



REPORT

of the

AUDITOR-GENERAL

on

APPROPRIATION ACCOUNTS,

FINANCE AND REVENUE

STATEMENTS

AND

FUND ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Presented to Parliament of Zimbabwe 2024



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, Economic Development and Investment Promotion
Mgandane Dlodlo Building
Samora Machel Avenue
Harare

Dear Sir,

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

Yours faithfully,

R. KUJINGA,
ACTING AUDITOR-GENERAL.

HARARE

June 24, 2024.



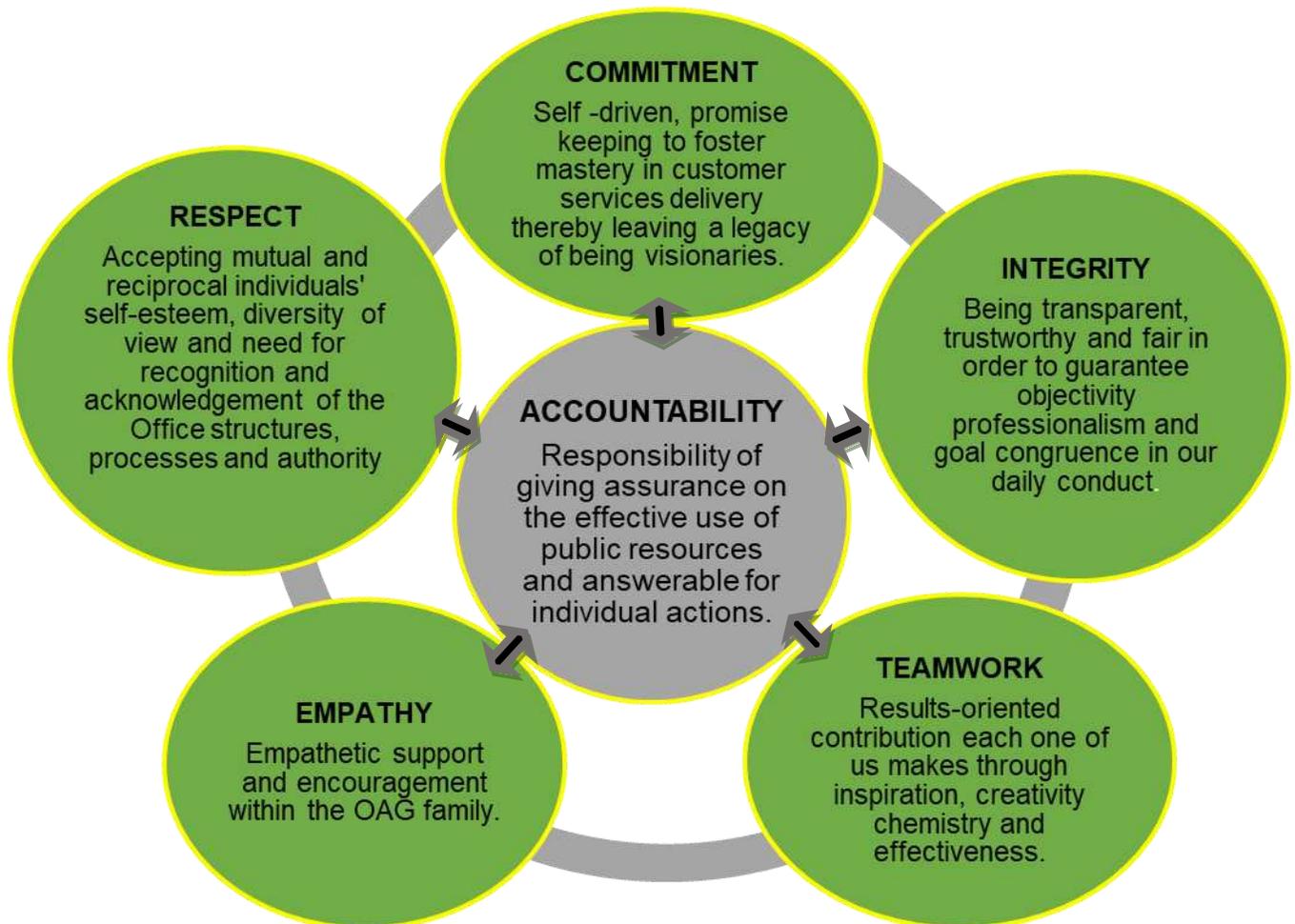
OAG VISION

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

| | |
|----------|---|
| AFC | Agricultural Finance Cooperation |
| A-G | Attorney-General |
| AIMS | Agricultural Information Management Systems |
| BCP | Business Continuity Plan |
| BI | Business Intelligence |
| CBZ | Commercial Bank of Zimbabwe |
| CMED | Central Mechanical Equipment Department |
| COVID-19 | Coronavirus Disease 2019 |
| DDC | District Development Coordinator |
| DRP | Disaster Recovery Plan |
| ERP | Enterprise Resource Planning |
| FI | Financial Accounting |
| GAAP | Generally Accepted Accounting Practice |
| GAL | Government Analyst Laboratory |
| GED | Government Education Department |
| GCMS | Gas Chromatography – Mass Spectrometer |
| GR/IR | Goods Receipt/ Invoice Receipt |
| GRN | Goods Received Notes |
| HDC | Harare Government Dental Centre |
| ICP-MS | Inductively Coupled Plasma-Mass Spectrometry |
| ICT | Information and Communication Technology |
| IFRS | International Financial Reporting Standards |
| IPSAS | International Public Sector Accounting Standards |
| IMAP | IPSAS Implementation Matrix and Action Plan |
| IS | Information Security |
| IT | Information Technology |
| JSC | Judicial Service Commission |
| LIMS | Land Information Management Systems |
| MDA | Ministries, Departments and Agencies |
| MM | Materials Management |
| MoFEDIP | Ministry of Finance, Economic, Development and Investment Promotion |
| MICTPCS | Ministry of Information Communication Technology, Postal and Courier Services |
| NPA | National Prosecuting Authority |
| PFMS | Public Financial Management System |
| PMD | Provincial Medical Director |
| PMG | Paymaster-General's Account |
| PPDPA | Public Procurement and Disposal of Public Assets Act |
| PSC | Public Service Commission |
| RBZ | Reserve Bank of Zimbabwe |
| RTGS | Real-Time Gross Settlement |
| SAP | System Application Product |
| SD | Sales and Distribution |
| SSB | Salary Service Bureau |
| SSF | School Services Fund |
| SUB-PMG | Sub-Paymaster General's Account |
| TTs | Telegraphic Transfers |
| UNICEF | United Nations International Children's Emergency Fund |
| UR | Unallocated Reserve Transfers |

| | |
|-------|--|
| UPS | Uninterrupted Power Supply |
| US\$ | United States Dollars |
| ZB | ZB Bank Limited |
| ZBC | Zimbabwe Broadcasting Corporation |
| ZCHPC | Zimbabwe Centre for Higher Performance Computing |
| ZESA | Zimbabwe Electricity Supply Authority |
| ZETDC | Zimbabwe Electricity Transmission and Distribution Company |
| ZIMRA | Zimbabwe Revenue Authority |
| ZINWA | Zimbabwe National Water Authority |
| ZPC | Zimbabwe Power Company |
| ZPCS | Zimbabwe Prisons and Correctional Service |
| ZRP | Zimbabwe Republic Police |
| ZWL | Zimbabwe Dollar |

TABLE OF CONTENTS

| | <i>Page</i> |
|--|-------------|
| Foreword..... | (i-vi) |
| Executive Summary..... | (vii-xii) |
| Appropriation Accounts, Finance and Revenue Statements and Fund Accounts.. | 1-336 |
| Annexures..... | 337-362 |

FOREWORD AND EXECUTIVE SUMMARY

SUMMARY OF CONTENTS

| | <i>Page</i> |
|--|-------------|
| Submission of Annual Report | (i) |
| Mandate of the Auditor-General..... | (i) |
| Staff levels, Movements, Training and Development..... | (i) |
| Basis of Preparation of Public Accounts | (ii) |
| Transitional Arrangements- Migration to IPSAS..... | (ii) |
| Audit Approach..... | (iii) |
| Certification of Public Accounts | (iv) |
| Audit Opinion | (iv) |
| Acknowledgements | (vi) |
| Executive Summary..... | (vii-xii) |

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

2. MANDATE OF THE AUDITOR-GENERAL

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

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

3. STAFF LEVELS, MOVEMENTS, TRAINING AND DEVELOPMENT

Despite efforts to fill vacant posts in 2023, resignations continued during the year. My office lost qualified and experienced staff due to uncompetitive conditions of service. The graph below shows the staff establishment as at December 31, 2023 and movements during 2023 compared with 2022.



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

4. BASIS OF PREPARATION OF PUBLIC ACCOUNTS

Management of public funds is governed primarily by the Constitution of Zimbabwe and the Public Finance Management Act [*Chapter 22:19*]. Central Government uses cash accounting basis for Appropriation Accounts and accruals accounting for Fund Accounts.

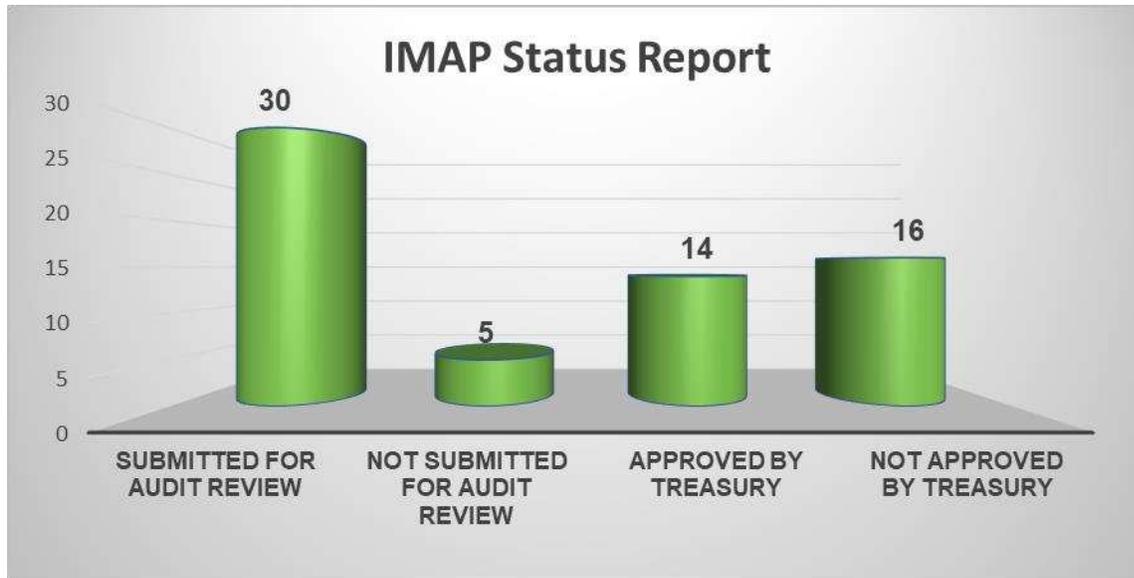
5. TRANSITIONAL ARRANGEMENTS - MIGRATION TO IPSAS FINANCIAL REPORTING FRAMEWORK

The Government has adopted the accrual based International Public Sector Accounting Standards (IPSAS) as its reporting framework for Central Government which should be fully implemented by January 2025 according to the implementation road map. According to Treasury Circular number 4 of 2022 fifteen (15) Ministries and six (6) Commissions were to migrate to the IPSAS financial reporting framework with effect from January 1, 2023 and produce annual IPSAS transitional financial statements for the year ended December 31, 2023 for review by April 30, 2024. My office will review the transitional financial statements.

5.1 IPSAS IMPLEMENTATION MATRIX AND ACTION PLANS (IMAPs)

In preparation for migration to IPSAS, a provision was made under Section 14.1 of the Zimbabwe Financial Reporting Manual for all transitioning Ministries and Commissions to prepare IMAPs for submission to Treasury for approval. The IMAPs outline the technical resource persons, strategies and procedures to be followed in adopting the new financial reporting framework. Out of a total of thirty-five (35) Ministries and Commissions, thirty (30) submitted their IMAPs for audit review whilst five (5) had not submitted. Of the submitted, fourteen (14) IMAPs had been approved by Treasury whilst others were still being processed. Refer to the graph below and **Annexure A** for details.

All the Ministries and Commissions had not implemented the 2023 planned activities due to the absence of relevant actionable plans. The delays in submission of the IMAPs to Treasury and approval thereof impacts on the smooth migration to IPSAS. There is need for Treasury to follow up on submission of IMAPs for approval in order to expedite implementation of the planned activities.

