statements.

3.4 Cash and Cash Equivalents

The finding was not addressed as differences between the Cash and Cash Equivalent amounts in the Statement of Cash Flows and the Statement of Financial Position still remained.

3.5 Unsupported expenditure

The finding on unsupported expenditure of $87 394 was not addressed as indicated on paragraph (ii).

TERTIARY EDUCATION AND TRAINING DEVELOPMENT FUND 2018

Objective of the Fund

The Fund was established for the purpose of collecting and administering fees for the purposes of supplementing the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development's budget (both capital and recurrent), for the development and maintenance of services, programmes and activities at tertiary institutions.

Disclaimer of Opinion

I was engaged to audit the financial statements of the Tertiary Education and Training Development Fund for the year 2018. These financial statements comprise the statement of financial position as at December 31, and the statement of comprehensive income and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	**Amount $**
Income	36 010 550
Expenditure	35 047 907
Surplus	**$962 643**

Statement of Financial Position

Item	**Assets ($)**	**Liabilities ($)**
Non-Current Assets	18 386 921	-
Accumulated Fund	-	45 199 200
Current	35 094 332	8 282 053
Total	**$53 481 253**	**$53 481 253**

I do not express an opinion on the financial statements of the Tertiary Education and Training Development Fund. Because of the significance of the matters described in the Basis for Disclaimer of Opinion Section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Absence of Chart of Accounts

Findings

The absence of a documented chart of accounts for the Fund as well as an updated Financial and Accounting Manual made it difficult for the tertiary institutions to produce uniform financial statements. What constituted, for example, goods and services, other expenses, revenue and other revenue differed from one institution to another. It was therefore difficult to verify the accuracy of the consolidated financial statements and compare current with prior year figures.

Further, in the notes to the accounts, repairs and maintenance costs for vehicles of $756 224 and depreciation of $410 883 were disclosed in goods and services whereas these expense items were presented separate from goods and services on the statement of comprehensive income, thus further highlighting the challenges of absence of a chart of accounts.

Risk/Implication

The consolidated financial statements may be materially misstated rendering them less useful to users.

Recommendation

The Ministry should come up with a documented chart of accounts which would be used by all the tertiary institutions and to update the current Financial and Accounting Manual.

Management Response

The observation is noted. The Ministry's Head Office staff, Heads of Accounts departments at all institutions and Ministry of Finance officials will be conducting a workshop on chart of accounts over the first week of March 2022 to come up with an agreed Ministerial Chart of Accounts to enable uniformity in the preparation of future Financial Statements.

(ii) Prior year adjustments to the accumulated fund

Finding

The consolidated financial statements had two unsupported prior year adjustments to the Accumulated Fund totalling $16 102 616. In the absence of documentary evidence, I could not confirm the source of the figures or the reason for the adjustments.

Risk/Implication

The financial statements may be materially misstated making them less useful to users.

Recommendation

The adjustments should be investigated and supported by the related documentary evidence.

Management Response

The unsupported prior year adjustments were done in order to correct the imbalances which had long been established and could not be verified.

(iii) Account Balances and Accompanying Notes

Finding

Differences were noted between the figures for various items disclosed in the financial statements and the accompanying notes. The accompanying notes to the financial statements were supposed to give a breakdown of the figures disclosed in the financial statements. Table below refers:

Consolidated Accounts and Accompanying Notes Balances

Account	Account Balance Disclosed	Balances in the Accompanying Notes	Differences
	$	$	$
Cash and cash equivalents	(11 341 196)	(603 826)	(10 737 370)
Accounts Receivables	(22 919 898)	(18 816 952)	(4 102 946)
Inventories	(416 223)	(85 569)	(330 654)
Accounts Payables	8 282 053	7 055 387	1 226 666
Revenue	32 115 103	31 278 859	836 244
Grants	1 249 033	1 156 409	92 624
Other Income	2 744 233	2 289 582	454 651
Goods and Services	(25 234 228)	(25 943 566)	709 338
Repairs and Maintenance	(4 514 755)	(4 037 606)	(477 149)
Other Expenses	(2 372 293)	(1 020 601)	(1 351 692)

Risks/Implications

The consolidated financial statements may be materially misstated.

The purpose of the notes to the financial statements was defeated.

Recommendation

The cause of the differences should be investigated and account balances and supporting notes should be reconciled.

Management Response

The differences in Account balances and accompanying notes could not be readily identified.

(iv) Consolidated Financial Statement Compared with Underlying Records

Finding

The figures disclosed in the statement of financial position and statement of comprehensive income for the consolidated accounts were different from figures in the individual financial statements submitted by institutions. There was a net variance of $11 985 829 between the consolidated financial statement figures and the total of individual financial statement figures. The consolidated financial statement figures are supposed to be a summation of the individual items in the respective institutions' financial statements. I could therefore not rely on the consolidated financial statements submitted for audit by the Ministry as they were materially misstated.

Risk/Implication

The consolidated financial statements may have been materially misstated.

Recommendation

There is need to investigate the variance and corrective action taken.

Management Response

A revisit to the consolidated financial statements has been done. We have redone it and we have observed an amount of $799 335. Given the several submissions made by the several colleges and other institutions, the reported figure of $11 985 829 would not be that high. The recalculated difference can be attributed to arithmetic differences.

Evaluation of Management Response

No evidence covering the $799 335 was produced to warrant a revision of the variance.

(v) Variances between Pastel Accounting ledger balances and financial statements

Finding

The pastel accounting ledgers for property, plant and equipment, inventory, debtors, creditors, revenue, other income and various expense items had a net variance of $5 624 096 when compared with balances in the financial statements. Masvingo Teachers College, Mutare Polytechnic, Msasa Industrial Training College and Bulawayo Polytechnic accounting records and financial statement balances contributed to the net variance. This was contrary to good accounting practice which requires financial statements to be prepared from accounting ledgers. Consequently, I was unable to determine whether the consolidated financial statements of the Fund were fairly stated as balances from all the institutions were consolidated in the financial statements submitted for audit.

Risk/Implication

The financial statements may be materially misstated.

Recommendation

Financial statements should be prepared from accounting ledgers in line with good accounting practice.

Management Response

Masvingo Teachers College
The variance was caused by malfunctioning of the PASTEL Accounting system at the time. However, the problem was resolved in year 2019.

Mutare Polytechnic
Variances were due to corrections that were done in respective ledgers notably during the audit exercise. However, the corrections have since been effected in year

2019 financial statements comparative figures. The adjustments have been disclosed also in the notes to the same financial statements.

Msasa Industrial Training Centre
Direct deposits that were not yet receipted and uploaded into the system at the time, to fully match with the manual figures, caused the variance of $2 357. The direct deposits were corrected when they were receipted in year 2019.

Bulawayo Polytechnic
At the end of 2018, the institution had not yet fully migrated to Pastel Digital Edge. The revenue side of the cashbooks was then maintained in legacy system (Digital Edge) and first and second quarter payments where done in Digital System hence the production of manual financial statements based on two systems

(vi) Unvouched Expenditure

Finding

There was no documentation to support expenditure worth $1 477 653 which was said to be for Bulawayo Polytechnic. In the absence of supporting documentation such as payment vouchers for the expenditure, I was unable to determine whether the expenditure was a proper charge against public funds. The institution's and consolidated financial statements maybe materially misstated.

Risk/Implication

In the absence of supporting documents, the occurrence and accuracy of expenditure figures disclosed in the financial statements could not be confirmed.

Recommendations

The institution should improve record keeping and avail the payment vouchers for audit examination.

Management Response

Management is still to respond.

(vii) Accounting for Revenue

Findings

The statement of comprehensive income for Mutare Polytechnic included $1 240 883 which was in respect of fees outstanding from the previous year for students on the Cadetship Scheme. This was contrary to the accruals accounting concept which requires that revenue be recognised in the year it is earned. This resulted in the overstatement of revenue in the consolidated financial statements by the same amount.

Masvingo Teachers' College collected an amount of $125 326 on behalf of the University of Zimbabwe (UZ) as examination fees. However, the institution recognized all the UZ examination fees as revenue accruing to the institution thereby overstating the revenue figure in the consolidated financial statements for the year under review.

Risks/Implications

Financial statements may be materially misstated.

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

Recommendations

Fees for students on the Cadetship Scheme should be recognized as Revenue in the year in which they relate.

Funds collected on behalf of third parties should be recognized as a liability in the institution's financial statements and not revenue.

Management Responses

Mutare Polytechnic
The noted amount was treated as other income. However, correction has since been made in the 2019 financial statements by recognising such directly into Accumulated Fund. As standard procedure in line with recommendation given all prior period income received or receivable in the current period is now being recognised in the Accumulated fund and reported directly in the statement of changes of net assets or equity.

Masvingo Teachers College
The observation is noted. Corrective action will be made in future.

(viii) Valuation of Motor Vehicles

Finding

Mutare Polytechnic had vehicles with a total historical value of $300 203 which had nil book values. The vehicles were still in good working condition and the institution was thus still deriving economic benefits from their use. Good accounting practice provides for revaluation of assets if there are still some economic benefits to be derived from their use. The revaluations were not carried out and hence understating the value of property, plant and equipment in the institution's and consolidated financial statements.

Risks/Implications

Having motor vehicles reflecting nil book values (carrying amounts) in College records would imply that the financial statements are not fairly stated.

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

Recommendation

The Ministry should engage the services of a professional valuer to have motor vehicles at Mutare Polytechnic revalued to enhance fair presentation of the financial statements of the Tertiary Education and Training Development Fund.

Management Responses

Mutare Polytechnic
The query raised was noted and was addressed in 2020 financial statements as per our commitment. The institution employed the services of CMED (PVT) Ltd to undertake the valuation and revaluation figures were adopted in the financial statements for year 2020.

Masvingo Teachers College
The overstatement of Property, Plant and Equipment is acknowledged. However, this happened while the Accounting staff was learning how to use Pastel Accounting system.

(ix) Calculation of Depreciation

Finding

A re-calculation of depreciation for Mutare Polytechnic and Msasa Industrial Training College revealed that depreciation expense had been understated by amounts of $124 984 and $2 993 respectively. These understatements resulted in the carrying amounts of property, plant and equipment of the institutions' and consolidated financial statements being overstated by the respective amounts.

Risk/Implication

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

Recommendation

Computations of depreciation for items of Property, Plant and Equipment should be correctly done to enhance fair statement of carrying amounts of non-current assets.

Management Responses

Mutare Polytechnic
The noted variance was due to additional assets that were not depreciated during the period. An effort was made to address these variances in the 2019 financial statements by ensuring that all additional assets were updated in the Fixed Assets Register. A reconciliation of Fixed Assets register and Property, Plant and Equipment modules is in progress for correction in year 2021.

Msasa Industrial Training Centre
The difference on Motor Vehicles was caused by an error of charging the full year depreciation instead of 5 months only. For computers and office equipment, it was a miscalculation of depreciation amounts which caused the under charge and on Fittings and fixtures also there was an error in depreciation calculations which caused the over charge. These were done manually and then uploaded in the system, hence the errors. Corrections were done in 2019.

(x) Statement of cash flows

Finding

The Ministry did not prepare a consolidated statement of cash flows as part of its financial statements although individual colleges prepared the statements of cash flows. This was contrary to provisions of Section 35(6) of the Public Finance Management Act [*Chapter 22:*19] which requires the Accounting officer to submit a set of financial statements for audit.

Risk/Implication

It is difficult to assess the cash position of the Fund in the absence of the consolidated statement of cash flows.

Recommendation

The Ministry should prepare and submit the consolidated statement of cash flows as part of the financial statements.

Management Response

It is true that the Ministry did not submit the Consolidated statement of cash flows as some colleges were still having challenges in preparing statements of cash flows, some colleges were doing so manually while others had adapted to the Accounting Software. We hope to submit the statement in future.

However, below is another issue noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Accounts Receivable

Finding

Accounts Receivable ledgers and other registers at Bulawayo Polytechnic revealed that an amount of $61 605 was omitted from the Accounts Receivable balance disclosed in the financial statements. Sixty-five (65) students were not invoiced for Tuition Fees contrary to the provisions of Section 16.0 of the Fund’s Financial and Accounting Manual.

Risk/Implication

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

Students not invoiced for services rendered by the institution may not pay fees resulting in loss of income to the institution.

Recommendations

The Ministry should ensure that figures reported in the financial statements are fully supported and that they represent the true state of affairs relating to the operations of the Fund.