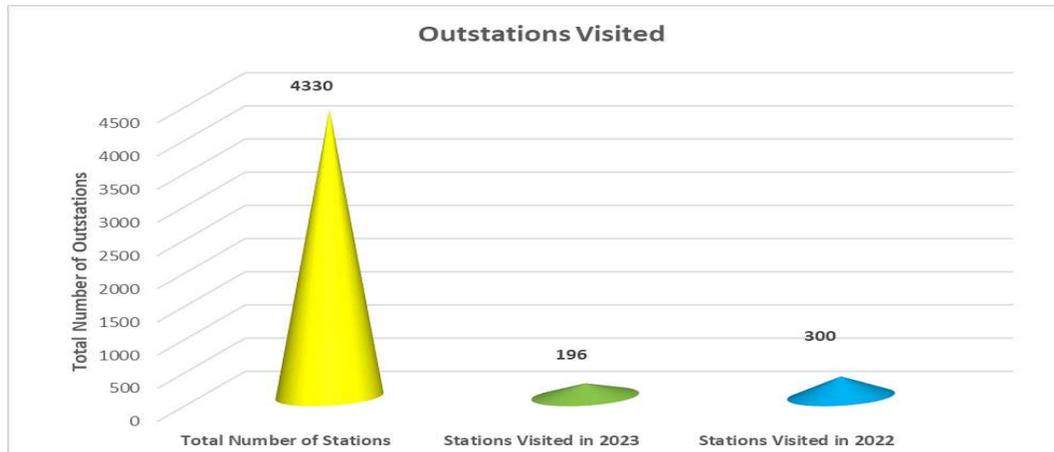


6 AUDIT APPROACH

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

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

I carried out audits at Head Offices of Ministries and Commissions. I also visited outstations of some of the Ministries and government departments that are decentralized. Results of the audit of Provincial and District stations are included in my findings in this report. In 2023 the total number of stations were 4 330 and I visited 196 Provincial and District offices as compared to 300 visited in 2022. Financial constraints adversely affected the number of stations visited. Refer to the graph below and **Annexure B** for details. Resources permitting, in 2024, I would like to increase audit visits to outstations.



7 CERTIFICATION OF PUBLIC ACCOUNTS

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

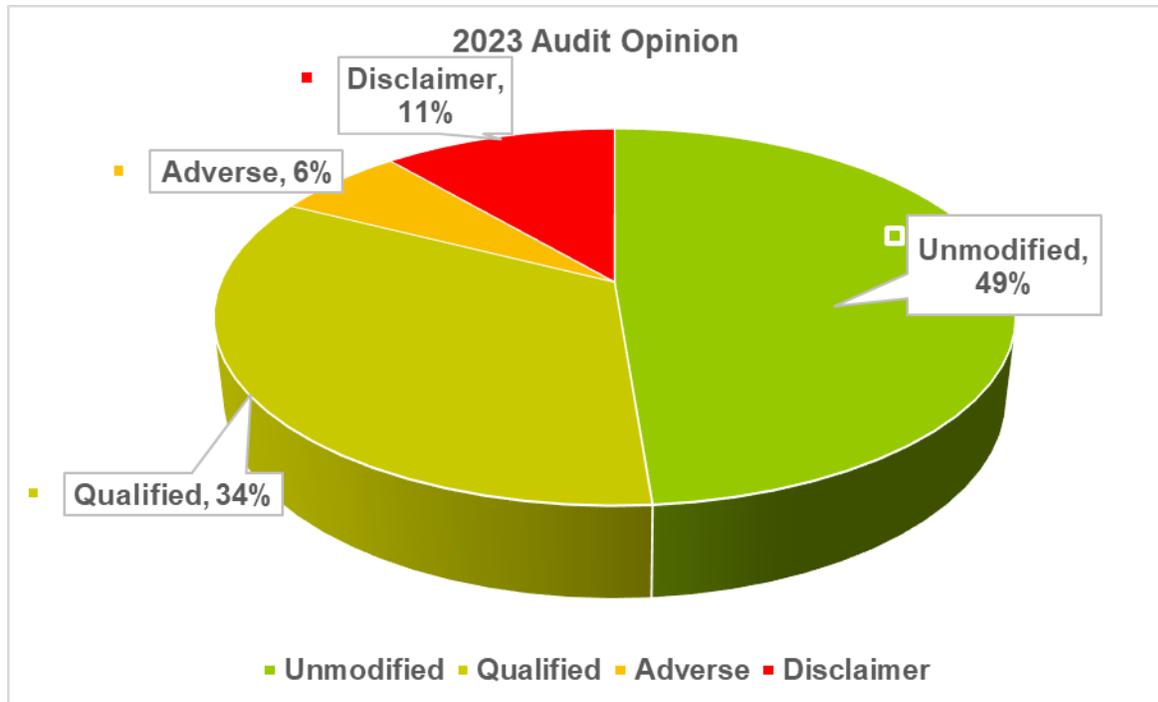
AUDIT OPINION

I conducted my statutory audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). The principal objective of my audit procedures is to enable me to express an opinion on the truth and fairness of the financial statements submitted by Ministries, Commissions and Funds. An audit opinion is based on the concept of reasonable assurance. It is not a guarantee that the financial statements are free of misstatements. Where I have issued an unmodified / clean, qualified and adverse opinion, I believe that the audit evidence I have obtained is sufficient and appropriate to provide the basis for my opinion of the respective financial statements. Where an entity received a disclaimer of opinion its merely because I was unable to obtain sufficient and appropriate audit evidence to express an opinion.

A total of eighty (80) financial statements are included in this report. The audit opinions on the financial statements are shown on the table and pie chart below:

Summary of Audit Opinion

| Opinion Issued | Number of Financial Statements | Percentage % |
|-------------------|--------------------------------|--------------|
| Unmodified/ Clean | 39 | 49% |
| Qualified | 27 | 34% |
| Adverse | 5 | 6% |
| Disclaimer | 9 | 11% |
| Total | 80 | 100% |



Types of Opinions

Clean/Unmodified- The financial statements contain no material misstatements.

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

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

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

Annexure C 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*].

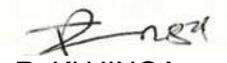
Ministries and Commissions are required to submit their financial statements by January 31, and supporting statements by February 28 of each year. However, some of the financial statements were not submitted for audit on time, hence they are not included in my report. At the time of concluding this report in June 2024, audits of other forty-six (46) financial statements were in progress whilst fifty-eight (58) financial statements had not been submitted for audit. Refer to **Annexure D** for details.

ACKNOWLEDGEMENTS

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

Finally, I extend my sincere appreciation to management and staff for their continued commitment and dedication to duty.

HARARE
June 24, 2024



R. KUJINGA
ACTING AUDITOR-GENERAL

EXECUTIVE SUMMARY

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

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

The financial audit seeks to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

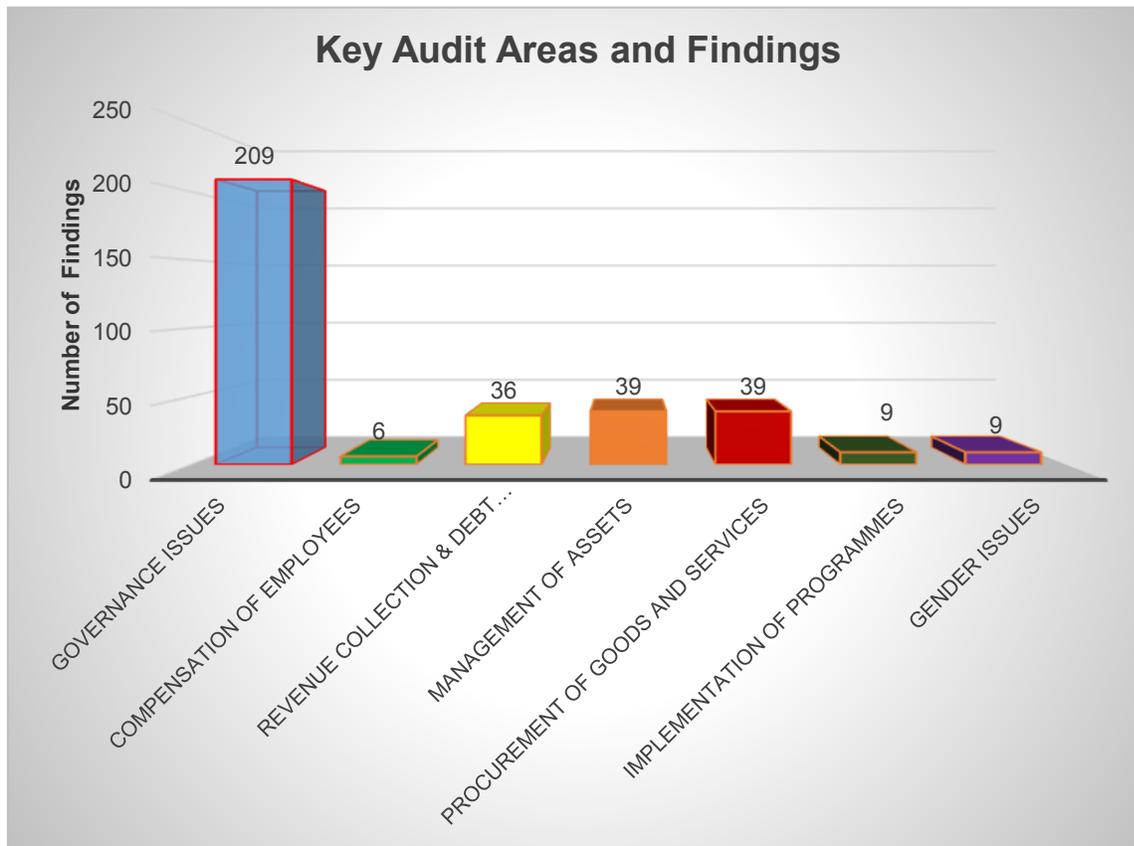
I also considered compliance with legislative provisions which directly and materially affect the financial statements and whether the provisions in the applicable laws, rules, regulations and instructions issued by a competent authority were complied with.

My report highlights, the key audit findings, risks and recommendations. These findings were communicated to and discussed with management and those charged with governance. The findings were classified under the following headings: governance issues, revenue collection and debt management, compensation of employees, procurement of goods and services, management of assets and gender issues. However, there were seven (7) Ministries which did not respond to other findings raised.

My audit also included an evaluation of the implementation of planned programmes by the various entities to assess the achievement of the national strategies as outlined in the National Development Strategy 1 (NDS 1).

I evaluated the actions taken and determined the extent to which prior year audit findings had been addressed. Those charged with governance in the various institutions are urged to pay attention to matters raised herein, so as to improve public sector transparency, accountability, good corporate governance and service delivery.

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



1. Budget Utilisation and Budgetary Control

The initial 2023 Voted funds as per the Appropriation (2023) Act, 2022 for the twenty- three (23) Appropriation Accounts and Commissions included in this report was ZWL\$2,4 trillion. Unallocated Reserve Transfers subsequently made to these votes amounted to ZWL\$8,2 trillion. The budget allocation for Constitutional and Statutory Appropriations was ZWL\$1,4 trillion. This resulted in a total budget allocation of ZWL\$12 trillion against the respective Budget of ZWL\$2,7 trillion approved by Parliament for the twenty-three (23) Votes.

Total budget utilisation was ZWL\$11,2 trillion. Underutilisation of the budget was mainly due to cash flow challenges. Consequently, this affected the achievement of some programme targets and service delivery by the Ministries and Commissions. Refer to **Annexure E** for details.

In 2022, Treasury disbursed Unallocated Reserve transfers to line Ministries amounting to ZWL\$624 billion against the total approved budget estimates of ZWL\$90 billion resulting in unauthorised excess expenditure of ZWL\$534 billion. This issue recurred in 2023 as the Unallocated Reserve Transfers more than doubled the initial voted funds by ZWL\$6,5 trillion (241%) for the twenty-three (23) Ministries in this report. There was no evidence that Treasury sought prior approval from Parliament to incur additional expenditure as required by Section 307 of the Constitution of Zimbabwe Amendment (No 20) Act 2013.

2. Direct Payments

In 2023, Treasury paid directly to suppliers a total amount of ZWL\$34 billion (US\$277 million) on behalf of Ministries. However, the payments were not processed through the Public Financial Management System to ensure accountability and accuracy of the financial statements. Section 13 (1) of the Public Finance Management (Treasury Instructions), 2019 requires all payments to be processed through the PFMS. The Ministries requested Treasury to regularize the direct payments in the PFMS. However, the anomaly had not been addressed at the time of concluding the audit in June 2024. The total expenditure disclosed in the PFMS and Appropriation Accounts was therefore, understated. Treasury should ensure that direct payments are processed through the PFMS so that MDAs account and report for the payments.

3. Arrear Payments

Twenty-seven (27) Ministries and Commissions (twenty-three (23) in this report and four (4) whose audits are in progress) had arrear payments of ZWL\$2,9 trillion, US\$557 million, R733 058, Euro 80 695 and Swiss Francs 118 717. On the other hand, six (6) Ministries, did not submit their arrear payments returns for audit. There was no evidence that the Ministries periodically reported to Treasury their outstanding payments to enable funding arrangements to be made. The arrear payments as at December 31, 2023 were more than 50% of the 2023 National budget of ZWL\$4,4 trillion. The accumulation of arrears if left unattended, erodes the budget of the subsequent year and negatively impacts on Government service delivery and reputation. There is need to control expenditure and operate within the budgets so that at the end of the year, no payments remain outstanding as this would become a huge obligation on the fiscus. Refer to **Annexure F**.

4. Expenditure not Adequately Supported

Expenditure amounting to ZWL\$967 billion and US\$10 million was incurred by thirteen (13) Ministries, Commissions and Funds without adequate supporting documents. The expenditure was in respect of investments made, procurement of motor vehicles, conference costs, goods and services and transfers to other institutions. Inadequate supporting documents for expenditure undermined the reliability of the financial records as confirmation of the amounts paid, ownership and quantity of goods received could not be verified with certainty. Refer to **Annexure G**.

5. Sub-Paymaster General's Account Reconciliations (Government Paying Accounts)

There were variances totalling ZWL\$100 billion between expenditure amounts reflected in the Sub-Paymaster General Accounts of ZWL\$2,9 trillion and the Appropriation Account amount of ZWL\$2,8 trillion. The Ministries did not produce reconciliation statements to address the variances noted. Refer to **Annexure H**.