The Ministry should ensure that students are invoiced for all services rendered by the Institution in line with the provisions of Section 16.0 of the Fund's Financial and Accounting Manual.

Management Response

Management is still to respond.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in my previous audit report. Out of the twelve (12) findings raised during the previous financial year, only one (1) finding was addressed as indicated below:

2.1 Suspense Account Balance

The finding on clearance of the suspense account balance of $1 603 531 was not addressed.

2.2 Accumulated Fund

The finding on clearance of the misstatement of the Accumulated Fund was not addressed as indicated on paragraph (ii).

2.3 Accounting Policy and Maintenance of Records

2.3.1 Harare Polytechnic

The finding on recognition of revenue on an accrual basis was not addressed as indicated on paragraph (viii).

2.3.2 Morgan Zintec College

The finding on maintenance of ledger accounts by the college was not addressed, as Income amounting to $3 019 170, expenditure of $976 870, as well as, liabilities amounting to $2 337 623 still could not be verified.

2.3.3 Seke Teachers' College and Harare Polytechnic

The finding on differences between the figures disclosed in the financial statements and those produced by the Pastel accounting system was not addressed.

2.3.4 Belvedere Teachers' College

The issue was resolved during the year under review as there were no similar audit findings during the period under review.

3.3.5 Morgan Zintec College

The issue was not resolved as there was no improvement during the financial year under review. The cash book and bank reconciliations were not up to date.

2.3.6 Understatement of bank balances at Morgan Zintec College

The issue was not addressed as there was no improvement during the financial year under review.

2.4 Service Level Agreements

The issue was not addressed as there were no Service Level Agreements entered between the service provider and all the Colleges.

2.5 Accounts Receivable

The issue was not addressed as all Colleges had not taken action to recover outstanding accounts receivable, see paragraph 1.1 above.

2.5.1 Harare Polytechnic, Seke, Morgan Zintec and Belvedere Teachers' Colleges

The issue was not addressed as the schedules of debtors were not submitted for audit by the colleges.

2.6 Income Generating Projects

I was not provided with Project financial statements to enable me to confirm income that was due and payable to the Tertiary Education and Training Development Fund during the period under review.

The issue was not addressed as the financial statements for Income Generating Projects were not submitted.

2.7 Loan Project

The issue was not addressed as no documentary evidence was submitted to show that the $15 400 capital to start the loan project was repaid.

VOCATIONAL AND TECHNICAL EXAMINATIONS FUND 2019

Objective of the Fund

The Fund was established for the purpose of receiving and applying financial resources meant for the development and maintenance of services and programs relating to National Examinations, Curriculum Research and Development to enable Zimbabwe's Vocational and Technical Examinations to meet internationally recognised standards.

Qualified Opinion

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

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

Statement of Comprehensive Income

Item	Amount ($)
Income	8 829 180
Expenditure	8 973 012
Deficit	**($ 143 832)**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Assets	196 226	-
Accumulated Fund	-	1 906 427
Current	1 712 076	1 875
Total	**$1 908 302**	**$1 908 302**

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

Basis for Qualified Opinion

(i) Government Grant

Finding

There was a variance of $4 746 271 between the income grant from Government of $625 000 disclosed in the Statement of Comprehensive Income and the figure in the Public Financial Management System and (SAP) of $5 371 271. I could therefore not rely on the financial statements submitted for audit as the variance was material and no explanation was provided.

Risk/Implication

The financial statements may be materially misstated.

Recommendation

The difference should be investigated and the balance for grants corrected accordingly.

Management Response

The observation is noted. Please note that the figure of $4 746 271 which is in SAP is a consequence of open items which are to be cleared.

Evaluation of Management Response

At the time of audit, the transactions making the total amount of $4 746 271 were already cleared items in the system hence the management response is not addressing the finding.

However, below is another issue noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Accounts Receivable

Findings

The accounts receivable balance of $1 463 265 disclosed in the statement of financial position included sundry debtors in respect of payments made to suppliers on behalf of the Appropriation Account amounting to $41 501 and advances to staff of $13 571 resulting in a total of $55 072 which had not been reimbursed at year end.

In addition, the receivables amounting to $1 409 648 were long outstanding dating as far back as the 2018 financial year contrary to Section 49 (2) of the Public Finance Management (Treasury Instructions) 2019 which requires receivers of revenue to take adequate steps for timely collection of outstanding revenue. This was caused by lack of robust measures to ensure that the outstanding amounts were recovered timeously.

Risk/Implication

The accounts receivable may not be recovered thereby depriving the Fund of the much needed financial resources.

Recommendation

Management should ensure that adequate measures are put in place to recover the outstanding amounts.

Management Response

The amount of $55 072 was cleared in February 2022. The Ministry will vigorously pursue the recovery of the $1 409 648.

VOTE 17.- WOMEN AFFAIRS, COMMUNITY, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

APPROPRIATION ACCOUNT 2021

Mandate

The mandate of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development is to promote women empowerment, gender equality and equity, community and cooperative development as well as promote small and medium enterprises development.

Opinion

I have audited the financial statements of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

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

Voted Funds	**Unallocated Reserve Transfers**	**Total Allocated**	**Expenditure**	**Net Under spending**
$2 157 000 000	$100 000 000	$2 257 000 000	$2 162 413 261	$94 586 739

In my opinion, the financial statements present fairly the state of affairs of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Risk Assessment

Finding

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

Risk/Implication

In the absence of a formal risk assessment, the Ministry may not identify critical risks affecting its operations and establish controls to mitigate against such risks.

Recommendation

The Ministry should conduct risk assessments which helps in identifying specific risks affecting its operations. This enables the entity to design specific controls to reduce losses.

Management Response

We have noted the issue. This was due to the fact that we were focusing on the Accounting Officer's manual. The risk management policy will be prepared from this year onwards.

Evaluation of Management Response

The response did not address the audit finding.

1.2 Internal Audit

Finding

The Internal Audit department carried out four audit inspections out of twelve that had been approved in the Annual Audit Plan. The department is short staffed as it has only two officers in place out of the seven officers on the authorized establishment. The department did not meet set targets as approved by the Accounting Officer in the Annual Audit Plan.

Risk/Implication

The inability to carryout inspections may result in failure to carry out checks in the manner in which public resources were accounted for, which may result in abuse of funds.

Recommendation

The Ministry should capacitate the Internal Audit department in terms of human capital so as to enable them to fully execute their duties as planned and as required by Section 80 (2) of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The observation has been noted, however the Human resources department is recruiting to fill these vacant positions.

2 PROCUREMENT OF ASSETS

2.1 Procurement of Vehicles

Finding

The Ministry bought twenty-five (25) motor vehicles at a cost of $109 630 000 on August 18, 2021. As at May 30, 2022, seven months from the expected date of delivery, twenty-one (21) vehicles had been delivered leaving a balance of four (4) vehicles worth $14 600 000 outstanding. This was contrary to the contract terms which required all the twenty-five (25) units to be delivered eight (8) weeks from the date of entry into force of the contract.

Risk/Implication

The supplier may fail to deliver the four outstanding motor vehicles or reimburse the Ministry thereby leading to potential prejudice.

Recommendation

The Ministry should continue to engage the supplier to ensure that the remaining motor vehicles are delivered as well as the enforcement of other terms of the contract.

Management Response

Follow ups are being made with the supplier to get delivery of the final four outstanding vehicles. With the engagements made with the supplier, it was premature to invoke some terms of the contract as they are facing challenges in getting the vehicles delivered from outside the country.

2.2 Procurement of Laptops

Finding

Sixty-four (64) laptops which had been procured at a cost of $8 039 732 on August 31, were returned to the supplier as they did not meet specifications. At the time of concluding the audit, the Ministry had not yet received the sixty-four (64) laptops as per contract of sale.

Risk/Implication

Delays in the delivery of laptops compromises the services rendered by the Ministry to the public.

Recommendation

The Ministry should continue to engage the supplier to ensure that the laptops are delivered as well as to enforce the terms of the contract.

Management Response

The supplier acknowledged having procured products with wrong specifications which were rejected by the Ministry. The supplier approached the Ministry after facing challenges of accessing foreign currency from the Reserve Bank of Zimbabwe auction market and is now awaiting the disbursement of the foreign currency for them to deliver.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

3.1 Motor Vehicles

The Ministry has sent some of the vehicles for repairs while others were being evaluated by CMED in preparation for disposal.

3.2 Losses of and Damage to State Property

The issue has not been resolved as recommendations made by the board are awaiting the Accounting Officers' approval.

ZIMBABWE COMMUNITY DEVELOPMENT FUND 2019

Objective of the Fund

The Fund was established for the purpose of providing grants and/or interest bearing loans to community groups for infrastructural development and working capital

Disclaimer of Opinion

I am required to audit the financial statements of the Zimbabwe Community Development Fund for the year 2019. These financial statements comprise the statement of financial position as at December 31, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount $
Income	1 273 562
Expenditure	1 662 530
Deficit	**($388 968)**

Statement of Financial Position

Item	Assets($)	Liabilities($)
Non-Current Accumulated Fund	117 873 -	- 669 692
Current	551 819	-
Total	**$669 692**	**$669 692**

I do not express an opinion on the financial statements of the Zimbabwe Community Development Fund. Because of the significance of the matters described in the Basis for Disclaimer of Opinion Section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Maintenance of Accounting Records

Finding

Except for the cash book, the Ministry did not maintain the proper books of account for the Zimbabwe Community Development Fund. This contravenes the provisions of Section 19(2) of the Public Finance Management (Treasury Instructions), 2019 that provides the minimum set of books that should be maintained where from financial statements shall be prepared. As a result, I was not able to validate the balances shown in the financial statements.

Risk/Implication

The financial statements could be materially misstated. Errors and omissions may go undetected affecting reliability of financial statements

Recommendation

The Ministry should ensure that Accounting records are maintained in compliance with the standing regulations.

Management Response

The Ministry maintains both manual debtors' ledgers for loan beneficiaries and excel sheet so that when a computer crashes all the information will be available. More so, an asset register is maintained for vehicles purchased by the Fund.

In terms of receipting, when we receive bank statements we update both the manual and excel sheets for completeness and faithful representation.

(ii) Loan disbursements

Finding

I was not able to validate the accuracy and existence of the balance of loan disbursements amounting to $463 914 shown in the statement of financial position because the loan agreement forms signed between the Ministry and the beneficiaries were not availed for my examination.

Risk/Implication

The financial statements may be misstated.

Recommendation

The Ministry should ensure that debtors' records are properly maintained and financial statements are prepared from accurate and consistently updated financial information.

Management Response

Loan agreements were sent to various provinces and districts but were not returned back to head office. A follow-up was made and we are still waiting for the forms.

(iii) Property, Plant and Equipment

Finding

I was not able to establish the existence of assets presented in the statement of financial position amounting to $117 873. The assets presented could not be identified in the asset register being maintained. I was therefore unable to ascertain whether proper safeguards of public property as provided for in terms of Section 22(2) of the Public Finance Management (Treasury Instructions), 2019 were in existence.

Risk/Implication

This may result in theft, misuse, damage or misallocation of public property.

Recommendations

The Ministry should maintain the asset register using the unique coding system that clearly identifies individual assets in order to easily update the financial statements when there are additions or disposals. Furthermore, an investigation should be conducted to verify whether the assets presented are in existence.

Management Response

The asset register is there but it combines all Ministry's assets bought by PMG, Zimbabwe Community Development Fund (ZCDF) and Women's Development Fund (WDF). This will be corrected by maintaining individual asset registers for each Fund.

However, below are other issues noted during the audit:

1. REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Receipts

Finding

There was a variance of $476 479 between the total receipts of $976 479 shown in the head Office records and the figure of $500 000 disclosed in the consolidated financial statements. This was due to failure by the Ministry to maintain proper accounting records during the period under review.

Risk/Implication

The receipts could be materially overstated thereby understating the deficit and the accumulated fund compromising the faithful representation of the financial statements.

Recommendation

The responsible personnel should ensure that the financial statements are prepared from sources that can be independently verified. Also proper accounting records should be maintained and an investigation conducted to establish the source of the variance of $476 479.

Management Response

After reviewing the figures, it was noted that revenue for Head Office as at 31 December 2019 was $500 000 instead of $976 479. The $500 000 was a current transfer from Treasury. There was an error of carrying forward the balance of revenue earned from 2018 and this resulted in an overstatement of $476 479 which distorted the revenue amount. The financial statements will be revised to take account of this anomaly.

Evaluation of Management Response

The revised financial statements were not submitted for audit.