6. Processing of Financial Transactions Outside the Public Financial Management System (PFMS)

To ensure transparency, accountability, and consistency, Ministries and Fund Accounts are required by Section 13 (2) of the Public Finance Management (Treasury Instructions), 2019 to process their financial transactions through the PFMS. A number of Fund Accounts, however,

deviated from this requirement by processing transactions outside the PFMS using manual systems, as a result the internal controls in place were compromised. The expenditure incurred outside the system is in some cases not incorporated in the reported expenditure. Manual accounting systems are prone to errors and omissions. There is need to roll out and utilise PFMS on all accounting points to ensure that expenditure is captured and monitored effectively.

7. Underutilisation of Allocated Funds

A total of ZWL\$10,3 billion was allocated towards projects aimed at promoting the wellbeing and protection of older persons, children living or working in the streets, vulnerable households and Basic Education Assistance Module (BEAM). The funds were not utilised due to absence of an effective mechanism to identify beneficiaries and non-reimbursement of funds utilised to meet Parent Ministry expenditures. The funds were held in different Funds bank accounts at year end. Disbursement of funds from Treasury towards year end also affected utilisation of the funds as there was limited time within which payments could be processed.

There is need for regular monitoring of project implementation to ensure successful execution of Government initiatives. Timely disbursement of funds by the Treasury is essential to ensure that planned activities especially for the vulnerable groups are implemented.

8. Non-Submission of Financial Statements and Record Maintenance

The issue of non-preparation of financial statements across Government was prevalent especially in schools and tertiary institutions.

Furthermore, maintenance of accounting ledgers and availing of supporting documents such as bank statements, invoices and receipts for audit remains a challenge. Continuous capacitation of accounting personnel in Ministries and Constituency Development Fund committees and strengthening of monitoring mechanisms across Government should be given priority. Treasury needs to invoke provisions of the PFM Act [*Chapter 22:19*] on MDAs that have not been maintaining financial records and submitting financial statements.

9. Procurement of Motor Vehicles and Other Assets

Government procured a number of vehicles through different suppliers. However, the tender documents, procurement contracts, invoices, payment vouchers, delivery notes and issue vouchers were in some cases not availed for audit. In other instances, the suppliers missed the delivery dates, breached the contracts by not delivering the agreed number of vehicles and varied the approved model of motor vehicles. As a result, issues of ownership, purchase price, the total amount paid, the number of motor vehicles ordered and delivered could not be verified. I also noted that contract monitoring was not effectively done as provisions of the contract on non-performance by the supplier were not invoked.

A total of three (3) buses, sixty (60) motor vehicles, one hundred and sixty-seven (167), laptops and various office furniture paid for between 2020 and 2023 had not been delivered at the time of concluding this report in June 2024. Advance payments of ZWL\$1,7 billion and US\$2,3 million were made in procurement of these goods. Therefore, expenditure was incurred on goods and services not delivered resulting in an improper charge against public funds. There is risk of excessive contract price variations if payments and deliveries are not made within the agreed

contract period. Service delivery was also compromised as the assets are tools of trade required for the well-functioning of Ministries. Refer to **Annexure I**.

10. Management of Assets and Government Properties

The issue of maintenance of Assets registers remains a challenge in Ministries and their respective Fund Accounts. In some instances, Assets registers were not in place, had incorrect quantities recorded, did not have serial numbers, date of purchase and location to facilitate identification of the assets. Furthermore, some tractors, motor vehicles, generators and immovable properties were not recorded in the Assets registers. This resulted in incomplete records. On the other hand, confirmation of physical existence of some motor vehicles could not be done as there was no documentary evidence of the custodian. Ministries are urged to maintain and update Assets registers to guard against loss of state property and ensure smooth transition to IPSAS financial reporting framework.

A total of 173 070 litres of diesel and 2 015 litres of petrol were not recorded in the fuel registers. In addition, 3 620 litres of diesel were not accounted for whilst 1 500 litres of petrol were reported to have been stolen. Non-maintenance of up to date fuel registers could result in misappropriation of fuel.

Buildings meant for accommodation of staff and storage of goods had cracks and required rehabilitation. Regular inspection and maintenance of government buildings is required as this ensures safety and prevents defects from escalating into major and costly repairs.

11. Risk Management and Disaster Recovery Plan

Twelve (12) Ministries and Commissions did not conduct risk assessments to identify and manage business and financial risks for the year under review. Disaster Recovery Plans (DRPs) to enable entities to continue offering critical services in the event of disruption were also not in place.

12. Revenue Collection and Debt Management

Revenue inflows remained low in 2023. The outstanding revenue from various debtors amounted to ZWL\$ 7,5 billion and US\$ 3 090. Refer to **Annexure J**. Adequate steps and strategies were not being taken to collect revenue and recover outstanding debts. Employees and beneficiaries of Government services are urged to repay loans and monies advanced to them as this impacts on sustainability of Government's services. Government should also monitor and disclose investments made in various companies and any dividends paid should be deposited in the Sub-Exchequer Account.

13. Implementation of Programmes and Service Delivery

The Programme Based Budgeting has assisted Ministries and Commissions to effectively implement programmes aligned to their mandates and NDS1 objectives. However, there is need for continuous monitoring and prioritisation of projects to ensure that they are completed on time using the available resources. In addition, internal controls over the distribution of agriculture inputs and equipment should be reviewed and strengthened to ensure correct identification of beneficiaries.

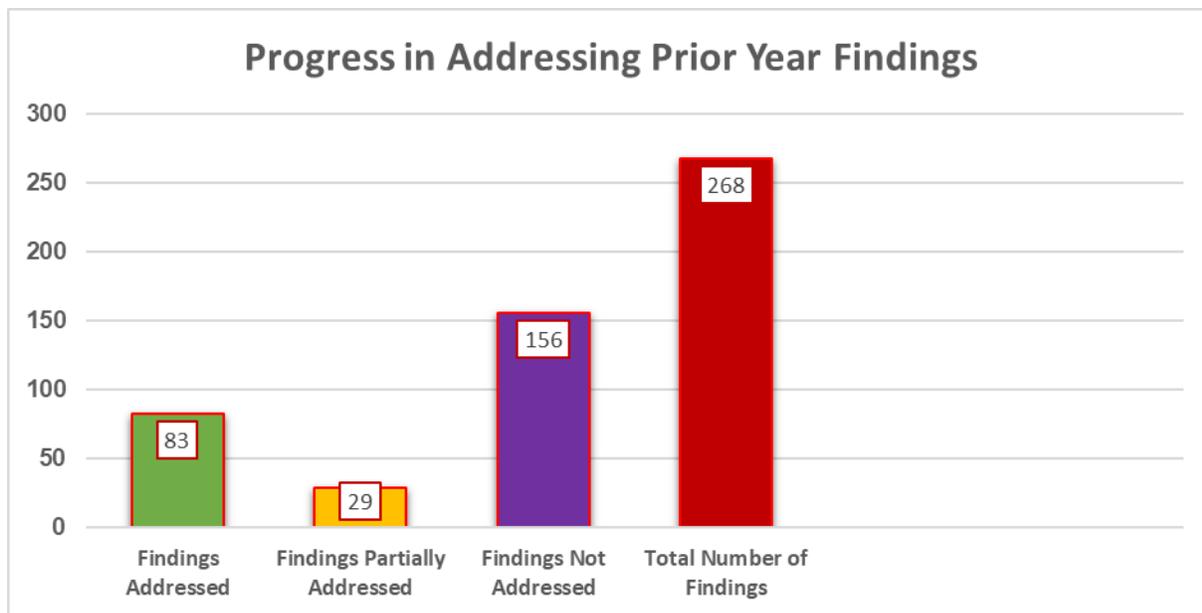
Government should also undertake a mid-term review of programme planned activities, targets, performance measures and indicators so that consideration of changes brought about by merging and demerging of Ministries and other factors can be made.

14. Gender Issues

Gender mainstreaming has been recognised as a cross-cutting issue in all sectors of the economy in the NDS1. Consequently, Ministries and Commissions are expected to institutionalise gender issues by developing gender policies, gender responsive budgets and putting in place gender supporting structures. There is need to review the National Gender Policy to guide entities to develop gender policy and strategies.

15. Progress in Addressing Prior Year Audit Findings

I would like to acknowledge the Ministries which have taken steps to address my findings. Out of the 268 audit findings raised during the 2022 financial year, 83 (31%) were addressed, 29 (11%) were partially addressed and 156 (58%) were yet to be addressed. The progress made is graphically shown below:



**APPROPRIATION ACCOUNTS,
FINANCE AND REVENUE
STATEMENTS
AND
FUND ACCOUNTS**

SUMMARY OF CONTENTS

| | Page |
|---|------------|
| VOTE 1. - OFFICE OF THE PRESIDENT AND CABINET..... | 1 |
| District Development Fund 2022 | 1 |
| State Enterprise Restructuring Agency 2022..... | 5 |
| VOTE 2.- PARLIAMENT OF ZIMBABWE | 7 |
| Appropriation Account 2022 | 7 |
| Constituency Development Fund 2018-2021 | 13 |
| VOTE 3. - PUBLIC SERVICE, LABOUR AND SOCIAL WELFARE | 23 |
| Appropriation Account 2023 | 23 |
| Child Welfare Fund 2022..... | 30 |
| Children on the Streets Fund 2022..... | 33 |
| Community Recovery Fund 2022 | 35 |
| Disabled Persons Fund 2022 | 38 |
| Older Persons Fund 2022 | 40 |
| Sustainable Livelihoods Fund 2022..... | 42 |
| VOTE 4. - DEFENCE AND WAR VETERANS AFFAIRS | 46 |
| Appropriation Account 2022 | 46 |
| VOTE 5. - FINANCE AND ECONOMIC DEVELOPMENT | 51 |
| Appropriation Account 2022 | 51 |
| Public Financial Management System 2022..... | 56 |
| VOTE 7.- INDUSTRY AND COMMERCE | 66 |
| Appropriation Account 2023 | 66 |
| Standards Development Fund 2022..... | 71 |
| VOTE 8.- LANDS, AGRICULTURE, FISHERIES, WATER AND RURAL DEVELOPMENT | 75 |
| Appropriation Account 2023 | 75 |
| Lands Compensation Fund 2022 | 84 |
| Lands and Resettlement Fund 2022..... | 87 |
| Pig Levy Fund 2022..... | 90 |
| VOTE 9.- MINES AND MINING DEVELOPMENT | 92 |
| Appropriation Account 2023 | 92 |
| Special Gold Unit Fund 2022..... | 98 |
| VOTE 10.-ENVIRONMENT, CLIMATE, TOURISM AND HOSPITALITY INDUSTRY | 100 |
| Appropriation Account 2023 | 100 |
| VOTE 11.-TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT..... | 106 |
| Department of Roads Fund 2021 | 106 |
| VOTE 12.-FOREIGN AFFAIRS AND INTERNATIONAL TRADE | 108 |
| Appropriation Account 2023..... | 108 |
| VOTE 14.-HEALTH AND CHILD CARE | 118 |
| Appropriation Account 2023 | 118 |
| Health Services Fund 2022 | 133 |
| VOTE 15.-PRIMARY AND SECONDARY EDUCATION | 144 |
| Appropriation Account 2023 | 144 |
| School Services Fund 2022..... | 153 |
| VOTE 16.-HIGHER AND TERTIARY EDUCATION, SCIENCE AND TECHNOLOGY DEVELOPMENT | 163 |
| Amenities Fund 2019, 2020 and 2021..... | 163 |
| National Education and Training Fund 2020 and 2021..... | 173 |
| Industrial Training and Trade Testing Fund 2019..... | 179 |

| | |
|--|------------|
| Skilled Manpower Trade Testing and Certification Fund 2020-2021 | 191 |
| VOTE 17.-WOMEN AFFAIRS, COMMUNITY, SMALL AND MEDIUM ENTERPRISES | |
| DEVELOPMENT | 207 |
| Appropriation Account 2023 | 207 |
| Women's Development Fund 2021 and 2022 | 210 |
| VOTE 18.-HOME AFFAIRS AND CULTURAL HERITAGE | 214 |
| Appropriation Account 2023 | 214 |
| National Archives Retention Fund 2018-2020 | 226 |
| VOTE 19.-JUSTICE, LEGAL AND PARLIAMENTARY AFFAIRS..... | 229 |
| Appropriation Account 2023 | 229 |
| VOTE 19.-JUSTICE, LEGAL AND PARLIAMENTARY AFFAIRS..... | 240 |
| Appropriation Account 2022 | 240 |
| Guardian's Fund 2021 and 2022 | 263 |
| VOTE 20.-INFORMATION, PUBLICITY AND BROADCASTING SERVICES | 266 |
| Appropriation Account 2023 | 266 |
| VOTE 21.-YOUTH, SPORT, ARTS AND RECREATION..... | 271 |
| Appropriation Account 2023 | 271 |
| Youth Development and Employment Creation Fund 2019..... | 276 |
| VOTE 22.-ENERGY AND POWER DEVELOPMENT | 282 |
| Appropriation Account 2023 | 282 |
| VOTE 24.-NATIONAL HOUSING AND SOCIAL AMENITIES | 288 |
| Appropriation Account 2023 | 288 |
| Civil Service Housing Loan Fund 2020-2022 | 293 |
| Housing and Guarantee Fund 2021-2022 | 296 |
| National Housing Fund 2022 | 300 |
| VOTE 25.-JUDICIAL SERVICE COMMISSION | 303 |
| Appropriation Account 2023 | 303 |
| VOTE 26.-PUBLIC SERVICE COMMISSION | 306 |
| Appropriation Account 2023 | 306 |
| Government Employee Mutual Savings Fund 2021 | 309 |
| Skills Attraction, Retention and Development Fund 2021 and 2022..... | 311 |
| Public Service Training Centres Amenities Fund 2022..... | 313 |
| Zimbabwe Civil Service Funeral Assistance Fund 2022..... | 316 |
| VOTE 28.-ZIMBABWE HUMAN RIGHTS COMMISSION..... | 318 |
| Appropriation Account 2023 | 318 |
| VOTE 29.-NATIONAL PEACE AND RECONCILIATION COMMISSION | 321 |
| Appropriation Account 2023 | 321 |
| VOTE 30.-NATIONAL PROSECUTING AUTHORITY | 323 |
| Appropriation Account 2023 | 323 |
| VOTE 33.-ZIMBABWE GENDER COMMISSION | 331 |
| Appropriation Account 2023 | 331 |
| VOTE 34.-ZIMBABWE LAND COMMISSION..... | 333 |
| Appropriation Account 2023 | 333 |
| ANNEXURES | 337 |
| Annexure A..... | 338 |
| Annexure B..... | 339 |
| Annexure C | 340 |
| Annexure D..... | 347 |
| Annexure E..... | 353 |
| Annexure F..... | 356 |
| Annexure G | 358 |

| | |
|------------------|-----|
| Annexure H | 359 |
| Annexure I | 360 |
| Annexure J | 362 |