1.2 Receipts for Loan Repayments

Finding

The Fund used manual system to maintain all records and produce financial statements. Upon review of the cash book for the period ending 31 December 2019, I noted that, no receipts were being issued for all the deposits made into the bank account for the Fund by project beneficiaries as acknowledgement and a way of updating the debtors' accounts. This practice was in violation of Section 46 (17-20) of the Public Finance Management (Treasury Instructions), 2019, which provides guidance on receipts and recording of public monies.

Risk/Implication

Reconciliations are made impossible and material errors may be difficult to find and correct if the Ministry does not follow Treasury guidelines in the management of receipts.

Recommendation

The Ministry should comply with relevant regulations as stated above. In the event that these regulations are found to be impracticable alternative instructions shall be framed as provided in Section 46(24) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

In terms of receipting, when we receive bank statements we update both the manual and excel sheets for completeness and faithful representation.

Evaluation of Management Response

Management response did not address the finding.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund partially addressed prior year audit findings raised in my report. Out of three (3) findings one (1) was addressed and the other two (2) were partially addressed as indicated below;

2.1 Loan Disbursements

During the audit the register was in existence though not being updated.

2.2 Monitoring and evaluation of Fund Programs

The Ministry conducted an evaluation on progress and performance of programs/projects funded.

2.3 Consolidated Asset Register

An asset register is now in place, however, with the exception of the motor vehicle, all the assets of the Fund were not recorded in the register.

VOTE 18.- HOME AFFAIRS AND CULTURAL HERITAGE

APPROPRIATION ACCOUNT 2021

Mandate

The Ministry is responsible for promoting a secure and conducive environment through maintenance of law and order, migration management, timely registration and issuance of secure identification documents, regulation of gaming board and entertainment activities and provision of forensic science services.

Opinion

I have audited the Appropriation Account for the Ministry of Home Affairs and Cultural Heritage for the financial year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns**.**

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

Voted Funds	Unallocated Reserve	Total	Expenditure	Net Under Spending
$23 556 600 000	$6 751 305 650	$30 307 905 650	$26 702 299 616	$3 605 606 034

In my opinion, the financial statements present fairly the state of affairs of the Ministry of Ministry of Home Affairs and Cultural Heritage for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Departmental Assets

Finding

For the second year in succession, I have to report that the Ministry's assets were not captured in the Public Financial Management system (PFMS). Section 100 (1) of the Public Finance Management (Treasury Instruction), 2019, requires Accounting Officers to ensure that all public assets under their control are recorded promptly and accurately in the appropriate manual registers. The assets should also be captured immediately on the PFM system.

Risk/Implication

Failure to capture the Ministry's assets in the Public Financial Management system (PFMS) compromises the accountability for non-current assets as they may be exposed to abuse or misappropriation.

Recommendation

Management should ensure that all assets are captured in the PFM system in compliance with Treasury Instruction 100 (1).

Management Response

The observation has been noted. The Ministry approached the Ministry of Finance and Economic Development to get appropriate training of staff on uploading the assets on the PFM System. Training of staff and coding of assets is still pending. The assets are yet to be captured in the PFM System.

1.2 Late Processing of the Wage Bill

Finding

For the second year in succession, I noted that the payment vouchers for compensation of employees for the four Programmes namely; Policy and Administration, Migration Management, National Heritage Management and Civil Registration were not processed in the month in which the salaries were paid. This was contrary to Section 36 (1) (2) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to monitor the performance of the budget regularly to ensure among other issues, delivery of expected results and to authorize expenditure after having checked for availability of funds for each budget line in the PFM system.

Risk/Implication

The Ministry's expenditure may exceed the budgeted amount.

Recommendation

The Ministry should ensure that employment costs payment vouchers are prepared and captured in the Public Financial Management System (PFMS) on time.

Management Response

The observation has been noted. We started processing payment vouchers for salaries in the same month the salaries are paid beginning January 2022.

1.3 Receipting of Revenue

Finding

The Ministry's Departments were still receipting their revenues outside the PFMS where mastering would be done manually and then posted into the daily receipting cashbook 6212161213 in the PFMS. I noted that at the time of concluding the audit on May 31, 2022 there were open items amounting to $19 243 552 in the daily receipting cashbook which had not been cleared in the PFMS. This was attributed to the non-uploading of the Electronic Bank Statement in the system to enable batch processing and correction of errors. I therefore, could not satisfy myself whether all receipts were properly accounted for.

Risk/Implication

Errors and omissions may not be detected resulting in misstatements of the Exchequer Account due to open items in the daily cashbook which were not cleared by year end.

Recommendation

The Ministry should ensure that all open items in the PFMS are cleared by completing the required processes.

Management Response

FBC Bank initially had failed to configure the required Electronic Bank Statement (EBS) needed to clear the open items but has now configured the EBS and the open items are being cleared through batch processing.

1.4 Transfers into the Main Exchequer Account

Finding

The Ministry collected fees and other revenues amounting to $3 946 020 427 during the year under review. However, collections amounting to $3 074 349 861 were not transferred into the Main Exchequer Account. The Ministry neither sought any Treasury concurrence to retain the funds in the various accounts nor provide any explanations as to why the funds were not transferred into the Main Exchequer Account. This was contrary to Treasury Circular No. 9 of 2020 which directed all collectors of revenue to wind up their Funds and other accounts and deposit funds into the Exchequer Account.

Programme	Amount ($)
Programme 2: Civil Registration	3 034 601 511
Programme 3: Police Services	1 017
Programme 5: Migration Management	20 334 931
Programme 5: Migration Management	19 412 402
Total	**$3 074 349 861**

Risk/Implication

The Main Exchequer Account may be materially misstated.

Recommendation

The Ministry should ensure that funds transfer arrangements to the Exchequer Account are complied with as directed by Treasury.

Management Response

Civil Registry could not carry out the instruction due to the fact that both FBC Bank and CBZ are commercial banks, but they now have instructed FBC Bank to transfer the funds to Treasury Accounts at RBZ as instructed by Treasury. Civil Registry has since transferred the funds into Treasury Accounts at RBZ.

ZRP received $1 071 (being 10% retention) which was receipted on December 31, 2020 and banked on January 4, 2021 into the Revolving Fund Account by one of our

revenue centers. The amount was transferred to the Treasury Main Exchequer Account 2000006125 together with other deposits on January 7, 2021.

Migration Management has finished reconciling the revenue received at Plumtree and the Ministry has written to Treasury to hand over the account back to the Ministry of Home Affairs and Cultural Heritage. The online visa payments are now being transferred to Treasury.

Evaluation of Management Responses

Civil Registry did not transfer the full amount to the Treasury Account at RBZ. This is confirmed by a balance of $251 114 (ZAR10 936) on the bank statement.

There was no evidence to support that Migration Management transferred the funds to the Main Exchequer Account.

1.5 Long Outstanding Travelling and Subsistence Advances and Disallowances

Findings

The Ministry had outstanding Travelling and Subsistence Advances which were more than three months old. This was contrary to Section 65 (15) of the Public Finance Management (Treasury Instructions), 2019, which states that travelling advances shall be acquitted within thirty (30) working days of the completion of travel by submission of a Travelling and Subsistence claim voucher. The **table** below refers.

Programme	**Amount ($)**
Policy and Administration	13 599 319
Police Services	4 054 348
National Archives	25 264
Civil Registry	80 993
Total	**$17 759 924**

It was also noted that some officials were issued with advances to undertake trips as far back as December 31, 2021. As at May 31, 2022 the trips had not been undertaken.

Furthermore, the Police Services had long outstanding disallowances amounting to $620 712 which were owed by former members or officers and these had not been recovered through the Pensions Office. The disallowances were caused by late notification of termination to SSB and some of them dated as far back as 2001. The non-recovery of the disallowances was in contravention of Section 66(1-10) of the Public Finance Management (Treasury Instructions), 2019.

Risks/Implications

There is risk that all advances may not be acquitted.

Financial prejudice to the State might result as some of the advances and disallowances might become irrecoverable.

Recommendations

The Ministry should recover outstanding Travelling and Subsistence Allowances timeously by effecting deductions on the pay sheets as required by Treasury Instructions in order to safeguard public resources.

The Ministry should also ensure that the Police Service makes timely follow-ups with Pension Office to facilitate recovery of disallowances.

Management Response

The advances were reduced to $8 443 861 and this is for Policy and Administration. This amount is for Travel and Subsistence advanced to Internal Auditors who failed to go and perform their duties as planned due to non-availability of transport. The Ministry has a severe shortage of vehicles and this impacts negatively on the execution of its duties.

1.6 Risk Assessment

Finding

I noted that the Ministry did not carry out risk assessment processes in 2021 and did not have a risk management policy in place. This was contrary to Section 162(1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to carry out among other things, a risk assessment of their Ministries' operations on an annual basis.

Risk/Implication

The Ministry may not be able to mitigate risk, if it does not have risk management processes in place.

Recommendation

The Ministry should address internal control weaknesses by instituting risk management processes to mitigate against risks.

Management Response

The Ministry has successfully completed the process of selecting a Consultant for the development of an Enterprise Risk Management Policy. The development of the Enterprise Risk Management Policy will be completed in September and by the end of October, an approved policy will be in place. The annual risk assessment will be performed guided by the Enterprise Risk Management Policy.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make progress in addressing audit findings raised in my previous audit report. Out of the nine (9) findings, only (1) was addressed as indicated below:

2.1 Compensation of Employees

The Ministry managed to clear the variance by reconciling the employment cost figure reported by the Ministry and the figure obtained from the Salary Service Bureau bills.

2.2 Reconciliation between Sub-PMG and Appropriation Account

The audit finding was not addressed as there were still differences noted in 2021.

2.3 Direct Payments

The audit finding was not addressed. The same issue was noted in the year 2021.

2.4 Departmental Assets

The assets of the Ministry are still to be branded and captured in the PFMS.

2.5 Revenue Received

There was still a challenge in accounting for all revenue as outstations like Plumtree were still receipting and banking received cash in an account which was not for the Ministry.

CIVIL REGISTRATION

2.6 Construction of District Registry Offices

The Department did not complete construction of District Registry Offices despite getting $3 500 000 release from Treasury in the year 2020. The Department managed to complete Murehwa building and was due for commissioning on June 9, 2022 and Works at Hwedza registry were still in progress.

POLICE SERVICE

2.7 Accounting for Farming Activities

The Police Service had not yet produced all financial records showing how the farming activities from the sixteen farms throughout the country with a total hectrage of 11 906 were being accounted for.

2.8 Non-submission of Annual Report to Parliament by the Police Service Commission

The situation had not yet changed as the Accounting Officer had not facilitated the submission by the Police Service Commission of the annual report to the Minister of Home Affairs and Cultural Heritage for tabling in Parliament.

2.9 Outstanding Revenue

The Police Service was still struggling to collect outstanding revenue and had not yet engaged the services of the Civil Division of the Attorney-General's Office.

IMMIGRATION SERVICES FUND 2020

Objective of the Fund

The Fund was established for the purpose of providing resources to the Migration Management Department for the effective execution of immigration duties in terms of the Immigration Act [*Chapter 4:02*].

Qualified Opinion

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

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

Statement of Comprehensive Income

Item	**Amount $**
Income	71 211 156
Expenditure	37 473 767
Surplus	**$33 737 389**

Statement of Financial Position

Item	**Assets $**	**Liabilities $**
Accumulated Fund	-	34 478 394
Non-Current Assets	34 473 864	-
Current	4 530	-
Totals	**$34 478 394**	**$34 478 394**

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

Basis for Qualified Opinion

(i) Revenue Collection

Finding

There were no ledgers maintained for revenue collected and retained by the Fund. As a result, the revenue disclosed in the Statement of Comprehensive Income could not be verified with certainty. The minimum set of books to be maintained shall include the general ledger that gives a day to day listing of accounting transactions that occur through the bank account and non-cash transactions.

The Fund's revenue was accounted for outside the Public Financial Management System (PFMS). This was contrary to Section 119 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires all financial management transactions to be accounted for through the PFMS.

Risk/Implication

The financial statements may be materially misstated due to non-maintenance of source documents for the transactions.

Recommendations

Ledgers should be maintained at all times in order to safeguard the recording and accounting for public resources.

The Department should ensure that revenue retained is accounted for in the PFMS.

Management Response

The observation has been noted. All the revenue received has been uploaded into the PFMS and current revenue receipts are being captured into the PFMS.

Evaluation of Management Response

There was no evidence to show that revenue receipts were being uploaded into the PFMS.

However, below are other issues noted during the audit.

1. Management of Assets

Finding

The Fund purchased some assets valued at $37 511 919 during the year which were either recorded with insufficient information or not recorded at all in the departmental master assets register. The assets that were recorded in the Master Assets Register did not reflect the serial number and acquisition values. This was contrary to Section 100(4) of the Public Finance Management (Treasury Instructions), 2019 which requires that appropriate and up to date records for both fixed assets and inventories be kept at head office and within departments. The issue was also raised in my two previous reports.

Risk/Implication

Non-current assets may be used for other purposes which are not in line with furthering the objectives of the Fund if they are not properly accounted for.

Recommendations

The Departmental master assets register should be updated accurately capturing all the necessary information as required by Treasury Instructions.

Management should ensure that the Departmental assets register has been checked for accuracy and completeness.

Management Response

The observation has been noted and will be rectified.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in my previous audit report. Out of the three (3) findings that were raised, none had been addressed as indicated below:

2.1 Revaluation of Assets

The Department had not addressed the issue pertaining to vehicles which became fully depreciated as at December 31, 2018. These vehicles were still in use but had not been revalued so as to reflect their worth at the end of December 31, 2018.

2.2 Recording of Assets

The issue of the assets that were purchased during the year 2019 which were either recorded with insufficient information or not recorded at all in the Departmental asset register had not been addressed. See paragraph 1.1

2.3 Revenue Collection

The issue of non-preparation of the general ledger for revenue items to enable the verification of the revenue figure disclosed in the financial statements was not addressed as it also recurred in the financial year 2020. See paragraph (i)

VOTE 19.- JUSTICE, LEGAL AND PARLIAMENTARY AFFAIRS

APPROPRIATION ACCOUNT 2021

Mandate

The Ministry is responsible for the delivery of justice throughout the country and upholding the Constitution of Zimbabwe, as well as rehabilitation of offenders through maintenance of Legal Services to the state, reviewing and reforming the laws of Zimbabwe, providing legal research and formulation of legal policies.

Opinion

I have audited the financial statements for the Ministry of Justice, Legal and Parliamentary Affairs for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns

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

Voted Funds	**Unallocated Reserve Transfers/ Warrants**	**Total Allocated**	**Expenditure**	**Net Underspending**
$7 340 000 000	$4 698 196 407	$12 038 196 407	$9 869 387 555	$2 168 808 852
Constitutional and Statutory Appropriation				
$8 000 000	$14 573 725	$22 573 725	$22 010 585	$563 140

In my opinion, the financial statements present fairly the state of affairs of the Ministry of Justice, Legal and Parliamentary Affairs as at December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Non-submission to Parliament of Annual Report by the Prisons and Correctional Service Commission

Finding

As raised in my prior year audit, the Prisons and Correctional Service Commission did not submit its annual report to the Minister of Justice, Legal and Parliamentary Affairs for tabling in Parliament. The matters dealt with by the Commission during the previous year were thus not submitted to the Minister and Parliament for scrutiny as required by Section 18 of the Prisons Act (*Chapter 7:11*).

Risk/Implication

Decision making may be affected in the absence of the annual report.

Recommendation

The Accounting Officer should facilitate the submission by the Prisons and Correctional Service Commission of the annual report to the Minister of Justice, Legal and Parliamentary Affairs and to Parliament for tabling.

Management Response

The Zimbabwe Prisons Correctional Services Commission does not report to the Minister of Justice, Legal and Parliamentary Affairs but reports to the Chairperson of the Public Service Commission. The report is submitted through the Minister of Labour and Social Welfare.

Evaluation of management response

Liaison with the Ministry of Labour and Social Welfare should be done as The Minister of Justice, Legal and Parliamentary Affairs is the administrator of the Prisons Act (*Chapter 7:11*).

1.2 Alignment of the Prisons Act to the Zimbabwe Constitution Amendment (No. 20) Act 2013

Finding

In my previous audit report I highlighted that the Prisons Act (*Chapter 7:11*) was not aligned to the Zimbabwe Constitution Amendment (No. 20) Act 2013. This was despite the fact that the Ministry's mandate includes the reviewing and reforming the laws of Zimbabwe, providing legal research and formulation of legal policies. The Act had still not been aligned, eight years after the promulgation of the Zimbabwe Constitution.

Risk/Implication

The use of outdated or unaligned laws may have a negative impact on the implementation and enforcement of the regulations.

Recommendation

The Ministry should align the Prisons Act (*Chapter 7:11*) to the Constitution.

Management Response

The process of aligning the Prisons Act to the Constitution is work in progress. The Bill was transmitted to Parliament for gazetting.

1.3 Risk Management

Findings

As previously reported, the Ministry did not have a documented and approved risk management policy and no formal risk assessments were done to cover key processes during the year under review. Section 162 (1) of the Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to carry out risk assessments of their Ministries' operations on an annual basis and take deliberate steps to identify, quantify, assess and come up with mitigation measures for the risks identified.

Furthermore, the Ministry did not have a Disaster Recovery Plan (DRP) to enable it to continue offering critical services in the event of disruption of services.

Risks/Implications

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

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

Continuity of services will be disrupted in the event of a disaster.

Recommendations

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

Risk management processes to safeguard government funds and assets should be instituted.

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

Management Responses

Noted. Preparations are underway to come up with the Risk Management Policy. The Policy will be done by the end of the last quarter of 2022.

There are plans to have a disaster recovery plan in place in future.

1.4 Gifts, Legacies and Donations

Findings

The Ministry did not maintain donations registers in violation of Section 114 (3) of the Public Finance Management (Treasury Instructions), 2019 which requires the Ministry to maintain such a register.

Documents analysed revealed that the Ministry received donations in various forms amounting to ZWL1 251 563, USD 85 780, R15 755 and various other goods which were not disclosed on the Gifts, Legacies and Donations return.

In addition, the Ministry did not have Treasury authority to accept all donations received in 2021 by the Zimbabwe Prisons and Correctional Services (ZPCS) as is required by Section 112 (1) of the Public Finance Management (Treasury Instructions), 2019.

Risks/Implications

Users of financial statements will be misinformed and end up making wrong decisions basing on the inaccurate financial records.

Donations which may have financial implications to the State may be accepted without authority from the manager of public funds.

Failure to capture all donations received in the register and on the return may result in misappropriation of donations.

Recommendation

The Ministry should ensure that there are adequate control measures to enhance the recording and production of accurate financial information and avoid misappropriation of donations.

Management Responses

A Donations Register has been opened at national level in which all donations received are recorded. All our Provincial Headquarters and stations have also opened their own registers that feed into the National donations register to ensure proper accounting for all donations received.

We have always sought Treasury Authority to accept donations as required by Section 112 (1) of the Public Finance Management (Treasury Instructions), 2019. But in some cases, we received responses late. Donors have sometimes knocked on our doors without notice with loads of donations like perishable food items citing storage challenges. In such cases, it has been difficult for us to seek authority before accepting the donation although we would then seek Treasury Authority in retrospect. We are to comply with updating of the returns to incorporate the donations.

Evaluation of management response

The Ministry did not avail evidence to show that they had sought Treasury Authority to accept donations in retrospect in order to regularise the donations received.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Statement of Revenue Received

Findings

The Ministry did not provide supporting documents such as receipts and remittance advices for revenue received through the Legal Aid Fund Directorate amounting to $427 122 as required by Sections 43 and 44 of the Public Finance Management (Treasury Instructions), 2019.

The proceeds from the investments in Pamberi/Qhubekani by the Ministry and the non-disclosure of the profits during the period under review meant that the Ministry's revenue return was understated.

Risk/Implication

The absence of remittance advices and receipts makes it difficult to confirm the accuracy of revenue reported.

The Statement of Revenue Received may be understated due to non-disclosure of dividends received.

Recommendations

Supporting documents for receipts from the Legal Aid Directorate should be availed for audit examination.

There is a need to disclose all the revenue earned by the Ministry in the returns to enhance transparency and accountability.

Management Responses

A listed company declared and paid dividends to the Zimbabwe Prisons and Correctional Service [ZPCS] in the year 2021 for an investment of 10 778 shares. The revenue received return disclosed the dividend; the return was submitted for your inspection.

Pamberi/Qhubekani has not been profitable since inception hence has not declared any dividend.

Evaluation of management response

The revenue return resubmitted on August 4, 2022 did not disclose any dividends received by the Ministry. The issue of supporting documents for receipts from the Legal Aid Directorate was not addressed.

2.2 Statement of Receipts and Disbursements

Findings

A recalculation of balances disclosed on the statement of Receipts and Disbursements showed closing balances of $72 565 769 against $86 295 305 reflected on the Statement, resulting in a variance of $13 729 536. The variance was due to the use of closing balances extracted from the certificate of bank balances which were not reconciled.

The statement further disclosed transfers made to other accounts from the ZPCS of $51 744 696 contrary to the provisions of Treasury Circular 9 of 2020 which directed Ministries to wind up all Funds established in terms of the PFM Act and transfer all receipts to the Exchequer account. The Ministry was therefore retaining funds without Treasury authority.

In addition, the statement had total collections of $1 558 329 639 while the Public Finance Management System had $1 314 535 792 resulting in an unreconciled variance of $243 793 847. Furthermore, the bank statement had total receipts of $1 239 427 406, which was different from both the PFMS figure of $1 314 535 792 and the return figures of $72 565 769. Failure to carry out monthly bank reconciliations contributed to the variances remaining uncleared.

Risks/Implications

The users of financial statements may make wrong decisions based on inaccurate information.

There is risk of misuse of public funds if they are retained at source without Treasury authority.

The credibility of the supporting returns to the financial statements may be reduced if the variances between ledger balances and those on the returns are not reconciled.

Recommendations

The Ministry should correct the Statement of Receipts and Disbursements and subject it to checking by a senior official.

All collections should be transferred into the sub-Exchequer account.

The Ministry should carry out monthly and annual reconciliations. The different balances should also be reconciled.

Management Responses

Reconciliations were not carried out during the year ended December 31, 2021 because of duplications in receipting. The Deeds Office were receipting the same amounts in the SAP 510. Head office was also receipting the same amounts in SAP 500.

In this regard, the Projects Office instructed that Head office should stop receipting until configurations of the two systems is completed. The configurations were completed in January 2022.

Evaluation of management responses

The configurations were completed in January 2022 before the due date of submission of the return. The return should have been corrected before submission for audit.

2.3 Public Financial Assets

Findings

The Ministry did not disclose on its Public Financial Assets Return an investment held with Pamberi/Qhubekani. The investments were done without Treasury authority in violation of Section 11(1)(e) of the Public Finance Management Act [*Chapter 22:19*] which requires Treasury involvement in the investment of public moneys.

Risks/Implications

Failure to disclose all investments may result in an understatement of the Ministry’s assets.

Transparency and proper accountability may be compromised if necessary authorities are not obtained.

Recommendations

The Ministry should disclose the value of investments in the Public Financial Assets Return to avoid understatement of assets.

There is need to seek Treasury authority before any investments are undertaken.

Management Response

The observation is noted. The Public Financial Assets return has been corrected and re-submitted for audit.

Evaluation of Management Response

The Public Financial Assets return was not submitted for audit.

3 ASSETS MANAGEMENT

3.1 Maintenance of Asset Registers

Findings

The Master and departmental asset registers were not properly maintained during the period under review. Information such as the assets' dates of purchase, cost, asset numbers and asset serial numbers was not included in the said registers. Some assets were not recorded in the asset registers. A similar issue was raised in the internal audit report titled, 'Asset Management Audit for Assets held under Ministry of Justice, Legal and Parliamentary Affairs', dated March 29, 2022.

Further, another internal audit report titled, 'Khami Quartermaster Substore', dated April 12, 2022, reported that some vehicles procured and allocated to ZPCS Bulawayo Provincial Headquarters were not recorded in the Provincial Master Asset register. Table below refers:

Assets not recorded

Description	Quantity	Location
Generator 22KVA Super Silent	5	Mutimurefu x 1 Gwanda x1 Hwange x 1 Kadoma x1 Marondera x 1
22KVA Generator	2	ZPCS HQ
Apple Iphone 13 pro max	1	Head Office
NISSAN UD Kuzer –ZPCS O86G	1	Bulawayo Metro Construction
Xiamen Golden Dragon Bus –ZPCS 015L	1	Bulawayo Metro Province

An internal audit report titled, 'Prison National Quarter Master Stores', dated June 2022, revealed that property such as houses, medical equipment, and generators were not recorded in the quartermaster general's main ledger.