VOTE 1. - OFFICE OF THE PRESIDENT AND CABINET

DISTRICT DEVELOPMENT FUND 2022

Objective of the Fund

The main objective of this Fund is to develop Communal Lands, Resettlement and such other development areas as may be declared by the Minister. The Fund's budget is approved by Parliament.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|---------------------------|
| Income | 15 992 011 523 |
| Expenditure | 14 934 255 104 |
| Surplus | ZWL\$1 057 756 419 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|---------------------|---------------------------|---------------------------|
| Non-Current Assets | 4 058 950 441 | - |
| Accumulated Fund | - | 1 707 415 479 |
| Revaluation Surplus | - | 2 303 757 235 |
| Current | 4 466 304 014 | 4 514 081 741 |
| Total | ZWL\$8 525 254 455 | ZWL\$8 525 254 455 |

I have audited the financial statements of the District Development Fund, for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the District Development Fund as at December 31, 2022 and its financial performance and 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 Fuel Management and Recordings

Finding

There was no evidence that the fuel register was being reviewed by a senior officer. As a result, a total of 132 980 litres of diesel and 1 000 litres of petrol worth ZWL\$162 824 658 were not recorded in the fuel register. Section 7 (ii) of the Fund's Accounting Procedure Manual 2018 requires that fuel purchased and received at a station shall be recorded in the fuel register.

Risk/Implication

Failure to record, update and carryout independent checks on the fuel register may lead to errors and omissions going through undetected.

Recommendations

All fuel received should be recorded in the fuel register as required by Section 7(ii) of the Fund's Accounting Procedure Manual 2018 and the register should be reviewed regularly by a senior officer so that anomalies are corrected timeously.

Management Response

The observation is noted. The Director responsible for administration will constantly check the fuel register and endorse accordingly in the register. The Director General will also check the withdrawals and confirm if he is agreeable to the distribution.

1.2 Payment of Utilities

Findings

Marondera District Office occupies a building belonging to ZB Building Society under a lease agreement. However, the Fund was not up to date with its rental payments as per the lease agreement. According to the rent statement balance dated December 31, 2022 the Fund had rent arrears amounting to ZWL\$2 214 037.

In addition, according to the lease agreement, the Fund was responsible for the payment of all water consumed at or in respect of the leased premises. The district office did not make any payment in 2022 in respect of water bills and other related charges.

Risk/Implication

The District Office may be evicted over rent arrears.

Recommendation

The Fund should ensure that all payables are cleared.

Management Response

The observation is highly noted and appreciated as timeous settlement of bills also keeps the name of the Fund in good repute.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Recovery of Accounts Receivable

Finding

There was no evidence that the Fund made regular follow ups on outstanding amounts, as a result, Accounts Receivable increased by ZWL\$1 085 825 467 from ZWL\$18 098 611 in 2021 to ZWL\$1 103 924 078 for the year under review. Section 49 (2) of Public Finance Management (Treasury Instructions), 2019 requires officers to take adequate steps to collect any sums due to the Government.

Risk/Implication

Failure to timeously recover outstanding amounts may lead to loss of revenue due to lapse of time.

Recommendation

The Fund should take measures to recover the amounts owed timeously.

Management Response

The observation is noted. At the time of audit, the Fund could not provide audit with its 2023 ledgers due to migration from IFRS to IPSAS. The 2023 ledgers would show the movement in the Accounts Receivables from 2022 closing balances as expected by audit.

Evaluation of Management Response

At the time of concluding the audit, the system showed no evidence that debts were being cleared.

3. MANAGEMENT OF ASSETS

3.1 Maintenance of Buildings

Findings

My visit to Goromonzi and Hwedza Districts showed that the District Stores and workshops were in a state of dilapidation and on the verge of collapsing. The buildings had developed huge cracks. Goromonzi District Stores, Chombira workshop and Manhenga base camp did not have roofs, doors, and windows. Management indicated that during the last rainy season, the roofs were blown away by wind.

In addition, staff houses in Goromonzi, Murehwa, Seke, and Hwedza districts were in a deplorable state. There was no evidence that the properties were regularly inspected to assess their state so that appropriate maintenance could be taken. This was contrary to the requirements of provisions of Section 42(1) (a) of the Public Finance Management Act [Chapter 22:19] which requires that the Accounting Authority of a public entity exercise the utmost care to ensure reasonable protection of the assets and records of the public entity.

Risk/Implication

In the event of the buildings collapsing human life and assets could be lost.

Recommendation

Regular inspections of the properties should be carried out and necessary repairs made before lives and valuable assets are lost.

Management Response

The observations and recommendations have been noted. Inspections of properties was done and requests for materials to repair were sent to head office.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

4.1 Valuation of Property, Plant and Equipment

The issue was addressed as the Fund revalued its property, plant and equipment and a revaluation certificate was availed.

4.2 Fuel Management and Recording

The Fund did not address the audit finding and the issue was raised again on paragraph 1.1 above.

4.3 Recovery of Accounts Receivable

The audit recommendation on recovery of outstanding amounts was not implemented and the issue was raised on paragraph 2.1 above.

4.4 Disposal of Obsolete Spares

The audit recommendation was partly implemented as the Fund was in the process of disposing redundant assets and spares at the time of concluding the 2022 audit.

4.5 Recording and Custody of Fuel at Midlands Provincial Stores

The audit recommendation was implemented as the Fund purchased a digital pump and a digital flow meter.

STATE ENTERPRISE RESTRUCTURING AGENCY 2022

Objective of the Agency

The Agency was established to lead and manage the privatization programme, with a broadened mandate of commercialization and restructuring of public enterprises.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|------------------------|
| Income | 143 925 384 |
| Expenditure | 115 641 232 |
| Surplus | ZWL\$28 284 152 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|--------------------|------------------------|------------------------|
| Non-Current Assets | 4 424 790 | - |
| Current | 43 245 764 | 11 623 777 |
| Accumulated Fund | - | 36 046 777 |
| Total | ZWL\$47 670 554 | ZWL\$47 670 554 |

I have audited the financial statements of the State Enterprise Restructuring Agency for the year ended December 31, 2022, and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the State Enterprise Restructuring Agency as at December 31, 2022 and its financial performance and 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 Supporting Documents

Finding

Expenditure amounting to ZWL\$10 157 018 was processed without supporting documents such as requisitions, receipts and Goods Received Notes (GRN). Section 59 (14) of the Public Finance Management (Treasury Instructions), 2019 requires such documents to be attached to a payment voucher before it is submitted for payment. Consequently, I could not verify whether the entity received the goods and was invoiced for the correct quantity and quality of goods.

Risk/Implication

Failure to adequately support payment vouchers may result in an improper charge to public resources.

Recommendation

The Agency should ensure that all payment vouchers are adequately supported by documents such as requisitions, receipts, invoices and goods received notes.

Management Response

The observation has been noted. The Agency will ensure that all the payment vouchers are adequately supported in future.

VOTE 2.- PARLIAMENT OF ZIMBABWE

APPROPRIATION ACCOUNT 2022

Mandate

The Parliament of Zimbabwe has a constitutional mandate 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.

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

| Original Budget ZWL\$ | Supplementary Budget ZWL\$ | Total Budget ZWL\$ | Expenditure ZWL\$ | Net Underspending ZWL\$ |
|---|--|------------------------------|-----------------------------|---|
| \$14 615 082 000 | \$15 000 000 000 | \$29 615 082 000 | \$24 862 489 010 | \$ 4 752 592 990 |
| Constitutional and Statutory Appropriation | | | | |
| \$12 778 000 | \$11 400 000 | \$24 178 000 | \$20 998 330 | \$3 179 670 |

I have audited the financial statements of the Parliament of Zimbabwe for the year ended December 31, 2022 and I issued a qualified opinion.

Qualified Opinion

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

Basis for Qualified Opinion

(i) Sub-Paymaster's General Account Reconciliations

Finding

The Public Financial Management System (PFMS) report had total expenditure of ZWL\$22 298 985 107 whilst the Sub-Paymaster General's Account (PMG) had total expenditure of ZWL\$15 488 440 833 resulting in a variance of ZWL\$6 810 544 274. Of this variance ZWL\$3 256 006 025 was reconciled leaving a balance of ZWL\$3 554 538 249 unreconciled at the time of concluding my audit on June 30, 2023. In the absence of a reconciliation, the accuracy of the financial information disclosed in the Appropriation Account could not be validated.

Risk/Implication

Failure to perform reconciliations may result in misstatement of the financial statements.

Recommendation

Management should ensure that reconciliations are performed and variances investigated before the preparation of annual financial statements.

Management Response

The main cause of the difference relates to transactions that were recorded in the 2022 fiscal year, yet monies were only processed in the first few days of January 2023.

The differences were also due to the US\$ portion of Compensation of Employees which was recorded in the PFMS expenditure but was not paid through the Sub-PMG Bank Account.

Furthermore, a stage payment for construction work was paid on our behalf by Treasury without the amount being recorded in the PFMS expenditure. However, the Ministry is still investigating the remaining ZWL\$3 554 538 249.

(ii) Unallocated Reserve Transfers

Finding

Records from Treasury revealed that the Parliament of Zimbabwe received unallocated reserves of ZWL\$1 001 946 040. However, Parliament's records had a nil balance. There was no evidence of correspondence and follow-up by Parliament to ensure that records agreed with those at Treasury. As a result, I could not confirm with accuracy the total amount of unallocated reserves received by Parliament for the year ending December 31, 2022.

Risk/Implication

Financial statements could be misstated if reconciliations are not done.

Recommendation

Management should follow up with Treasury and reconcile the variances between the figures to avoid misstatement of the Appropriation Account.

Management Response

Treasury initially supported Parliament expenditure through releases from Unallocated Reserves. These were reversed and supported by the Supplementary Budget. Correspondence from Treasury has been availed for audit.

Evaluation of Management Response

There was no evidence provided that reversals were done.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Submission of Revenue Statements, Supporting Statements and Returns

Findings

The following statements and returns were not submitted for audit contrary to the requirements of Treasury Circular Number 1 of 2023: -

- i. Statement of reconciliations between the Consolidated Revenue Fund-Main PMG Account and the Sub PMG Account transactions

ii. Statement of Revenue Transactions Reconciliations between Sub Exchequer Account and Consolidated Revenue Fund-Main Exchequer Account Transactions

As a result, incomplete financial statements were submitted for audit and I could not confirm with accuracy the information in the Appropriation Account and the supporting statements and returns.

Furthermore, the Sub-Exchequer Account reconciliation statement submitted for audit had an incorrect format and did not include bank charges, resulting in an overstatement of revenue received and incorrect disclosure. This was contrary to the format prescribed by Treasury Circular No. 1 of 2023.

Risks/Implications

Accountability is compromised in the absence of key financial statements.

Financial statements are submitted for audit may be incomplete.

Inappropriate decisions could be made from inaccurate information.

Recommendation

Management should ensure that the statements and returns are prepared and submitted for audit in compliance with the regulations.

Management Response

The outstanding returns have now been submitted for audit. The Consolidated Revenue Fund (CRF) is the prerogative of Treasury.

Evaluation of Management Response

The resubmitted Sub-Exchequer Account Reconciliation did not reconcile with the Statement of Receipts and Disbursements on transfers to the Main Exchequer and total collections.

Treasury Circular Number 1 of 2023 requires reconciliation of balances of related statements to be done.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Procurement Procedures

Findings

Procurement of goods and services and construction works valued at ZWL\$92 247 705 (US\$372 260) was done using three quotations instead of inviting bidders contrary to Section 10(2) of the Public Procurement and Disposal of Public Assets (PPDPA) (General) (Amendment) Regulations, 2020 (No.2) which requires purchases above US\$10 000 to go for tender. Table Below refers:

Procurement done without following procedures

| Document Number | Amount ZWL\$ | Equivalent Amount US\$ | Remarks |
|----------------------------------|------------------------|------------------------------|--|
| 5105662026 Construction works | 38 728 991 | 116 144 | Amount exceeds US\$20 000 threshold |
| 5105636604 Goods and Services | 7 177 500 | 57 874 | Amount exceeds US\$10 000 threshold |
| 5105640758 Goods and Services | 10 367 760 | 72 795 | Amount exceeds US\$10 000 threshold |
| 5105636605 Goods and Services | 17 374 200 | 60 587 | Amount exceeds US\$10 000 threshold |
| 5105638219 Goods and Services | 18 599 254 | 64 859 | Amount exceeds US\$10 000 threshold |
| Total | ZWL\$92 247 705 | US\$372 260 | |

The conversion rate was the ruling rate at the date of payment.