The same report revealed that six (6) Mitsubishi L200 Single cabs and eight (8) generators received from the Reserve Bank of Zimbabwe (RBZ) on January 16, 2009 were not accounted for by the Zimbabwe Prisons and Correctional Services (ZPCS). The disposal documents for a Jeep Cherokee ZPS 003V were also not availed for audit examination.

Risks/Implications

It may be difficult to account for state property if asset registers are not properly maintained.

The absence of asset disposal documents may result in misappropriation of assets.

Recommendations

Asset registers should be properly maintained in order to enhance accountability in the use of public assets.
All assets should be recorded as soon as they are received.

The Ministry should avail documents showing how the assets were disposed.

Management Response

The observation is noted. We are in the process of updating our asset register and efforts are being made to locate source documents so that all assets are included in the asset register.

3.2 Losses, Thefts and Damages

Findings

The Ministry did not conduct boards of inquiries for damaged and missing assets to establish the circumstances surrounding the losses and damages.

Furthermore, the Ministry did not maintain the losses of and damage to State property register contrary to the requirements of Section 109(7) of the Public Finance Management (Treasury Instructions), 2019.

Risks/Implications

Failure to conduct boards of inquiry may result in loss of assets as responsibility for damage or loss will not be determined.

Failure to maintain the losses of and damage to State Property register makes it difficult to detect missing assets and ensure full accountability.

Recommendations

The Ministry should maintain a register for losses of and damage as well as conduct boards of inquiry timeously to improve on accountability for public assets.

Management Response

We note the observation and we are working on convening the Board of Inquires. We reported the issues to our internal police.

3.3 Non-delivery of motor vehicles

Finding

In my 2020 audit report, I indicated that the Ministry purchased 14 Toyota Hillux vehicles valued at $79 990 207 (US$978 632) from Willowvale Motor Industries. The supplier delivered eleven (11) vehicles on February 12, 2021 and the other three (3) vehicles valued at $17 140 759 had remained undelivered at the conclusion of that audit. During the year under review, the Ministry had still not taken delivery of the 3 outstanding vehicles.

Risk/Implication

The supplier may fail to deliver the outstanding 3 vehicles leading to loss of public funds.

Recommendation

The Ministry should vigorously follow-up on the delivery of the outstanding three vehicles.

Management Response

Two vehicles are now in Zimbabwe at ZIMRA warehouse awaiting payment of duty. There is an arrangement between the Ministries of Justice and Finance to pay the outstanding duty in Zimbabwean dollars directly to ZIMRA before delivery of the vehicles.

We anticipate the delivery of the third vehicle when normal production has been restored at Toyota South Africa Manufacturing company which was affected by floods.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make progress in addressing audit findings raised in my previous audit report. Out of a total of twelve (12) issues raised, five (5) were partially addressed, and seven (7) were not addressed as indicated below:

4.1 Compensation of employees

The issue was not addressed as employment costs figures variance of $63 255 339 was not reconciled.

4.2 Set-offs

The issue was not addressed as supporting documents for set-offs amounting to $504 032 were not provided for audit inspection.

4.3 Inadequately supported expenditure

The issue was not addressed as supporting documents for expenditure amounting to $10 202 515 were not provided for audit inspection**.**

4.4 Unallocated Reserve transfers

The issue was not addressed as the variance of $4 113 092 between the Unallocated Reserve Register at Treasury and those disclosed by the Ministry was still outstanding.

4.5 Service Level Agreements/contracts

The issue was not addressed as the Ministry did not regularise payments of $32 979 276 paid to various service providers who had no valid contracts or service level agreements.

4.6 Non-submission to Parliament of Annual Report by the Prisons and Correctional Service Commission

The issue was not addressed as Prisons and Correctional Service Commission did not submit its annual report for tabling in Parliament, as indicated on paragraph 1.1 above.

4.7 Alignment of the Prisons Act to the Zimbabwe Constitution Amendment (No. 20) Act 2013

The issue was partially addressed as the Ministry indicated that the bill to align the Act was before Parliament, as indicated on paragraph 1.2 above.

4.8 Gifts, Legacies and Donations

The issue was not addressed as no register was produced for audit examination and the return was not corrected.

4.9 Sub-Exchequer Bank Reconciliation

The issue was not addressed as reconciliations were still to be done and the issue recurred during the year under review, as indicated on paragraph 2.2 above.

4.10 Revenue Received, Outstanding Revenue and Receipts and Disbursements

The issue was not addressed as supporting documents for the revenue amounting to $320 831 782 were not provided. The issue recurred during the year under review, as indicated on paragraph 2.1 above.

4.11 Public Financial Assets

The issue was not addressed as the Ministry continued to exclude the investment from the return, as indicated on paragraph 2.3 above.

4.12 Motor Vehicles

The issue of non-delivery of vehicles was not addressed as it recurred during the year under review, as indicated on paragraph 3.3 above.

VOTE 24. – NATIONAL HOUSING AND SOCIAL AMENITIES

GOVERNMENT POOL PROPERTIES RETENTION FUND 2020

Objective of the Fund

The Fund was established for the purpose of maintaining all Government owned pool properties in a state that meets national and international standards.

Disclaimer of Opinion

I am required to audit the financial statements of the Government Pool Properties Retention Fund for the year 2020. These financial statements comprise the statement of financial position as at December 31, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount ($)
Income	6 574 533
Expenditure	3 762 750
Surplus	**$2 811 783**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	51	-
Accumulated Fund	-	9 683 667
Retention to Treasury	-	2 726 383
Current	12 409 999	-
Total	**$12 410 050**	**$12 410 050**

I do not express an opinion on the financial statements of the Government Pool Properties Retention Fund. Because of the significance of the matters described in the Basis for Disclaimer of Opinion Section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Maintenance of Accounting Records

Findings

There was no evidence that the Fund maintained accounting records such as ledgers. This was against the requirements of Section 35(6)(a) of the Public Finance Management Act *[Chapter 22:19]* which states that every Accounting Officer of a Ministry shall keep or cause to be kept proper records of account. The financial statements were prepared from bank statements and I noted the following:

The financial statements reflected a suspense account balance of $4 478 976. The balance remained uncleared at the time of concluding the audit on October 31, 2022.

The statement of financial position showed a nil balance for property, plant and equipment (PPE). However, the notes to the financial statements showed PPE closing balance for the year as $135 957.

Risks/Implications

Unreconciled imbalances distort the financial statements and also mislead the users of the financial statements.

The financial statements were misstated and could eventually mislead management in decision making processes or any users thereof.

Recommendations

The Fund should maintain records in compliance with the regulations and proper accounting procedures.

Investigate the suspense account balance and take corrective measures to reconcile and clear the imbalance.

All assets should be accounted for in the financial statements.

Management Response

The imbalance amounting to $4 478 976 is made up of unprocessed invoices from district offices which are not on pastel. There is an ongoing process of collecting rental information. Investigations of the suspense account are under way, corrective measures to reconcile and clear the imbalance are being done.

(ii) Fund Properties

Finding

The Fund did not disclose in the financial statements the properties it administers throughout the country. I therefore, could not confirm the completeness of the assets disclosed in the financial statements.

Risk/Implication

The Fund's Asset values may be misstated in the financial statements if properties are not fully disclosed.

Recommendation

Management should fully disclose all stands and houses under the Fund in the financial statements for accountability.

Management Response

The observation is noted. The properties will be disclosed in future.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make much progress in addressing audit findings raised in my previous audit report. Of the four (4) findings that were raised, one (1) was addressed and three (3) were not addressed as indicated below:

2.1 Fund Income

The issue of not maintaining financial records for the Fund Income has remained unchanged.

2.2 Temporary Deposits

The issue of non-provision of a comprehensive breakdown of individual transactions was resolved as the amounts were disclosed under revenue.

2.3 Debtors

The issue of non-payment of rentals constituting the debtors' figure is being worked on as the Fund is liaising with the Attorney General.

2.4 Accounts Receivable

The issue is still outstanding as the Finance department is still to complete an exercise of reconciling the trade receivables in the provinces and districts.

NATIONAL HOUSING FUND 2019 AND 2020

Objective of the Fund

The Fund was established for the purpose of assisting with development of housing schemes and ancillary services in terms of the Housing and Building Act [*Chapter 22:07*].

Qualified Opinion

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

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

Statement of Comprehensive Income

Item	**Amount ($)**
Income	47 997 771
Expenditure	5 063 994
Surplus	**$42 933 777**

Statement of Financial Position

Item	**Assets ($)**	**Liabilities ($)**
Non-Current	110 149 875	-
Capital Reserve	-	126 372 481
Accumulated Fund	-	91 217 389
Current	112 528 902	5 088 907
Total	**$222 678 777**	**$222 678 777**

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

Basis for Qualified Opinion

(i) Rent Debtors

Findings

The Fund did not have updated financial information on rent debtors. The provincial offices were supposed to submit the debtors' information to head office for consolidation on a monthly basis but this was not being done. Therefore, I could not verify the accuracy and completeness of the rent debtors' balances disclosed in the financial statements of $29 927 900 for 2019 and $32 414 376 for 2020.

Furthermore, the Fund did not have the debtors listing, age analysis and rent cards and this was due to incomplete information that was provided from provincial offices. This was in violation of Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] which states that every Accounting Officer should keep or cause to keep proper records of account.

Risk/Implication

Failure to maintain updated financial records may compromise the financial information disclosed.

Recommendation

The Fund should enforce submission of information from provinces and maintain updated financial information to improve accountability.

Management Responses

The observation is noted. The debtors' list for both years is available for inspection. All rent cards are kept at districts and provinces.

Dunning of tenants was mostly affected by outbreak of Covid-19 for the period in question. Most of these properties are occupied by non-civil servants which makes it difficult to collect rentals through a stop order facility, however reminders have been sent to debtors to pay outstanding rentals. Those who are not responding are referred to legal Section for eviction.

Evaluation of Management Response

The debtors' listing provided for inspection was for Harare province alone. Head office should have a consolidated list from all provinces.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Expenditure Variances

Findings

The 2019 expenditure disclosed in the financial statements of $1 349 442 did not agree with the balance as per the expenditure ledger of $3 319 601. This resulted in a variance of $1 970 159.

Furthermore, the Fund incurred expenditure of $284 902 without following tender procedures. Documents such as quotations and comparative schedules were not availed for audit. Section 59(15) of the Public Finance Management (Treasury Instructions), 2019, states that payments should be adequately supported. As a result, it was difficult to ascertain whether the expenditure was properly incurred to the best advantage of the Fund.

Risks/Implications

Financial statements may be materially misstated if variances are not traced and cleared.
If payments are not supported, funds may be misused.

There may be uneconomic buying and wasteful expenditure as goods and services may not be obtained from most cost effective suppliers.

Recommendations

The Fund should record all transactions to enhance completeness of financial statements.

All payments made should be sufficiently supported to facilitate the validation of transactions and ensure proper accountability for public funds.

Management Responses

The items were bought after the procurement procedures were conducted by Public Works Harare Province. The Fund has since written to Public Works to avail the documents.

When lunch is procured from fast food outlets it is a direct purchase from the service provider. A comparative between brands due to their differences in the taste and appeal becomes difficult as we will be comparing unlike items.

1.2 Payments on Behalf of the Appropriation Account

Finding

The Fund made payments amounting to $858 748 for 2019 and $1 808 964 for 2020 on behalf of the Appropriation account. By the time of concluding the audit on November 04, 2022, no evidence had been produced to show that the funds were reimbursed.

Risk/Implication

The Fund may fail to achieve its objectives if resources are diverted for other uses.

Recommendations

The Fund should desist from diverting the much needed resources meant for the Fund to other uses as this would deprive the Fund to fulfil its mandate. The Ministry should reimburse the Fund.

Management Response

The observation is noted. The Fund can confirm that the reimbursement will be done this year.

2 MANAGEMENT OF ASSETS

2.1 Non-Current Assets

The Fund bought property, plant and equipment (PPE), amounting to $55 389 and $97 600 for the years 2019 and 2020 respectively. The assets were classified as maintenance expenditure. This resulted in the value for non-current assets being understated.

Furthermore, the assets procured during the years under review were not depreciated. This was in violation of Section 11(6) of the Public Finance Management (Treasury Instructions), 2019 which states that assets should be depreciated. Resultantly, the value of assets disclosed in the financial statements were also overstated.

Risks/Implications

Financial statements may be misstated and could eventually mislead management decisions.