Furthermore, fifteen (15) transactions amounting to ZWL\$49 862 823 (US\$74 263) which were below the US\$10 000 threshold each, were procured without sourcing three quotations in contravention of Section 10 (2) of the PPDPA Act [*Chapter 22:23*], which requires three quotations to be sourced.

I also noted that direct procurement was done for hotel services during the year under review. However, there was no evidence of approval from the Procurement Regulatory Authority of Zimbabwe (PRAZ) contrary to Section 30 (2) of the PPDPA Act [*Chapter 22:23*],

Risk/Implication

Failure to invite bids or source for quotations restricts competition and may result in uneconomic procurement.

Recommendation

Management should ensure that procurement transactions are in compliance with the provisions of the PPDPA Act [*Chapter 22:23*],

Management Response

The suppliers were preferred due to artistic and qualitative reasons as highlighted in Section 33 (2) (b) of the PPDPA [*Chapter 22:23*].

Evaluation of Management Response

When choices are being made, they should still be in compliance with regulations.

2.2 Non-Delivery of Procured Motor Vehicles

Finding

Parliament of Zimbabwe made a payment amounting to ZWL\$71 195 687 on March 22, 2022, towards the procurement of one 60-seater bus and two 30-seater buses from CMED. The buses were yet to be delivered at the time I concluded my audit on May 19, 2023.

Risk/Implication

Financial loss if vehicles are not delivered.

Recommendation

Management should monitor implementation of procurement contracts so that they are executed and completed within the specified timeframes. Any delays should be acted upon timeously.

Management Response

The payment was done through the CMED Pvt Ltd in local currency. Both suppliers of the vehicles lodged shortfall claims due to changes in exchange rates. The suppliers held on to the vehicles pending payments of the shortfalls. Treasury availed resources for the processing of the shortfall balances in the 2023 fiscal year.

2.3 Motor Vehicles Expenditure Variances

Finding

The total expenditure amount for the acquisition of two (2) motor vehicles disclosed in the financial statements was understated by ZWL\$7 941 499. The financial statements submitted for audit had a total expenditure figure of ZWL\$163 897 000, while the bank statement revealed that ZWL\$171 838 499 was paid on November 29, 2022 in respect of the same transaction. Parliament of Zimbabwe did not perform reconciliations which could have assisted in the identification of the anomaly.

Risk/Implication

The motor vehicle expenditure may be misstated if reconciliations of related records are not performed and anomalies may remain undetected.

Recommendation

Monthly reconciliations between the Sub-Paymaster-General Bank Account and the payments cashbook should be performed and any variances noted need to be cleared to enhance the accuracy of reported financial information.

Management Response

The difference was a result of the exchange rate movement.

Evaluation of Management Response

The exchange rate variation was part of the total expenditure and should have been accounted for as part of the expenditure.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Parliament of Zimbabwe did not make much progress in addressing audit findings raised in my previous audit report. Out of four (4) findings, one (1) was addressed, one (1) was partially addressed and two (2) were not addressed as indicated below:

3.1 Submission of Returns

All returns were submitted during the year under review.

3.2 Monitoring and Reporting on Implementation of Programs

The Parliament of Zimbabwe Programme based Budget Committee did not avail for audit, Monitoring and Evaluation Plans and Reports.

3.3 Procurement Procedures

The issue of complying with tender procedures and sourcing three (3) quotations was not addressed as indicated on paragraph 2.1 above.

3.4 Constituency Development Fund

The finding was partially addressed in that out of the 162 Constituencies that had not submitted evidence, 99 Constituencies submitted and 63 Constituencies remained outstanding.

CONSTITUENCY DEVELOPMENT FUND 2018-2021

Mandate

The objective of the Fund is to allocate moneys equitably to Constituencies for purposes of Constituency development and poverty eradication.

Below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Submission of Financial Statements and Reports

Findings

The Parliament of Zimbabwe did not submit financial statements for the Constituency Development Fund (CDF) for audit for the financial years 2018 to 2021. A Reconciliation Statement which showed the disbursements of funds from the Treasury to the Constituencies was submitted for audit. As a result, I could not express an opinion as such. The statement did not show the actual expenditure of the Fund. Section 14 of the Fund's Constitution requires a Balance Sheet, Income and Expenditure Statement to be prepared.

Risk/Implication

Stakeholder are not informed on the performance of the Fund in the absence of financial statements, hence transparency and accountability is compromised.

Recommendation

The financial statements should be prepared annually as per the Constitution of the Fund.

Management Response

The financial statements for the period 2018 and 2021 have now been submitted. On the submission of balance sheets kindly note that the Parliament of Zimbabwe does not own any assets in the Constituencies. Once the project is completed, it is handed over to the community by a Member of Parliament. In most cases Constituency Development Fund (CDF) projects are done in conjunction with other funds which include devolution funds, contributions from well-wishers and by the Members of Parliament in conjunction with community input.

Evaluation of Management Response

A reconciliation Statement for the period 2018 to 2021 was submitted instead of financial statements.

1.2 Reconciliations

Findings

Disbursements totalling ZWL\$16 350 490 made from CDF bank account were not disclosed on the 2019 disbursement schedule submitted for audit. In addition, disbursements a totalling ZWL\$7 535 234 disclosed on the 2019 disbursement schedule submitted for audit were not reflected on CDF bank statement for 2019. I was not availed with a reconciliation of the difference.

There was also a variance of ZWL\$22 375 489 between the expenditure figures disclosed in the 2020 disbursement schedule amounting to ZWL\$20 520 000 and the Public Financial Management System amount of ZWL\$42 895 489.

In addition, there was a variance of ZWL\$12 375 557 between CDF disbursement figures on the 2020 RBZ bank statement and the 2020 disbursement schedule submitted for audit. The bank statement revealed that a total amount of ZWL\$32 895 557 was disbursed whilst the disbursement schedule had a total amount of ZWL\$20 520 000.

I also noted a total variance of ZWL\$10 712 856 between amounts for 43 Constituencies disclosed on the 2021 CDF disbursement schedule submitted for audit and amounts reflected on the bank statement for 2021. Management cited lack of manpower as the reason for failure to perform reconciliations between amounts on the disbursement schedules and the bank statements.

Risk/Implication

Misstatements and errors may go undetected in the absence of reconciliations.

Recommendation

The Fund's Management should reconcile the figures disclosed on the 2018 to 2021 disbursement schedules to the bank statements in order to address the variances.

Management Response

The observation is noted. In 2018 CDF payments were paid through the main Sub-PMG Account since the CDF bank account was not yet operational. The amount of ZWL\$700 000 was a payment made during the 2021 financial year towards the outstanding CDF applications for the 2018 financial year.

An amount of ZWL\$16 826 207 for disbursements made from 2019 CDF bank account has now been disclosed on the 2019 financial year reconciliation statement.

The amount of ZWL\$7 535 234 disclosed on the 2019 disbursements schedule was paid during the 2021 financial year and can only be traced on the 2021 CDF bank statement. This was for 2019 outstanding CDF applications which were processed in 2021.

The amount of ZWL\$20 520 000 noted by the audit was an outstanding 2020 CDF application which was made and processed during the 2021 financial year and appeared on the 2021 CDF bank statement. The amount of ZWL\$32 895 557 relates to disbursements which were made in the 2020 financial year and was separately accounted for in the 2020 financial year reconciliation statement.

The variance of ZWL\$10 712 856 as revealed by audit emanated from 2018–2020 outstanding applications which were processed in the 2021 financial year. The reconciliation has now been done.

Evaluation of Management Response

Reconciliations for the variances of ZWL\$7 535 234 and ZWL\$12 375 557 were not availed for audit.

The reconciliation availed for the variance of ZWL\$16 350 490 had a total of ZWL\$16 826 027 leaving a variance of ZWL\$475 717 unreconciled.

1.3 Training of CDF Committee Members

Findings

CDF Committee members were not trained on the management of funds and record keeping. An audit of a primary school in Gokwe Central Constituency that received cement for brick moulding for the rehabilitation of the school, revealed that the record for cement bags received and utilised was maintained on a school writing board which could be easily erased. This was due to lack of training of Constituency Development Fund Committee members on records management and maintenance.

Furthermore, at Gokwe Sengwa Civil Registry Office there was no record of the number of cement bags received and utilised. I could not therefore, confirm with certainty the quantity of the items issued to beneficiaries. This was contrary to Section 102 (4) of the Public Finance Management (Treasury Instructions) 2019 which requires that a record be maintained to support transfer of assets from stores.

Risks/Implications

Without proper and adequate formal records maintained, accountability for the materials will be a challenge and cases of pilferage could occur without trace.

Building materials distributed and utilised may be over or under-stated in the absence of relevant records.

Recommendations

Committee members should be trained on records maintenance to enable them to keep accounting records and comply with regulations.

Registers should be maintained for goods and services received and issued.

Management Response

The Management Committee is aware of this shortcoming and reported the same to the Committee on Standing Rules and Orders seeking authority to conduct training sessions for CDF Committees. However, CDF Management Committee has now drawn a training program for CDF Committees on the maintenance of records and preparation of financial statements for acquittals as guided by the CDF Constitution and Accounting Officers Manual.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Procurement Procedures

Findings

The Fund's internal controls over procurement of goods and services in the constituencies were weak. The following instances of non-compliance with the provisions of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] were noted:

Gweru Urban and Luveve Constituencies

Audit of Gweru Urban and Luveve Constituencies revealed that procurement of goods and services amounting to ZWL\$405 238 and ZWL\$678 696 respectively, made between 2019 and 2020 was done using the direct procurement method. No justification was provided to support the choice of procurement method. This was contrary to the requirements of Section 30 (2) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Silobela Constituency

The Silobela Constituency procured borehole repairs material and installation services amounting to ZWL\$323 000 based on two (2) quotations instead of three (3) quotations. The Redcliff Constituency did not also avail updated quotations and comparative schedules for the procurement of building material relating to the 2021 CDF amounting to ZWL\$2 000 000. This was contrary to the requirements of Section 34 (1) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Vungu Constituency

I noted that in November 2020 Vungu Constituency made total payments of ZWL\$48 000 for cement transportation. However, there was no evidence such as invoices to support the procurement of cement. Section 53 (1) of the Public Finance Management (Treasury Instructions), 2019 requires all payments or transactions made to be supported by adequate documentation.

Makokoba Constituency

My audit at Makokoba Constituency also revealed that three (3) quotations were sourced from various suppliers and TCI International was selected as it was the one with the lowest cost amongst other competitors. The selected supplier revised its cost upwards by ZWL\$7 026. However, confirmation letter or invoice from the supplier requesting additional payment was not available for the auditor's review. This was in contravention of Section 53(1) of the Public Finance Management (Treasury Instructions), 2019.

The above anomalies were as a result of limited monitoring and capacitation through training of Constituencies to ensure compliance with public procurement regulations.

Risks/Implications

In the absence of justification for direct procurement it becomes impossible to verify whether value for money had been realised.

Unauthorised payments may be made in the absence of supporting documentation.

Recommendations

Parliament of Zimbabwe should provide training and awareness sessions on public procurement to CDF Committee members and should regularly monitor constituencies on compliance with procurement regulations.

The CDF Committees should provide justifications for any direct method of procurement.

Payments made should be adequately supported.

CDF Committee should provide supporting documents pertaining to the related transaction.

Management Response

Gweru Urban and Luveve Constituencies

The observations are noted. With regards to the direct payment methods made by Gweru Urban and Luveve Constituencies, the main challenge highlighted by Members of Parliament is that when CDF Committees source quotations for goods and services they do it within their localities to manage transport costs and other logistics. It is therefore possible that one supplier may have goods in stock resulting in a direct payment method.

Silobela Constituency

On the aspect of procurement of borehole repair materials by Silobela Constituency based on two (2) quotations, although Parliament encourages CDF Committees to source for three (3) quotations, in some instances there may be few service providers in certain areas hence they source locally. Also, situations have arisen where suppliers were not keen to give quotations in ZWL\$, hence forcing the CDF Committees to deal only with the few suppliers accepting ZWL\$.

Redcliff Constituency

Regarding the non-availability of quotations relating to the procurement of building materials for Redcliff Constituency for the period 2021, these have now been submitted and they are available for audit.

Vungu Constituency

The documents relating to the procurement of cement in 2020 for Vungu Constituency were submitted for audit.

Makokoba Constituency

In relation to Makokoba Constituency, the supplier complained that the Fund delayed paying for services, resulting in the company revising its cost by ZWL\$7 026, but the letter was not filed. The Committee will ensure that in future every correspondence will be attached to both our file and the acquitted file to the Management Committee.

Evaluation of Management Response

A review of bank statements, invoices and receipts submitted for Vungu Constituency revealed that there was no payment made for the procurement of cement.

2.2 Supporting Documents

Findings

I was not availed with supporting documents in the form of receipts or invoices amounting to ZWL\$38 399 relating to procurement conducted in three (3) constituencies. This was contrary to Section 59 (3) (c) of the Public Finance Management (Treasury Instructions), 2019. Below is a breakdown of payments not adequately supported:

Nyanga South Constituency

In Nyanga South Constituency made a payment of ZWL\$29 160 for the poly pipes transportation made on November 11, 2021, to Village Inn Hotel was not supported by an invoice. I could not therefore confirm the accuracy of the amount paid and whether the payment was made to the correct supplier.

Umzingwane Constituency

I also noted that in 2018 Umzingwane Constituency had payments with a total amount of ZWL\$4 095 which were not adequately supported by invoices. Out of this amount, ZWL\$1 485 was an additional payment in respect of plumbing materials as a result of price variations and ZWL\$2 610 was a payment to Mac Motors.