If assets are not recorded in the assets register, they may be abused, misappropriated or stolen without detection.

Recommendation

Management should record in the asset register all assets procured and disclose them in the financial statements. The assets should be depreciated so as to ensure accurate valuation.

Management Response

The observation is noted. The expenditure was treated as maintenance cost thus was not capitalized as it was deemed to be restoring the buildings to their novel state that is commensurate with its environs and other similar properties. However, it was an oversight and in future such expenditure will be capitalized.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings made in my previous report. Out of the four (4) findings that were raised, two (2) were partially addressed and the other two (2) had not been addressed as indicated below:

3.1 Rental Income

The issue was not addressed as financial information on rent debtors was not updated and the matter has been included in the report. (Paragraph (i) refers)

3.2 Cash on Hand and at Bank

The Fund settled the overdraft with the bank and did not recur.

3.3 Payments on behalf of the Appropriation Account

The issue of payments on behalf of the Appropriation Account amounting to $858 748 in 2019 was not addressed and recurred. It has been included in this report. (Paragraph 1.3 refers).

3.4 Recovery of misappropriated funds

The issue was partially addressed as an amount of $10 689 was still outstanding.

VOTE 25.- JUDICIAL SERVICE COMMISSION

APPROPRIATION ACCOUNT 2021

Mandate

The mandate of the Commission is to administer justice in accordance with the laws of Zimbabwe.

Opinion

I have audited the financial statements for the Judicial Service Commission for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	**Unallocated Reserve Transfers/ Warrants**	**Total**	**Expenditure**	**Net Under Spending**
$2 487 000 000	$710 778 816	$3 197 778 816	$2 663 597 516	$534 181 300
Constitutional and Statutory Appropriation				
$114 000 000	$138 730 000	$252 730 000	$252 729 005	$995

In my opinion, the financial statements, present fairly, the state of affairs of the Judicial Services Commission for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 COMPENSATION OF EMPLOYEES

1.1 Non Recovery of Long Outstanding Amounts in Respect of Disallowances and Outstanding Revenue

Findings

The Commission had long outstanding disallowances amounting to $877 449 owed by former members, that had not been recovered from terminal benefits. The disallowances were caused by late notification of termination of employment to SSB and some date as far back as 2016.

Furthermore, there were also long outstanding Departmental Surcharges and Treasury Orders amounting to $220 462 and $83 463 respectively owed by former members. The Departmental Surcharges were caused by late notification of termination to SSB and some date as far back as 2011. This was in contravention of Section (66)(6) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to recover surcharges as soon as possible.

No evidence was produced by the Commission to the effect that the Civil Division of the Attorney-General's Office had been approached to help in recovering the outstanding debts.

Risk/Implication

Financial prejudice to the State may result as some of the disallowances, surcharges, and Treasury Orders may become irrecoverable.

Recommendations

The Commission should make follow ups with Pensions Office for the timeous recovery of salaries and allowances paid to former members who terminated their employment contracts.

The Judicial Service Commission should also liaise with the Civil Division of the Attorney-General's Office for the timeous collection of debts.

Management Responses

The Judicial Service Commission forwarded the outstanding debts to the Civil Division of the Attorney-General`s Office who were supposed to assist with the recovery.

However, the Civil Division was citing concerns that, they were finding it unnecessary and expensive to pursue these claims as they are too little to recover.

In respect of employees on the Salary Service Bureau (SSB) schedule whose deductions are not being effected, the Judicial Service Commission engaged SSB to commence the recovery.

The Judicial Service Commission has already written to the Accountant-General in the Ministry of Finance and Economic Development seeking authority to write off outstanding debtors amounting to $63 029 and we are still waiting for the response.

The Commission hopes that all the debtors will be current in the near future.

2 GOVERNANCE ISSUE

2.1 Computerised Master Assets Register

Finding

The Commission did not capture assets in the computerised Master Assets Register. This was contrary to Section 100(1) of the Public Finance Management (Treasury Instructions), 2019 which stipulates that Accounting Officers should ensure that all public assets under their control are recorded promptly and accurately in the appropriate manual registers and captured immediately in the PFM System.

Risk/Implication

Assets received may not be recorded in the manual Master Assets Register and captured in the PFM System.

Recommendation

A delegated official, independent of officials ordering or receiving goods, should ensure that all assets received are recorded timeously in the manual Master Assets Register and captured in the PFM System.

Management Response

We have started engaging relevant authorities in charge of PFMS so that the irregularities noted are rectified urgently.

3 PROGRESS MADE IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Commission did not make progress in addressing the audit finding raised in my previous audit report. The issue raised during the previous financial year was not addressed.

3.1 Non Recovery of Surcharges and Treasury Orders

There was no progress in addressing recovery of outstanding Surcharges and Treasury Orders as the balances remained outstanding during the financial year under review.

COURTS ADMINISTRATION FUND 2020

Objective of the Fund

The Fund was established for the purpose of providing resources to the courts for the purpose of enhancing the effective and efficient administration of Justice.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	221 447 905
Expenditure	202 396 842
Surplus	**$19 051 063**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	27 697 072	-
Current	2 500 181	-
Accumulated Fund	-	30 197 253
Total	**$30 197 253**	**$30 197 253**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Courts Administration Fund as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Revenue Sharing According to the National Prosecuting Authority Act

Finding

For the second consecutive year, the Fund Administrators retained 66% amounting to $221 444 338 of total revenue collected instead of 40% as provided for in the National Prosecuting Authority Act [*Chapter 7:20*]. In terms of Section 32 (9) (a to d) of the said Act, the National Prosecuting Authority, the Attorney General’s Office and the Ministry of Justice, Legal and Parliamentary Affairs were entitled to 30%, 20% and 10% respectively.

This act has deprived other institutions responsible for justice delivery from utilising their share of the revenue to enable them to fulfil their mandates.

Risk/Implication

Other institutions responsible for justice delivery may not fulfil their mandates effectively if they are deprived of the much needed revenue.

Recommendations

There is need to adhere to the revenue sharing ratios as provided for in Section 32(9) of the National Prosecuting Authority Act [*Chapter 7:20*].

The additional revenue being retained by the Fund Administrators should be surrendered to the other institutions of Government responsible for justice delivery.

Management Responses

Please note that the amount reported in the Commission`s accounts constitutes 66% of the total revenue collected. The composition of the 66% is given below:

1. 16% JSC share is in terms of the NPA Act.

The Act stipulates the following ratio:

a) Forty percent of the monies shall be allocated to the Judicial Service Commission;
b) Thirty percent of the monies shall be allocated to the Authority;
c) Twenty percent of the monies shall be allocated to the Attorney-General`s Office; and
d) Ten percent of the monies shall be allocated to the Ministry responsible for the administration of this Act.

This sharing ratio relates to the first 50% revenue. However, note should be taken that the JSC surrenders 10% of this to ZRP at source. This converts to 40% as available for distribution.

Of this 40%, JSC will be entitled to 40% in accordance with the Act, which converts to 16% of the gross revenue collected.

2. Additional 50% (The Exchequer Component)
Ordinarily, the JSC is (if no prior arrangements are in place) expected to remit to Treasury 50% of the total revenue collected, and the same being deposited with the Exchequer. However, Treasury agreed that the Commission retain this 50% and utilize it to address critical access to justice funding gaps which, if funded through normal releases, the envisaged world class justice objective will be defeated.

These two streams, added together make up the JSC Revenue of 66%.

Evaluation of Management Response

Please avail the Treasury authority supporting the position taken on the other 50% as the allocation basis in the Act does not talk about the other 50%.

2 PROGRESS MADE IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Fund made no progress in addressing the audit finding raised in my previous audit report as indicated below.

2.1 Revenue Sharing According to the National Prosecuting Authority Act

The finding on revenue sharing according to NPA was not addressed as indicated on paragraph 1.1 above.

VOTE 26.- PUBLIC SERVICE COMMISSION

APPROPRIATION ACCOUNT 2021

Mandate

The mandate and purpose of the Public Service Commission is to facilitate the delivery of responsive services and promote economic growth and development through enhanced policy, institutional and operational capacity of the Public Service and its relevant partners.

Opinion

I have audited the financial statements for the Public Service Commission for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, finance and revenue statements and other supporting returns.

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

Voted Funds	Unallocated Reserve Transfer/Warrants	Total Allocated	Expenditure	Net Underspending
$9 004 000 000	**$8 678 484 365**	**$17 682 484 365**	**$16 062 794 581**	**$1 619 689 784**
Constitutional and Statutory Appropriations				
$30 624 000 000	**4 607 180 000**	**$35 231 180 000**	**$31 274 904 052**	**$3 956 275 948**

In my opinion, the financial statements present fairly, the state of affairs of the Public Service Commission for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, the following are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Unallocated Reserves

Finding

The breakdown of Unallocated Reserve transfers amounting to $6 449 773 887 as provided on the Treasury release letters were at variance with amounts that were uploaded in the PFMS. At the time of finalising the audit, no action had been taken to address the variances. This distorted the correct budget allocation to the affected items as per table below:

Schedule of re-allocation of Unallocated Reserves

Programme	Component	Amount as per Treasury Release Letters $	Amount allocated $	Under /(Over) Allocation $
Programme 1	Compensation of Employees	262 177 682	242 837 488	19 340 194
	Use of Goods and Services	577 794 537	514 094 537	63 700 000
	Acquisition of Fixed Capital Assets	101 284 800	295 711 900	(194 427 100)
Programme 2	Compensation of Employees	92 339 720	101 187 714	(8 847 994)
	Use of Goods and Services	118 389 320	144 689 320	(26 300 000)
Programme 3	Compensation of Employees	4 864 779 928	4 889 172 128	(24 393 200)
	Use of Goods and Services	118 050 000	141 550 000	(23 500 000)
	Acquisition of Fixed Capital Assets	314 957 900	120 530 800	194 427 100
Grant Total		**$6 449 773 887**	**$6 449 773 887**	**-**

Risk/Implication

Distortion of budget allocations thereby affecting operational efficiencies.

Recommendation

The Commission should ensure that amounts stated on Unallocated Reserve letters are matched to the uploaded figures and where there are variances, timeous corrective action should be taken.

Management Response

The observation has been noted. The $6 449 773 887 in Unallocated Reserve transfers that we received in 2021 were allocated and uploaded to the Public Financial Management System (PFMS) by Treasury. We are working with Treasury to correct the release letters that don't match what was uploaded in the PFMS system since they were sent out in error. We will give your office the updated letters as soon as the Treasury avails them to us.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Recovery of Outstanding Surcharges

Finding

There was an increase in Outstanding Surcharges by $4 588 984 from $2 284 680 to $6 873 664 as at December 31, 2021. This indicated that the mechanism put in place by the Commission to regularly monitor and recover Outstanding Surcharges was not effective. Section 49(2) of the Public Finance Management (Treasury Instructions), 2019 states that

Officers responsible for collecting debts should take adequate steps to collect any sums due to the Government on due date and should not allow a debt to become extinguished through lapse of time.

Risks/Implications

Failure to implement an effective revenue collection system may result in the loss of state funds needed to finance other government operations.

Delays in collecting outstanding surcharges may result in debts becoming irrecoverable through lapse of time.

Recommendation

The Commission should put in place an effective recovery system, that is, regularly monitored.

Management Responses

The high volume of Outstanding Surcharges at the Pensions Management Department is mainly caused by payments which are made to deceased Pensioners due to late notification of deaths. During 2021, the covid-19 induced lockdowns restricted the movement of people and the Commission could not make follow ups due limited staff.

Efforts are currently under way to fully recover all the outstanding surcharges. As at May 31, 2022 a total of $4 478 453 recoveries had been made through the payroll and banks and there is much progress to date.

2.2 Outstanding Disallowances

Finding

There was an increase in Outstanding Disallowances by $11 998 687 from $370 448 to $12 369 135 as at December 31, 2021. The Commission did not put in place effective strategies to recover Outstanding Disallowances. Section 66 Sub-Section 6 of the Public Finance Management (Treasury Instruction) 2019 requires Accounting Officers to be responsible for the recovery of outstanding disallowances and shall ensure that this is done as soon as possible.

Risk/Implication

Absence of effective strategies for the recovery of outstanding disallowances may result in loss of funds through lapse of time.

Recommendation

The Commission should put in place effective recovery strategies and regularly monitor the recovery of outstanding disallowances.

Management Responses

The high volume of disallowances at the Pensions Management Department is mainly caused by payments which are made to deceased Pensioners due to late notification of deaths.