Mutasa Central Constituency

In addition, payments made from the Mutasa Central Constituency Development Fund for the financial year 2018 amounting to ZWL\$15 144 were not supported by invoices and receipts. This was contrary to the requirements of Section 59 (2) of the Public Finance Management (Treasury Instructions), 2019. This was caused by lack of training of CDF Committee members in Constituencies on procurement regulations.

Risks/Implications

Payments may have been made for goods and services not received by the Constituencies.

Incorrect amounts or incorrect suppliers may be paid in the absence of invoices.

Recommendations

Supporting documents should be attached to payment vouchers to ensure that correct amounts and suppliers are paid.

Parliament of Zimbabwe should provide training and awareness sessions on public procurement to CDF Committee members.

Management Response

The observations are noted. On the aspect of supporting documents for Umzingwane, the documents might have been misplaced as there was a change of staff without proper handover and takeover. For Mutasa Central, all the missing receipts can be located at Parliament as they were submitted in the Acquittal File submitted to Parliament. The missing papers/receipts were a result of filing problems due to lack of an office.

3 SERVICE DELIVERY

3.1 Fund Utilisation and Projects

Findings

My visits to twenty-eight (28) Constituencies in Manicaland, Midlands, Bulawayo and Matabeleland North Provinces revealed some commendable achievements which were made in CDF projects for construction, maintenance and repairs of boreholes, schools laboratories, clinics, dip tanks, and community libraries. However, I noted that there was no evidence of prioritisation of projects in some Constituencies as CDF Committees were embarking on more than two or three projects at the same time. As a result, new projects were commenced before earlier projects were completed.

Furthermore, at the time of my audit in September 2022, I noted that school furniture procured in 2018 was not yet in use thereby negatively impacting service delivery in the school learning environment.

Risks/Implications

There may be delays in the completion of projects thereby affecting service delivery.

The school may not benefit from the use of furniture.

Recommendation

Parliament of Zimbabwe Management Committee should monitor project prioritisation and the number of projects that are undertaken in order to ensure implementation, completion and effective service delivery.

Management Response

Prior to 2019, the CDF was still in its infancy stage and Members of Parliament were embarking on too many projects which ran the risk of being left incomplete. The Committee on Standing Rules and Orders (CSRO) directed Constituencies to prioritise unfinished projects and embark on fewer and high impact projects.

With regards to audit observation for school furniture not in use since 2020, in Mkoba Constituency and for a school constructed in Gokwe Central which is not yet completed, the CDF Management Committee has since requested progress reports with a view to making sure all unfinished projects are completed during the current financial year.

3.2 Borehole and Footbridge Construction Projects

Findings

In Makoni Central Constituency three (3) dry boreholes were sunk in 2018. There was no evidence that feasibility studies on the availability of water had been conducted before drilling was commenced. The contractor was paid in full.

Furthermore, in Makoni Central Constituency gum tree poles costing ZWL\$63 034 were purchased in 2022. Some of the poles were used for constructing a foot bridge. The school children could not use the bridge in place as the gum tree foot bridge was unsafe. Some of

the poles were swept away by rains during the rainy season. This was due to Management Committee approving work that was below standard.

Risks/Implications

Safety of the public in the area may be compromised for example drowning.

The project may end up being abandoned thus wasting resources.

Recommendations

Makoni Central Constituency CDF Committee members should engage experts to conduct feasibility studies before boreholes are sunk. The contractor should be recalled to come and sink new boreholes.

The management committee should approve the construction of bridges of a permanent nature.

Management Response

Parliament also takes note of the case of Makoni Central where three boreholes were sunk in 2018 but had never functioned. Initially, at the commencement of CDF in 2018 with regards to boreholes there was no engagement of qualified engineers to site boreholes. The CDF Management Committee from the experiences gained is now enforcing this aspect.

Evaluation of Management Response

Management did not respond to the finding on the construction of temporary bridge using gum tree poles.

3.3 Variation of Projects in Magwegwe Constituency

Finding

There was a variation between the projects proposed and what was implemented in Magwegwe constituency. Documentary review revealed that the Constituency had proposed to procure five (5) blood monitors, an electrical scale, thermometers and BP machines for Magwegwe Clinic. However, the Clinic received 1x 85 litre bin, 4x 20 litre buckets with taps and one 20 litre hand wash bucket. There was no evidence that authorisation to deviate from the approved proposed projects was sought from the Head Office.

Risk/Implication

Use of funds on unapproved activities may result in key priority areas being overlooked thereby depriving the targeted community of the service.

Recommendation

Authorisation for deviation from approved proposed projects should be sought prior to commencement of new projects.

Management Response

With regard to project deviation without authority, it is worth noting that there were isolated cases of Members of Parliament who were pressured by local communities to do other projects which were not initially planned for. For example, during Cyclone Idai, a number of schools in Manicaland and Masvingo Provinces were damaged by the torrential winds, and this necessitated deviation from approved projects to respond to urgent needs. On the variation of projects in the Magwegwe Constituency from the proposed medical equipment to personal protective equipment, this was done at the height of COVID-19 in 2020, when the need to have protective clothing and hand washing equipment at all public institutions was a requirement by health authorities. However, the CDF Management Committee will continue stressing the importance of seeking authority first before deviating from proposed projects.

3.4 Projects Implementation in Pumula and Mutare Central Constituencies

Findings

Pumula Constituency

A review of Pumula Constituency bank statement indicated that no developmental project was undertaken from March 2021 to December 2022 resulting in a total balance of ZWL\$112 658 being consumed by bank charges following the recalling of the Member of Parliament. Payments could not be processed in the absence of a Member of Parliament authorisation. There was no evidence that Parliament appointed an interim official to take over the duties of the recalled Member of Parliament. This was caused by lack of regular follow ups on quarterly progress reports from CDF Committees as per the requirements of Section 6 (1) (a) and (d) of the Constituency Development Fund's Constitution.

Mutare Central Constituency

In addition, audit visit to Chisamba Primary School in Mutare Central Constituency revealed that the school received fifty (50) bags of cement in 2018 for the construction of a school block. The cement was not utilised on time as a result it expired. The expired cement was then used to build a ridge. The school received another 215 bags of cement, four (4) window frames, six (6) door frames, a single round bar and fourteen (14) deformed bars in 2020. At the time of audit in November 2022, the materials had not been utilised and were kept in a storeroom. Out of the 215 bags some of the cement had been used to mould bricks before it expired and hardened. I noted that the Committee procured cement before they obtained approval from the Ministry of Primary and Secondary Education. This was caused by poor planning.

Risks/Implications

Failure to utilise disbursed funds delays implementation of projects.

Some building materials may become unfit for their intended purpose.

Recommendations

Follow ups on quarterly reports should be made in order to timely identify and address challenges.

Cement and other building materials should be utilised before they expire.

Management Response

Management did not respond.

3.5 Monitoring and Evaluation of CDF Projects

Finding

There was no evidence that the Management Committee at Parliament was receiving quarterly reports from Constituency Development Fund Committees. This was in contravention of Section 6 (d) of the Constitution of the Fund. This was caused by absence of follow-up by the Management Committee to ensure that CDF Committees submitted quarterly reports.

Risk/Implication

In the absence of regular monitoring, there may be delays in the completion of projects and any deviations from approved projects may not be detected and rectified on time.

Recommendation

The Management Committee should make follow-ups to ensure that Constituency Development Committees submit quarterly reports in compliance with the Constitution of the Fund.

Management Response

Management did not respond.

VOTE 3. - PUBLIC SERVICE, LABOUR AND SOCIAL WELFARE

APPROPRIATION ACCOUNT 2023

Mandate

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

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

| Original Budget | Unallocated Reserve Transfers | Total Budget | Expenditure | Net Under/ (Over) spending |
|---|-------------------------------|-------------------|-------------------|----------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$92 620 309 000 | \$93 100 841 087 | \$185 721 150 087 | \$170 938 628 513 | \$14 782 521 574 |
| Constitutional and Statutory Appropriation | | | | |
| \$89 700 000 | - | \$89 700 000 | \$473 487 965 | (\$383 787 965) |

I have audited the financial statements for the Ministry of Public Service, Labour and Social Welfare for the year ended December 31, 2023 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of the Ministry of Public Service, Labour and Social Welfare as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Payment in Arrears

Findings

The Ministry had an opening balance of ZWL\$611 119 383 on the statement of payment in arrears return. The figure rose to ZWL\$306 849 287 519 during and up to the year ended December 31, 2023.

Furthermore, expenditure owed to various Hospitals under the Health Assistance Programme in respect of Assisted Medical Treatment Orders (AMTOs) was understated. Confirmations made with Chitungwiza and Parirenyatwa Hospitals indicated that the balances owed as at December 31, 2023 were understated by ZWL\$215 370 059 and ZWL\$4 764 812 269 respectively. Masvingo was also owed ZWL\$33 255 829 while the amount for Matabeleland North province could not be ascertained as no records were availed for audit. These amounts were not included in the statement of arrears return.

Risks/Implications

The Ministry would not effectively manage creditors if these are not fully accounted for.

The statement of payments in arrears might be understated due to non-inclusion of expenditure for other provinces and hospitals.

Recommendations

The Ministry should ensure that funds are spent according to their budgeted amount.

The Ministry should conduct monthly reconciliations with referral Hospitals to ensure accuracy of creditors amount.

Management Response

It is acknowledged that the Ministry has arrears amounting to ZWL\$611 119 383 owing in respect of utilities. The bulk of the arrears owed were on Social Benefits, mainly on Basic Educational Assistance Module (BEAM), Harmonised Cash Transfer and Food Deficit Mitigation Programme. Treasury availed additional Funding through Unallocated Reserves Transfers but the actual cash did not come and Treasury directed these commitments to be reversed and the claims were carried over to 2024 financial year.

1.2 Advances from Statutory Funds

Finding

The Ministry borrowed funds amounting to ZWL\$369 807 375 from Sustainable Livelihoods Fund without Treasury concurrence. This was contrary to Section 116 (9) of the Public Finance Management (Treasury Instruction), 2019 which requires ministries to seek treasury authority when they intend to borrow funds from statutory Funds.

Risk/Implication

The Fund may fail to meet its objectives if resources are diverted to augment other activities which are not in line with its mandate.

Recommendation

The Ministry should desist from the practice of borrowing financial resources from Funds to enable them to meet their mandate.

Management Response

It is acknowledged that the Ministry had borrowed ZWL\$369 807 375 from the Sustainable Livelihood Fund as at December 31, 2023. This arose due to the need to finance certain essential commitments which could not be deferred. This happened because Treasury could not release the requisite funding but it is acknowledged that prior authority should have been sought from Treasury. However, the Ministry will desist from the practice of borrowing money from the Funds Accounts and in instances where it becomes necessary, prior Treasury authority shall be sought.

1.3 Audit Committee

Finding

The Audit Committee was not properly constituted. The Ministry did not appoint two (2) members of the Audit Committee after the posts became vacant contrary to Section 84 (3) (a) of the Public Finance Management Act [*Chapter 22:19*] which states that the Audit committee shall consist of at least three persons.

Risk/Implication

Delays in appointing members of the audit committee result in the ineffectiveness of the committee as meetings cannot be held.

Recommendation

The Ministry should appoint two (2) members of the audit committee in order to fill the vacant posts.

Management Response

It is acknowledged that the Ministry's Audit Committee had not appointed two members of the committee following the passing on of one of the members and non-attendance by another. Work to fill the vacancies is in progress.

1.4 Disaster Recovery Plan

Finding

I noted that the Ministry did not have a Disaster Recovery Plan (DRP) to enable it to continue offering critical services in the event of disruptions. This was contrary to Section 157(2)(a) of the Public Finance Management (Treasury Instructions), 2019 which states that it is the responsibility of Accounting Officers to put in place a cost-effective system of internal controls that addresses the Ministry's risks.

Risk/Implication

Data and assets may be lost in the event of a disaster without any backup services.

Recommendation

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

Management Response

It is acknowledged that the Ministry needs to have a comprehensive disaster Management Plan, the activity is being constrained by lack of resources. However, considerable work has gone into the development of such a plan. The Ministry has been minimizing risks through regular updates, staff training, and our response plan to address data breaches.

2 IMPLEMENTATION OF PROGRAMMES/ SERVICE DELIVERY

2.1 Basic Education Assistance Module (BEAM) Programme

Findings

The BEAM operational manual has not been reviewed since 2016. This was contrary to the requirements of Section 1.4 of the Operational Manual which requires the manual to be reviewed in line with changes in policies and legislation and in response to recommendations from process and impact evaluation done from time to time after every 5 years.

During the year ended December 31, 2023, the Ministry made payments to BEAM beneficiaries amounting to ZWL\$77 470 697 373. These payments were made outside the PFMS contrary to Section 13 of the Public Finance Management (Treasury Instructions), 2019. The transactions were recorded on the Microsoft Excel which did not have security features. This was caused by the absence of password to access the BEAM Management Information System (MIS) that was being used before the passing on of the administrator who was a super user and had all the passwords to the system. The Ministry failed to recover the passwords and ended up resorting to the use of Microsoft Excel.

The Ministry also took long to settle the outstanding BEAM obligations with schools and the Funds owed lost value due to inflation. Amounts owed by the Ministry for the year ended

December 31, 2022 under the programme were paid during the year ended December 31, 2023. The amount of ZWL\$278 billion was owed to various schools at the end of 2023.

On the other hand, the Ministry did not utilise ZWL\$9 773 529 855 under the BEAM Programme, depriving schools use of much needed financial resource for delivering education services to pupils.

Risks/Implications

An outdated manual might not be able to provide the guidelines required for effective management of the programme.

Data might be manipulated if processed and stored on Microsoft Excel.

The funds lost value due to hyperinflation for the period that they were being held in the bank account.

Schools could fail to deliver quality education as funds remain at the Ministry.

Schools' operations which rely on the fees paid might be affected if the Ministry continues to delay making payments for beneficiaries under the BEAM programme.

Recommendations

The Ministry should review the BEAM manual as and when necessary and at least every 5 years.

Management should ensure that an approved Accounting Software Package is used for processing payments to ensure data integrity.

The Ministry should timely disburse funds to schools for them to be able to provide education services before the funds lose value due to inflation.

Funds disbursed by Treasury for the program should be paid out to schools timeously before they lose value due to inflation.

Management Response

It is acknowledged that the BEAM operational manual has not been reviewed since 2016. However, work has already begun to review the manual to have it completed this year.

The Ministry now has its own ICT Department and it is hoped that working with the UNICEF funded administrator, the new system now being tested will go live on BEAM before year-end.

The arrears have now been partly paid using the 2024 budget, and at the current rate all the arrears will be cleared before year end

It is acknowledged that the Ministry had a balance of ZWL\$9 773 529 855 which was not utilised at year end. Audit reports by the Ministry's internal auditors revealed numerous errors by schools which necessitated validating all claims before payment to curb overpayments and this led to lengthening the payment process thus resulting in the balance remaining unutilised.

2.2 Health Assistance Programme

Finding

An examination of records for the programme revealed that the Ministry owed several health Institutions an amount of ZWL\$11 314 021 087 as at December 31, 2023 for services provided to beneficiaries of the government health facility. The amount owed to the health institutions could be more than the one indicated above as results from confirmations made with Parirenyatwa and Chitungwiza hospitals revealed an understatement of ZWL\$4 980 182 328 of their reported creditors.

Risk/Implication

Failure by the Ministry to pay outstanding amounts owed might impact negatively on the Service delivery by the institutions.

Recommendation

Management should prioritize payment of bills owed under the programme to avoid crippling the operations of various Health Institutions who offer the services.

Management Response

Management acknowledges that the Ministry owed ZWL\$11 314 021 087 to several health Institutions for services provided to beneficiaries and that the arrears could be more than that. The Ministry is doing everything possible with the current resources. The budget was exhausted before the year end.

2.3 Implementation and Monitoring of Gender Activities

Finding

The Ministry did not have a gender mainstreaming strategy to guide in the implementation of gender programs during the year ended December 31, 2023. This was contrary to the provisions of Section 23(2) of the Public Finance Management (Treasury Instructions), 2019 which states that agencies shall take actions, including legislative measures to rectify gender discrimination and imbalances resulting from past practices and policies.

Risk/Implication

Issues of Gender equality might not be addressed if the Ministry does not have a Gender Mainstreaming Strategy.

Recommendation

The Ministry should come up with a gender strategy to provide guidelines in implementation of gender programmes.

Management Response

It is acknowledged that the Ministry does not have a gender strategy in place. The gender strategy could not be developed last year due to financial constraints. However, the Ministry has budgeted for the policy this year and hopes Treasury will release the funds.

2.4 Pauper Burials

Findings

The Ministry did not comply with the requirements of Section 17(1) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] of obtaining at least three competitive quotes when procuring goods and services. This was noted on transactions pertaining to Pauper burial services. Six out of the twenty-eight transactions reviewed had no three quotations.

Review of procurement transactions also revealed a comparative schedule that had price alterations. The price for one service provider was reduced downwards below other service providers' quoted prices presumably with the objective to award the contract to that service provider. The transaction in question had a comparative schedule dated July 5, 2022 and the quotations were obtained three months after the comparative analysis had been done, on October 18, 2022. The service provider was awarded the contract to provide the services and the payment was made in March 2023.

This was contrary to the requirements of Section 67(2)(a) of the Public Finance Management (Treasury Instructions), 2019 which among other issues states that every Ministry shall have a Procurement Management Unit set up in terms of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] and whose role shall be to ensure that procurement is carried out in a manner that is transparent, fair, honest, cost-effective and competitive.

Risk/Implication

Failure to comply with procurement procedures and regulations may expose funds to misappropriation or uneconomic buying.

Recommendations

The Ministry should follow procurement procedures and regulations to avoid uneconomic buying and awarding of contracts to service providers through underhand dealings.

The Ministry should ensure that procurement of goods and services is done in a fair, economic and transparent manner.

Management Response

It is acknowledged that in some instances the Ministry did not get three quotations for providers of pauper burial services. This would have been occasioned by the need to decongest hospital mortuaries. However, it should be noted that in these instances the same suppliers of services who rendered the same after having been dully compared with other suppliers are engaged. In the future, whenever the situation allows, proper tender processes will be followed.

3. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Ministry made some progress in addressing audit findings raised in my previous audit report. Out of thirteen (13), five (5) were addressed, three (3) were partially addressed and five (5) were not addressed.

3.1 Sub- Paymaster General's Account

The audit finding has been addressed as the Ministry has submitted a reconciliation of the amount.

3.2 Risk Management and Disaster Recovery Plan

Risk assessments were carried out during the year. However, the Ministry is yet to come up with a Disaster Recovery Plan. The issue has been raised on paragraph 1.4 above.

3.3 Annual Performance Report

The finding was partially addressed as more information was incorporated in the report.

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

The issue was addressed as the Manuals were updated.

3.5 Basic Education Assistance Module (BEAM)

The finding was addressed through decentralization of BEAM applications to provinces.

3.6 School Reports and Attendance Certificates for BEAM supported children

The finding was not addressed reports are to be submitted.

3.7 Unsupported BEAM Payments

The issue was addressed as BEAM payments are now being supported.

3.8 Advances from Programmes

The finding was not addressed as the Ministry continued to borrow funds from Sustainable Livelihoods during the current year as indicated on paragraph 1.2 above.

3.9 Rentals

The implementation of the recommendation will be confirmed during field visits.

3.10 Maintenance of Asset Records

The finding will be followed during field visits to confirm the maintenance asset records at provisional offices.

3.11 Maintenance of Buildings

The finding was partially addressed as some of the properties were repaired though a lot still needs to be done.

3.12 Losses of and Damages to State Property

The finding was addressed as boards of inquiry were concluded.

3.13 Implementation and Monitoring of Gender Activities

The issue was not addressed as the gender strategy was not yet in place.

CHILD WELFARE FUND 2022

Objective of the Fund

The Fund was established for the development and promotion of the welfare and protection of children and young persons.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 486 000 000 |
| Expenditure | 284 279 490 |
| Surplus | ZWL\$201 720 510 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-------------------------|-------------------------|
| Accumulated Fund | - | 209 565 390 |
| Current | 220 471 604 | 10 906 214 |
| Total | ZWL\$220 471 604 | ZWL\$220 471 604 |

I have audited the financial statements of the Child Welfare Fund for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Child Welfare Fund as at December 31, 2022, 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 ISSUE

1.1 Advances to Parent Ministry

Finding

An amount of ZWL\$3 544 915 advanced to the Ministry in 2021 was outstanding as at December 31, 2022 and had still not been reimbursed at the time of audit on October 17, 2023. There was no evidence that prior authority had been sought from Treasury to utilise the funds through advancing the Ministry, contrary to provisions of Section 116(9) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to seek authority from Treasury before using money from Funds within their Ministries to finance Appropriation budgets.

Risk/Implication

The Fund may fail to meet its objectives if the parent Ministry does not reimburse the outstanding amount.

Recommendation

Management should ensure that the amount is reimbursed and channeled towards meeting the Fund's objectives.

Management Response

It is acknowledged that a total of ZWL\$3 544 915 was outstanding at the end of the year. This amount was used to finance food provisions for children in government institutions. The Ministry will clear the outstanding amount within the 2023 financial year.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Compliance with Procurement Regulations

Findings

The Fund incurred expenditure amounting to ZWL\$92 433 257 without following procurement procedures such as raising requisitions, obtaining three (3) competitive quotations and justifying direct procurement.

Furthermore, payments amounting to ZWL\$92 433 257 were made on the basis of quotations. As a result, variances totalling ZWL\$1 217 820 were noted between the payment vouchers and invoices. This was contrary to Section 59 (3) (c) and (15) (d) of the Public Finance Management (Treasury Instructions), 2019 which require payments to be processed based on an original invoice. I, therefore, could not satisfy myself whether the payments made were a proper charge to the Fund.

Risk/Implication

Payments made without adequate supporting documents may result in fraudulent transactions being processed.

Recommendations

The Fund should ensure that procurement procedures are followed and all invoices are obtained to support payments made.

The Fund should investigate the variances and make settlements with suppliers.

Management Response

The observation is acknowledged. With respect to fuel, Redan was the designated supplier for all Ministries, Departments and Agencies and hence there was no need to source quotations. However, invoices should have been obtained to support quotations that were obtained before the purchase. In future, all procurements will follow the prescribed procurement processes including the due diligence processes. The hotels and other suppliers have since been requested to furnish all the invoices which shall be attached to payment vouchers by January 15, 2024.

2.2 Administration and per Capita Grant

Finding

As reported in my prior year report, payments for administration and per capita grant amounting to ZWL\$40 689 292 did not have receipts as acknowledgement of receipt of the grant by the institutions. 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

Funds may be paid to incorrect institutions and not reach the intended beneficiaries.

Recommendation

The Fund should obtain receipts from the institutions to confirm payments.

Management Response

The observation is acknowledged. However, this situation is caused by the homes who, upon receiving the administration grants or per capita grants fail to provide the receipts in acknowledgement of funds remitted. This is despite numerous requests for them to comply. Efforts will continue to be made to ensure that all homes comply before further remittances are made.

3. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Fund did not make any progress in addressing audit findings raised in my previous audit report. All the three (3) findings raised were not addressed as indicated below:

3.1 Administration and per Capita Grant

There was still no acknowledgement of receipt of grants by the institutions as indicated on paragraph 2.2 above.

3.2 Advances to Parent Ministry

The advance payment of ZWL\$ 3 544 915 was not reimbursed.

3.3 Fuel Management

The finding was not addressed as there was no record of fuel purchased in the fuel register.

CHILDREN ON THE STREETS FUND 2022

Objective of the Fund

The purpose of the Fund is to protect and rehabilitate the children living in and or working on the streets.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|------------------------|
| Income | 92 500 000 |
| Expenditure | 55 552 948 |
| Surplus | ZWL\$36 947 052 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|------------------------|------------------------|
| Accumulated Fund | - | 39 406 926 |
| Current | 39 406 926 | - |
| Total | ZWL\$39 406 926 | ZWL\$39 406 926 |

I have audited the financial statements of the Children on the Streets Fund for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Children on the Streets Fund as at December 31, 2022, 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 that was noted during the audit:

1. GOVERNANCE ISSUE

1.1 Under-utilisation of Funds

Finding

The Fund was allocated government grants amounting to ZWL\$92 500 000 during the year under review to fulfil its mandate. However, ZWL\$55 552 948 (60%) was utilised leaving a balance of ZWL\$36 947 052. The non-utilisation of all funds was due to absence of an effective mechanism for targeting beneficiaries.

Risk/Implication

Service delivery is compromised when funds availed are not used to benefit the intended beneficiaries.

Recommendation

Management should put in place a mechanism to ensure that allocated funds are fully utilised to achieve the objectives of the Fund.

Management Response

The observation is acknowledged. The slow uptake of resources was a result of street children being supported with resources from private voluntary organisations and donor community. Improved targeting methodologies will be applied to ensure that resources are used optimally and at the right time.

2. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Fund made progress in addressing audit findings raised in my previous audit report. All the three (3) findings were addressed as indicated below: -

2.1 Administration of the Fund

The issue was addressed as meetings are now being held.

2.2 Expenditure Control

The finding was addressed as expenditure is now being authenticated.

2.3 Domestic Travel

The finding was addressed as individual ledgers for domestic travel were being maintained.

COMMUNITY RECOVERY FUND 2022

Objective of the Fund

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

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|----------------------|
| Income | 1 446 |
| Expenditure | 42 614 |
| Deficit | (ZWL\$41 168) |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|---------------------|---------------------|
| Accumulated Fund | - | (6 817) |
| Current | 493 183 | 500 000 |
| Total | ZWL\$493 183 | ZWL\$493 183 |

I have audited the financial statements of the Community Recovery Fund for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Community Recovery Fund as at December 31, 2022 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 Constitution of the Fund

Finding

The Fund's constitution has been in draft form for more than two years. The issue was raised in my previous audits and no evidence was produced that follow-ups with Treasury were made. Section 18 (2) of the Public Finance Management Act [*Chapter 22:19*] requires Treasury to draw up a constitution to guide and regulate the operations of the Fund.

Risk/Implication

In the absence of an approved constitution, there is no basis for the existence of the Fund.

Recommendation

The Fund should continue liaising with Treasury for the approval of the constitution so as to provide legal basis for the existence of the Fund.

Management Response

The observation is agreed. A draft of the constitution was done two years ago and was submitted to Treasury for further processing but to date it is still outstanding.

However, the Fund is in the process of creating the Sustainable Livelihoods Fund whose objectives are similar and are expected to be undertaken at a much bigger and more comprehensive scale. It has been agreed that the Community Recovery Fund be ultimately merged with the Sustainable Livelihoods Fund for better delivery.

1.2 Sundry Payables

Findings

The Fund had an amount of ZWL\$500 000 in its bank account which was received on December 10, 2021 as a donation to the parent Ministry from FBC Bank. The funds were for residential institutions for persons with disabilities, older persons and children with difficult circumstances. However, correspondence from the bank on the matter and Treasury authority to accept the donation was not produced for audit inspection.