The Pensions Department works hand in hand with the Registrar-General's office (RG) in order to get rid of all deceased pensioners on the Government Pension payroll and this system only works when people are registering deaths with the Registrar General's office. In 2021 the situation has also been exacerbated by the global covid-19 pandemic induced lockdowns that restricted the movement of people and the Registrar General's office was also not processing deaths certificates in time due to the limited number of staff who were reporting for duty. Towards the end of 2021 there was some bit of relaxation of covid-19 restrictions and more people were now coming to register deaths and this resulted in a huge increase in disallowances and surcharges.

All outstanding disallowances are being recovered through the stop order facility on the payroll and through banks in cases where the funds have not been utilized. As at May 31, 2022 a total of $9 687 597 recoveries had been collected.

3. IMPLEMENTATION OF PROGRAMMES

3.1 Criteria used to Measure Performance

Finding

Audit noted that the criteria used by program managers to measure performance were different from those stated in the Commission's strategic and operational plans. Instances noted were that performance indicators and planned outputs for Procurement Management program and Performance audit and Inspectorate program were in absolute figures, while planning targets were in percentage terms. This made it difficult when comparing outputs for all programs. No authority or an explanation was given as to why different criteria were used to measure performance of the Commission. Treasury Circular Number 6 of 2019 requires that sub program managers should develop a work plan that is in line with indicators and targets.

Risk/Implication

The use of different criteria makes evaluation of performance difficult thereby affecting decision making.

Recommendation

Management should ensure that, criteria used for reporting progress is the same as that used to set targets during planning stage.

Management Response

The Commission acknowledges the observation by the auditors; however, the metrics are not too abstract or divorced from each other. Planning at Strategic Level is abstract than at Operational Level. For example, PMU cannot give a precise number of goods and services to be procured. During planning a percentage may apply but an absolute figure will come out during reporting. The 100% purchased will be in

relationship to demands from users and budget availability. The same was presented and adopted within the Commission over the implementation period although there was no written authority.

4. PROGRESS IN ADRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing issues raised in the 2020 audit report. Out of the four (4) audit findings raised, three (3) were addressed and one (1) was not addressed as shown below:

4.1 Sub-Paymaster General Account (SUB-PMG)

The difference of $1 149 865 019 was between expenditure disclosed in the Appropriation Account and Public Finance Management System. The difference constituted payments that were made outside the system to service providers who did not have vendor numbers. The finding was not addressed as the Commission could not get the vendor numbers of the service providers.

4.2 Risk Assessments

The finding was addressed, as the Commission crafted a formal Risk Management Policy, developed Risk Management Templates and appointed Risk Champions.

4.3 Compensation of Employees Variances

The finding was addressed as the Commission managed to clear the variance of $23 215 209. Monthly wage bill reconciliations with SSB are also being carried out.

4.4 Monthly Paysheets

The finding was addressed as the paysheets for senior managers are now being acquitted by General Manager Finance and Administration.

CIVIL SERVICE TRAINING LOAN FUND 2019 AND 2020

Objective of the Fund

The Fund was established for the purpose of providing loans at interest rates up to a maximum determined from time to time by the Secretary for Public Service Commission with the approval of the Ministry of Finance, to enable Civil Servants and Officers of Parliament to obtain such qualifications as may be prescribed by the Public Service Commission.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount ($)
Income	37 040
Expenditure	10 005
Surplus	**$27 035**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Current	788 157	7 341
Accumulated Fund	-	780 816
Total	**$788 157**	**$788 157**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Civil Service Training Loan Fund as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit:

1. REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Interest Income

Findings

The Fund recognized Interest on loans of $37 040 (2019: $52 522) in full instead of spreading it over the loan period of eighteen (18) months. As a result, the interest was overstated.

My re-performance of interest calculations from a sample of twenty-five (25) disbursed loans revealed that Public Service Commission was not amortising the repayment of loans, such that, interest being charged was based on the original amount instead of the monthly recoverable amounts.

Risks/Implications

The financial statements may be misstated.

Recommendations

The Fund should recognize interest income in the year it is earned, as per the accrual accounting concept.

The Fund should calculate interest based on the monthly recoverable amounts to avoid overcharging applicants.

Management Response

The system being used by the Training Loan Fund does not have an amortisation platform. We will engage the service provider for installation of an amortisation platform that will provide us with correct reports.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make any progress in addressing prior year audit findings. Of the three (3) findings that were raised, none was addressed as indicated below:

2.1 Trade Receivables

The Fund has not yet addressed the audit finding relating to trade receivables as the Fund continued to improperly recognise interest income in the financial statements.

2.2 Loan Advanced to Ministry of Public Service and Social Welfare

In 2015 the Fund transferred $132 078 to the Ministry of Public Service and Social Welfare. The money has not yet been refunded by the Ministry despite efforts made by the Public Service Commission.

3.3 Interest Income

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

SKILLS ATTRACTION, RETENTION AND DEVELOPMENT FUND 2020

Objective of the Fund

The purpose of the Fund is to attract, retain and develop capacities and competences of skilled and experienced professionals in the public service.

Opinion

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

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

Statement of Comprehensive Income

ITEM	Amount ($)
Income	3 386 448
Expenditure	1 153 741
Surplus	**$ 2 232 707**

Statement of Financial Position

ITEM	Assets ($)	Liabilities ($)
Non-Current	173	-
Current	23 179 837	4 551
Accumulated Fund	-	23 175 459
Total	**$23 180 010**	**$23 180 010**

In my opinion, the financial statements present fairly, in all material respects the financial position of the Skills Attraction, Retention and Development Fund as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Disbursement of Skills Attraction and Retention Allowances

Finding

The Fund disbursed skills attraction and retention allowances amounting to $1 080 000 without seeking approval of the Board as there was no documentary evidence in the form of minutes deliberating on the disbursement. Section 4(d) of the Fund’s constitution states that no monies shall be withdrawn from the Fund Account without the authority of the Secretary in consultation with and the approval of the Board.

Risk/Implication

Payment of skills attraction, retention and development allowances may be done to undeserving beneficiaries if due diligence and review is not done with the approval of the Board.

Recommendation

The Public Service Commission should appoint a Board in compliance with the Fund's Constitution to ensure efficient and effective administration of the Fund.

Management Responses

The observation has been noted. The Commission is in the process of appointing a Board for the Fund on the basis of clear Terms of Reference which will enhance clarity regarding disbursements. Given the fact that persons who are appointed to the grade of Permanent Secretary normally suffer a disruption of their careers due to the term limit imposed on them by the Constitution, the officers are being considered for entitlement to retention allowances.

A high level Committee was appointed to examine this issue. Should a remuneration framework that covers this aspect emerge, it will become possible to proceed with certainty with disbursements to categories determined to be eligible.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make any progress in addressing three (3) audit findings raised in my previous audit report which are:

2.1 Money held in Zimbabwe Allied Banking Group (ZABG) Account

The Fund has not yet recovered an amount of $39 875 locked up in the liquidated Zimbabwe Allied Banking Group (ZABG).

2.2 Submission of Annual Report to Parliament

The Commission's annual report had still not been forwarded to the Minister of Finance and Economic Development for tabling in Parliament.

2.3 Board of the Fund

The Fund's Board is still to be appointed.

VOTE 27. – NATIONAL COUNCIL OF CHIEFS

APPROPRIATION ACCOUNT 2021

Mandate

The Council is responsible for capacitating Traditional Leadership institutions to effectively drive rural development as well as promoting and preserving cultural values of their communities.

Qualified Opinion

I have audited the financial statements of the National Council of Chiefs for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under / (Over) spending
$317 000 000	-	$317 000 000	$230 196 635	$86 803 365
Constitutional and Statutory Appropriations				
$398 000 000	1 243 726 000	$1 641 726 000	$1 309 112 034	$332 613 966

In my opinion, except for the effect of the matters described in the basis for Qualified Opinion Section of my report, the financial statements present fairly the state of affairs of the National Council of Chiefs for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Salaries and Wages for Traditional Leaders

The salaries and wages for traditional leaders are deposited into the Ministry of Local Government and Public Works Provincial Offices' Temporary Deposit Accounts for payment into individual traditional leaders' mobile accounts. The Provincial Offices are supposed to submit acquittals of these funds to Head Office for consolidation. However, no acquittals of the salaries and wages, nor monthly reconciliations were availed for audit. As a result, I could not confirm the completeness and accuracy of the traditional leaders' salaries and wages figure of $1 309 112 034 disclosed in the Appropriation Account.

Risks/Implications

The funds meant for salaries and wages may be misappropriated.

In the absence of the reconciliations, it would be difficult to monitor the transactions on the account.

Recommendations

Acquittals should be sent to Head Office for review and consolidation purposes.

The Ministry should provide reconciliations from Provincial Offices for audit.

Management Response

The reconciliations of payments of village heads are done at all 62 districts around the country and are available for audit inspection at District Offices.

However, below are other issues noted during the audit.

1 GOVERNANCE

1.1 Management of Fuel

Findings

There was no evidence of reconciliation of the fuel records to fuel coupons on hand, as a result, fuel registers for National Council of Chiefs were not up to date. Several purchases could not be traced back to the respective registers (CMED and Redan) by way of Goods Received Vouchers. It was difficult to confirm the correctness of the recordings in the registers. Resultantly, 285 550 litres of fuel procured at a cost of $62 304 688 were not recorded in the fuel register.

Section 104(1) of the Public Finance Management (Treasury Instructions), 2019 requires entities to keep a complete record of fuel received and issued.

Risk/Implication

Fuel coupons may not be properly accounted for if up to date records are not maintained.

Recommendations

Fuel Registers should be updated timeously.

A reconciliation of all fuel coupons should be done and any variances investigated. Management should regularly supervise and review the work of subordinates.

Management Response

The audit observation has been noted. However, all the fuel purchases were recorded in the respective registers.

Evaluation of Management Response

Evidence of the recordings were not availed for my inspection.

2. MANAGEMENT AND IMPLEMENTATION OF PROGRAMMES

2.1 Service Delivery

Findings

The database for chiefs, headmen and village heads was not up to date. Some of the deceased and suspended leaders were included in the database. It was therefore difficult to confirm the number of substantive chiefs, headmen and village heads.

It is commendable that the Council presided over the appointment of 12 Chiefs, 25 Headmen and about 1000 village heads as per the 2021 targets. However, I noted that there were unsolved disputes for chieftainships, boundaries and resuscitation of banned and suspended chiefs that still needed to be addressed by the National Council of Chiefs.

Acting Chiefs are expected to be in office for only two years according to the Traditional Leaders Act [*Chapter 29:17*]. However, some chiefs and Headmen had been acting for more than ten years.

Risk/Implication

The absence of an up to date database may affect the accuracy of allowances paid to traditional leaders.

Recommendation

The Council should have an updated database of traditional leaders. Efforts should be made to appoint chiefs and headman who are in acting capacity as substantive office bearers.

Management Response

The database has been updated and is available for audit inspection.

Evaluation of Management Response

The availed database was still not up to date.

2.2 Gender Mainstreaming

Findings

The National Council of Chiefs did not have a Gender Policy to facilitate in the Girl Child's right to inherit chieftainship among other issues. The Council was operating with only four female traditional leaders out of 768 traditional leaders.

Section 17 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013, requires the State to promote full gender balance in Zimbabwean society and must take practical measures to ensure that women have access to resources, including land, on the basis of equality with men.

Risk/Implication

Absence of gender policy may compromise implementation of gender issues.

Recommendation

A Gender Policy should be established so as to provide guidance on gender mainstreaming in the National Council of Chiefs.

Management Responses

Consultations are underway with key stakeholders such as the Chiefs and culture practitioners to give impetus to the crafting of a consensus based Gender Policy for the National Council of Chiefs.

It is our salient position as National Council of Chiefs to fully comply with Chapter 15 of the Constitution of Zimbabwe and the Traditional Leaders Act [*Chapter 29:17*] and afford equal opportunities for both females and males to become chiefs. A Gender Policy roadmap will be availed in due course once wide consultations with the plethora of stakeholder is completed.

3 PROGRESS MADE IN ADDRESSING PRIOR YEAR FINDINGS

The Council made some progress in addressing prior year audit findings. Out of five (5) findings raised, two (2) were addressed and three (3) were not addressed as indicated below.

3.1 Sub-Paymaster General Account (Sub-PMG)

The issue of differences between expenditure in the Appropriation Account, Public Financial Management System and the Sub-Paymaster General (PMG) Account figure is still outstanding.

3.2 Travelling and Subsistence

Bulk travelling and subsistence allowances of $960 862 for traditional leaders have now been acquitted

3.3 Outstanding Temporary Deposits

The issue is still to be addressed as the Council did not submit the supporting documents for Temporary Deposits.

3.4 Traditional Leaders Allowances

Monthly reconciliations for Traditional Leaders allowances are still outstanding.

3.5 Asset Returns

The issue of submission of the Departmental Assets Certificate was addressed.

ANNEXURES

ANNEXURE A: OPINIONS PER ACCOUNT COMPARED TO PREVIOUS YEAR

Vote No.	Name of Account	Current Year Opinion	Prior Year Opinion
1	**Office Of the President and Cabinet**		
	Appropriation Account 2021	Unqualified	Unqualified
	State Enterprise Restructuring Agency 2021	Unqualified	Unqualified
2	**Parliament of Zimbabwe**		
	Appropriation Account 2021	Qualified	Qualified
3	**Public Service, Labour and Social Welfare**		
	Cash Transfer For Urban Vulnerable Persons Fund 2021	Unqualified	Unqualified
	Children on the Streets Fund 2021	Unqualified	Unqualified
	Community Recovery Fund 2021	Unqualified	Unqualified
	Disabled Persons Fund 2021	Unqualified	Unqualified
	National Drought Fund 2021	Unqualified	Unqualified
	Child Welfare Fund 2021	Unqualified	Unqualified
	Yvonne Eustasie Parfitt Homes for the Aged Fund 2021	Unqualified	Unqualified
4	**Defence and War Veterans**		
	Appropriation Account 2021	Qualified	Qualified
	National Heroes Dependents Assistance Fund 2020	Unqualified	Unqualified
	War Veterans Fund 2020	Unqualified	Unqualified
5	**Finance and Economic Development**		
	Appropriation Account 2021	Unqualified	Qualified
	Statement of Revenue Written Off 2020	Unqualified	Unqualified
6	**Office of the Auditor-General**		
	Appropriation Account 2021	Unqualified	Unqualified
7	**Industry and Commerce**		
	Standard Development Fund 2021	Unqualified	Unqualified
	Trade Measures Fund 2020	Unqualified	Unqualified
8	**Lands, Agriculture, Fisheries, Water and Rural Resettlement**		
	Appropriation Account 2021	Unqualified	Qualified
	Land Compensation Fund 2020	Unqualified	Unqualified
	National Coordination Unit Fund 2019 and 2020	Unqualified	Unqualified
9	**Mines and Mining Development**		
	Mining Industry Loan Fund 2021	Unqualified	Unqualified
	Special Gold Unit Fund 2021	Unqualified	Unqualified
11	**Transport and Infrastructural Development**		
	Appropriation Account 2021	Qualified	Qualified
	Traffic and Legislation Fund 2019 And 2020	Qualified	Unqualified
12	**Foreign Affairs and International Trade**		

	Appropriation 2021	Qualified	Qualified
13	**Local Government and Public Works**		
	Appropriation Account 2021	Unqualified	Qualified
	National Civil Protection Fund 2019 and 2020	Adverse	Qualified
14	**Health and Child Care**		
	Appropriation Account 2021	Qualified	Qualified
16	**Higher and Tertiary Education, Innovation, Science and Technology Development**		
	Appropriation Account 2021	Qualified	Qualified
	Amenities Fund 2018	Disclaimer	Disclaimer
	Tertiary Education and Training Development Fund 2018	Disclaimer	Disclaimer
	Vocational and Technical Examinations Fund 2019	Qualified	Unqualified
17	**Women Affairs, Community, Small and Medium Enterprise Development**		
	Appropriation Account 2021	Unqualified	Unqualified
	Zimbabwe Community Development Fund 2019	Disclaimer	Qualified
18	**Home Affairs and Cultural Heritage**		
	Appropriation Account 2021	Unqualified	Qualified
	Immigration Services Fund 2020	Qualified	Qualified
19	**Justice, Legal and Parliamentary Affairs**		
	Appropriation Account 2021	Unqualified	Qualified
24	**National Housing and Social Amenities**		
	Government Pool Properties Retention Fund 2020	Disclaimer	Qualified
	National Housing Fund 2019 and 2020	Qualified	Qualified
25	**Judicial Service Commission**		
	Appropriation Account 2021	Unqualified	Unqualified
	Courts Administration Fund 2020	Unqualified	Unqualified
26	**Public Service Commission**		
	Appropriation Account 2021	Unqualified	Unqualified
	Civil Service Training Loan Fund 2019 and 2020	Unqualified	Unqualified
	Skills Attraction, Retention and Development Fund 2020	Unqualified	Unqualified
	Zimbabwe Civil Service Funeral Assistance Fund 2020 and 2021	Unqualified	Unqualified
27	**National Council of Chiefs**		
	Appropriation Account 2021	Qualified	Qualified
32	**Zimbabwe Electoral Commission**		
	Appropriation Account 2020 and 2021	Unqualified	Unqualified

ANNEXURE B: BUDGET UTILISATION

Vote	Name	Total Allocated Amount $	Expenditure Amount $	Underspending/ (Overspending) $
1	Office of the President and Cabinet	27 110 578 071	25 173 117 513	1 937 460 558
2	Parliament Of Zimbabwe	7 336 000 000	3 635 204 474	3 700 795 526
4	Defence and War Veterans Affairs	47 122 965 790	44 313 653 696	2 809 312 094
5	Finance and Economic Development	41 348 915 256	38 414 324 157	2 934 591 099
	Finance and Economic Development – Unallocated Reserves	7 629 100 000	194 853 258 615	(187 224 158 615)
6	Office of the Auditor-General	1 349 000 000	616 029 376	732 970 624
8	Lands, Agriculture, Fisheries, Water and Rural Development	122 737 069 026	112 471 912 702	10 265 156 324
11	Transport and Infrastructural Development	42 611 593 080	37 222 566 470	5 389 026 610
12	Foreign Affairs And International Trade	8 640 000 000	4 904 121 024	3735 878 976
13	Local Government and Public Works	17 587 427 411	13 790 426 970	3 797 000 441
14	Health and Child Care	56 155 627 585	43 338 848 105	12 816 779 480
16	Higher and Tertiary Education, Innovation, Science and Technology Development	20 380 458 362	17 003 918 244	3 376 540 118
17	Women Affairs, Community, Small and Medium Enterprises Development	2 257 000 000	2 162 413 261	94 586 739
18	Home Affairs and Cultural Heritage	30 307 905 650	26 702 299 616	3 605 606 034
19	Justice, Legal and Parliamentary Affairs	12 038 196 407	9 869 387 555	2 168 808 852
25	Judicial Service Commission	3 197 778 816	2 663 597 516	534 181 300
26	Public Service Commission	17 682 484 365	16 062 794 581	1 619 689 784
27	National Council of Chiefs	317 000 000	230 196 635	86 803 365
32	Zimbabwe Electoral Commission	7 420 993 269	2 610 369 748	4 810 623 521

Constitutional and Statutory Appropriation

Vote	Name	Total Allocated Amount $	Expenditure Amount $	Underspending/ (Overspending) $
2	Parliament of Zimbabwe	4 000 000	7 514 880	(3 514 880)
4	Defence and War Veterans Affairs	898 000 000	-	898 000 000
6	Office of the Auditor-General	1 000 000	4 249 867	(3 249 867)
5	Finance and Economic Development	36 118 089 000	17 676 095 016	18 441 993 984
13	Local Government and Public Works	19 540 000 000	6 377 347 555	13 162 652 445
19	Justice, Legal and Parliamentary Affairs	22 573 725	22 010 585	563 140
25	Judicial Service Commission	252 730 000	252 729 005	995
26	Public Service Commission	35 231 180 000	31 274 904 052	3 956 275 948
27	National Council of Chiefs	1 641 726 000	1 309 112 034	332 613 966
Total		**$93 709 298 725**	**$56 923 962 994**	**$36 785 335 731**

ANNEXURE C: VARIANCES BETWEEN COMPLEMENTARY ACCOUNTING RECORDS

Entity	Account Area	Submitted Account Figure $	Corresponding/ Related $	Variance $
Ministry of Justice, Legal and Parliamentary Affairs	Statement of Receipts and Disbursements	72 565 769	86 295 305	13 729 536
	Total Collections	1 558 329 639	1 314 535 792	243 793 847
	Bank Statement	1 239 427 406	1 314 535 792	75 108 386
Ministry of Local Government and Public Works	Treasury Orders	-	951 178	951 178
Ministry of Defence and War Veterans Affairs	Appropriation Account	44 313 656 696	44 149 765 112	163 891 584
Ministry of Transport and Infrastructural Development	Appropriation Account	$37 222 566 470	19 751 159 611	17 471 406 859
Ministry of Transport and Infrastructural Development	Direct Payments	673 551 126	2 463 211 395	1 789 660 299
Ministry of Health and Child Care	Compensation for Employee Costs	12 719 189 327	17 471 965 202	4 752 775 875
Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development	Appropriation Account	17 003 918 243	13 175 235 691	3 828 682 552
	Treasury Releases	13 175 905 407	13 379 362 233	203 456 826
Ministry of Local Government and Public Works	Devolution Funds	588 399 609	352 077 677	236 321 932
Traffic and Legislation Fund	Expenditure	47 971 384	46 912 578	1 058 806
Total		**128 615 481 076**	**113 506 007 566**	**28 780 837 680**

ANNEXURE D: ASSETS PROCURED BUT NOT DELIVERED

Ministry	Description	Quantity	Amount $
Ministry of Foreign Affairs and International Trade	Mazda BT-50 double cab vehicles	8	5 998 880
Ministry of Women Affairs, Community, Small and Medium Enterprises Development	Vehicles	4	14 600 000
Ministry of Women Affairs, Community, Small and Medium Enterprises Development	Laptops	64	8 039 732
Ministry of Health and Child Care	COVID19 Janssen vaccines	750 000 doses	633 909 111
Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development	Toyota Hilux 2.8 GD6 4x4 double cab	2	16 724 604
	Toyota Hilux 2.8 GD6 4x4 double cab	3	25 086 906
	Desk top computers	39	4 359 157
	Vacuum cleaners	11	191 829
Ministry of Justice, Legal and Parliamentary Affairs	Toyota Hilux vehicles	3	17 140 759
Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement	Vehicles	65	235 499 966
Standards Development Fund	Toyota Corolla vehicles	4	32 520 000
Total			**$994 070 944**

ANNEXURE E: TRANSACTIONS/FIGURES WITHOUT SUPPORTING DOCUMENTS

Ministry	Account Area	Amount $
Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development	Expenditure incurred	7 799 698
Ministry of Justice, Legal and Parliamentary Affairs	Statement of Revenue Received	427 122
Ministry of Local Government and Public Works	Expenditure incurred	17 351 732
Ministry of Foreign Affairs and International Trade	Expenditure for Diplomatic Missions	4 584 082 096
Ministry of Local Government and Public Works	Land Developers Outstanding Revenue	7 018 347
Ministry of Lands, Agriculture, Fisheries, Water and Rural Development	Outstanding Revenue Return	1 656 581 385
National Council of Chiefs	Salaries and Wages for Traditional Leaders	1 309 112 034
Total		**$7 582 372 414**

ANNEXURE F: LEVEL OF ACHIEVEMENT ON SET TARGETS

Ministry	Strategic Objective	Performance Measurement	Performance Target Set	Achievements
Ministry of Health and Child Care	Improving domestic funding for health and human resource	Domestic health expenditure per capita was low	US$35	US$18.50
	Prevent diseases through creating an enabling healthy environment and promoting healthy lifestyles	Institutional Maternal Mortality Ratio	98/1000	113/1000
		Perinatal mortality rate	26/1000	32.8/1000
	No Strategic Objective Identified	Developed policies.	2 Bio-pharmaceutical policies	No Policies Developed
Ministry of Lands, Agriculture, Fisheries, Water and Rural Development	No Strategic Objective Identified	Distribute farm equipment to farmers by December 31, 2021.	3 000	1 200 (40%)
	Land survey and mapping: Survey of A2 Farms	Farms surveyed by December 31, 2021.	1 000 A2 farms	411 (41.1%) A2 farms surveyed
National Council of Chiefs	Council presided over the appointment	Number of Appointments	12 Chiefs 25 Headmen 1000 village heads	12 Chiefs 25 Headmen 1000 village heads
		Period of Acting Chiefs	2 years	10 years