At the time of my audit on July 4, 2023, the donated amount had been held in the Fund's bank account for one and a half years without being transferred to the Ministry for utilisation.

Risk/Implication

Value of money will be lost if funds are not transferred to the Ministry and utilised.

Recommendation

The funds should be transferred to the Ministry for utilisation for the benefit of beneficiaries.

Management Response

The observation is noted. The evidence in the form of communication with bank and the register where it was recorded is now in place.

Evaluation of Management Response

The Fund did not respond to the issue on Treasury authority to receive donation.

2 PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

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

2.1 Constitution of the Fund

The Fund continued to operate without a constitution and the finding was raised on paragraph 1.1 above.

2.2 Non-Utilisation of Funds

The issue of non-utilization of funds persisted during the year under review as shown on paragraph 1.2 above.

2.3 Maintenance of Accounting Records

The finding was addressed as accounting records were now maintained.

DISABLED PERSONS FUND 2022

Objective of the Fund

The purpose of the Fund is to promote the welfare of disabled persons by providing financial resources for rehabilitation, training, and engaging in income and employment-generating projects.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|------------------------|
| Income | 681 000 000 |
| Expenditure | 618 039 208 |
| Surplus | ZWL\$62 960 792 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|------------------------|------------------------|
| Accumulated Fund | - | 62 445 691 |
| Current | 62 463 069 | 17 378 |
| Total | ZWL\$62 463 069 | ZWL\$62 463 069 |

I have audited the financial statements of the Disabled Persons Fund for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Disabled Persons Fund as at December 31, 2022, and of 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 Expenditure not Adequately Supported

Findings

For the second year running, the Fund made payments amounting to ZWL\$11 954 103 for health assistance using quotations, contrary to Section 59(3)(c) of the Public Finance Management (Treasury Instructions), 2019.

Furthermore, there was no evidence that the orthopaedic appliances worth ZWL\$15 127 135 were received by the beneficiaries. The Fund made no follow-ups to ensure that the appliances were issued by the supplier to the beneficiaries and were according to the required 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

Incorrect payments may be made if based on quotations.

Orthopaedic appliances and other equipment paid for may not be manufactured and delivered as specified.

Recommendations

Management should request invoices from suppliers before making a payment.

The Fund should check with the supplier the quality of appliances produced and follow up on outstanding deliveries to ensure that they reach the intended beneficiary.

Management Response

It is acknowledged that payments for orthopaedic appliances under this program were paid for using quotations. However, effort will be made to get invoices before payments are made. An arrangement will also be made to ensure that the procured appliances are collected by the Administration officers and distributed to beneficiaries to make sure that the appliances reach the intended beneficiaries. Registers for the purchased assistive devices are retained at district offices.

2. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Fund made 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:

2.1 Health Assistance

The issue of use of quotations in processing of payments was not addressed and it has been raised on paragraph 1.1 above.

2.2 Unauthorised Excess Expenditure

The issue of unauthorised excess expenditure was addressed as condonation from Treasury was sought.

OLDER PERSONS FUND 2022

Objective of the Fund

The Fund was established to provide social welfare assistance to destitute or indigent older persons through promotion of programmes on health and education among destitute or indigent older persons, provision of facilities for developing skills in older persons at homes, projects aimed at promoting well-being, welfare, care and protection of older persons, and, assisting any person who wishes to establish, operate and maintain any service or facility that is aimed at advancing the well-being, welfare, care and protection of older persons.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 301 000 000 |
| Expenditure | 98 303 367 |
| Surplus | ZWL\$202 696 633 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-------------------------|--------------------------|
| Accumulated Fund | - | 203 203 448 |
| Current | 204 491 959 | 1 288 511 |
| Total | ZWL\$204 491 959 | ZWL \$204 491 959 |

I have audited the financial statements of the Older Persons Fund for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Older Persons Fund as at December 31, 2022, 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 Under-utilisation of Funds from Treasury

Finding

The Fund requested funds from Treasury and received ZWL\$35 000 000 on September 15, 2022, and ZWL\$165 000 000 on October 29, 2022 for its operations. However, the funds were not utilised and returned to Treasury at the beginning of the year 2023.

Risk/Implication

Failure to utilize resources allocated to the Fund compromises service delivery thereby depriving the intended beneficiaries from benefiting from the programs.

Recommendation

The Fund should ensure that resources allocated are fully utilised to ensure achievement of objectives.

Management Response

It is acknowledged that the Fund got a supplementary budget of ZWL\$200 000 000 towards the end of the financial year ended December 31, 2022. The purpose of this funding was for the development of the Older Persons Policy whose work could not take place due to delays in finding a consultant.

Evaluation of Management Response

It is of concern that the funds had to be returned to Treasury without having assisted older persons on other activities that do not need a consultant.

1.2 Empowerment of Older Persons

Finding

The Fund did not carry out activities that enhance independence and empowerment, participation, self-fulfilment and dignity of older persons contrary to the objectives of the Fund outlined under Section 10 (4) (b) (ii) (iii) of the Older Persons Act [*Chapter 17:11*].

Risk/Implication

The nation might fail to take full care, harness talent and skills for economic and social development from older persons.

Recommendation

The Fund should also value the contribution of older persons to the society and the economy through empowerment programs.

Management Response

It is acknowledged that indeed the services which the Ministry is providing the older persons should go beyond the provision of care, but should include other services for the betterment of elderly persons. The Fund is in the process of developing the Older Persons Policy which would contain all matters incidental to the care, protection and other services needed by elderly persons. Delay in the finalizing of this policy was occasioned by difficulties in finding a consultant. The consultant has since been contracted and it is expected that the policy will be in place before the end of the year.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

2.1 Advances to Parent Ministry

The finding was not addressed as advances of ZWL\$153 648 made to the Ministry had not been recovered as at the date of finalisation of the audit on September 18, 2023.

SUSTAINABLE LIVELIHOODS FUND 2022

Objective of the Fund

The mandate of the Fund is to assist the indigent to become self-reliant through income and self-sustainable generating projects which would wean them from social assistance and enhance their disaster preparedness and shock response capacity.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 431 926 000 |
| Expenditure | 38 919 412 |
| Surplus | ZWL\$393 006 588 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-------------------------|-------------------------|
| Accumulated Fund | - | 469 661 458 |
| Current | 469 661 458 | - |
| Total | ZWL\$469 661 458 | ZWL\$469 661 458 |

I have audited the financial statements of the Sustainable Livelihoods Fund for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sustainable Livelihoods Fund as at December 31, 2022, 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 Absence of an Approved Constitution

Finding

The Fund operated without an approved constitution to guide its operations. This was contrary to Section 18 (2) of the Public Finance Management Act [Chapter 22:19] which requires a statutory Fund to draw up a constitution to guide and regulate its affairs.

Risk/Implication

Without having an approved constitution there is no legal basis for the existence of the Fund.

Recommendation

Management should continue to follow up on the approval of the constitution to provide a legal basis for the existence of the Fund.

Management Response

The observation has been noted, however, the constitution was drafted and is with the Office of the Attorney General who shall submit it to Parliament once they are through with the constitution.

1.2 Fund Accounting Records

Finding

The Fund operated outside the Public Financial Management System (PFMS) for the year under review. There was no approved accounting software package used to maintain the records for the Fund. Section 119 (1) of the Public Finance Management (Treasury Instructions), 2019 requires all financial management transactions relating to Funds to be accounted for through the PFMS, unless the Accountant-General has authorised the Fund to operate an independent accounting package.

Risk/Implication

Failure to use an approved accounting system may result in manipulation of records, thereby affecting accuracy and completeness of data.

Recommendation

Management should ensure that the Fund's records are maintained in the PFMS to enhance data integrity and compliance with the regulations.

Management Response

The observation has been acknowledged that the Fund operated outside the Public Financial Management System (PFMS). This was necessarily so due to the nature of the service which the Ministry renders under this programme. Beneficiaries under the programme are vetted and approved at the district level and they should be able to access suppliers of service within the locality in which they operate.

Once a project has been approved by the committee through the local district council, documentation is sent to the head office for payment after the due diligence process.

However, the Ministry proposes to procure a computerised system preferably Pastel for the proper management of the accounts. This should be in place in the year 2024.

1.3 Underutilisation of Funds

Finding

The Fund received a grant of ZWL\$431 926 000 from Treasury during the year under review. Only ZWL\$137 885 776 (32%) of the total grant was used on activities of the Fund, ZWL\$106 186 447 was advanced to the parent ministry whilst ZWL\$201 295 970 remained in the Fund's bank account at the end of the financial year. Non utilisation is attributed to absence of an operational manual to guide the Fund on the nature of programmes to be undertaken.

Risk/Implication

Failure to utilize funds allocated to the Fund may result in non-achievement of the Fund's objectives to assist the under privileged to become self-reliant.

Recommendation

The Fund should ensure that the operational manual is finalized and funds allocated are fully utilized.

Management Response

The observation is noted. The operational manual of the Fund that provides full details of the nature and amounts that are going to be allowed for each project has been developed but is still in draft. Delays in completing the work resulted in the slow uptake of the resources on the programmes that were approved.

It is envisaged that the accounting manual would have been completed by the end of the year after which programming would be expected to be done faster.

1.4 Advances to Parent Ministry

Findings

The Fund advanced an amount of ZWL\$106 186 447 to the parent Ministry during the year under review. This brought the total outstanding balance to ZWL\$145 850 611 after including ZWL\$39 664 164 that was owing from 2021. No reimbursements were made during the year. There was no evidence that prior authority was sought from the Ministry of Finance and Economic Development to advance the funds to the parent Ministry. Section 116 (9) of the Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to seek authority from the Treasury before using money from Fund Accounts within their Ministries to finance Appropriation budgets.

Furthermore, travelling and subsistence allowances amounting to ZWL\$7 137 025 that were paid to officers to conduct Appropriation activities were not adequately supported by the relevant acquittal forms. Therefore, I could not ascertain if the expenditure was incurred as intended.

Risks/Implications

The Fund may fail to meet its objectives if the Parent Ministry does not reimburse the amounts borrowed.

In the absence of acquittals, it remains doubtful if funds were used for the intended purpose.

Recommendations

The Fund should make follow ups to ensure that outstanding amounts are reimbursed.

Prior authority from Treasury should be sort before funds are advanced to Parent Ministry.

Management should ensure that advance acquittals supporting evidence is attached.

Management Response

The observation is acknowledged. Borrowing by the Parent Ministry arises when there are critical and urgent matters to be addressed. This normally happens at a time when Treasury does not have funding. Ideally, Treasury concurrence should be sought before making the advances from the fund, and this shall be followed in the future.

Members who have been given travelling and subsistence advances to execute duties should furnish their acquittals as per regulations. The Ministry will enforce compliance with regulations.

1.5 Receipting of Grants

Finding

Grant receipts amounting to ZWL\$431 926 000 received in 2022 were not properly receipted as the amounts received were not written in words, the currency was not stated and the mode in which it was received was also not stated. Section 46 (18) (b) (c) of the Public Finance Management (Treasury Instructions), 2019 requires receipts issued to include amount of payment stated in figures and in words and the currency tendered.

Risk/Implication

The absence of adequate information on the receipts can result in manipulation of records.

Recommendation

Management should ensure that complete information is included on receipts and that adequate controls are implemented in the recording of receipts.

Management Response

The observation is acknowledged. Grants received in 2022 were not properly receipted as the amounts were not written in words, the currency was not stated and the mode in which it was received was not stated. The Ministry has adopted the audit recommendation. Receipting is now being done correctly.

VOTE 4. - DEFENCE AND WAR VETERANS AFFAIRS

APPROPRIATION ACCOUNT 2022

Mandate

The Ministry's mandate is to protect the country's territorial integrity and sovereignty over land and air space against both internal and external aggression. The Ministry also provides welfare and economic empowerment of war veterans, rescue assistance to civilians in times of disasters as well as promoting international peace and security through participation in peace keeping missions.

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

| Original Budget | Unallocated Reserve Transfers | Total Budget | Expenditure | Net Underspending |
|---|--------------------------------------|---------------------|--------------------|--------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$61 533 280 000 | \$68 504 645 423 | \$201 573 506 423 | \$180 065 118 617 | \$21 508 387 806 |
| Constitutional and Statutory Appropriation | | | | |
| \$1 910 000 000 | \$220 000 000 | \$2 130 000 000 | \$486 000 000 | \$1 644 000 000 |

I have audited the financial statements of the Ministry of Defence and War Veterans Affairs for the year ended December 31, 2022 and I issued a qualified opinion.

Qualified Opinion

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

Basis for Qualified Opinion

(i) Unallocated Reserve Transfers

Findings

The Appropriation Account disclosed Unallocated Reserve (URs) transfers from Treasury amounting to ZWL\$68 504 645 423. Treasury register indicated an amount of ZWL\$65 953 678 256, while the Public Financial Management System indicated a total of ZWL\$79 487 379 193. The three figures were not reconciled. Therefore, I could not ascertain the accuracy and completeness of the URs disclosed in the Appropriation Account. The Ministry also did not submit for audit examination confirmation letters from Treasury authenticating the figure of unallocated reserve transfers reported in the Appropriation Account for the year under review.

As a result, I could not determine the accuracy and completeness of the Unallocated Reserve Transfers made by Treasury to the Ministry of Defence and War Veterans Affairs during the year.

Risks/Implications

The Appropriation Account could be misstated.

The Ministry might incur excess expenditure if amounts transferred are not validated with transfer letters.

Recommendation

The Ministry should engage Treasury to get the confirmation letters in order to establish source of the variance so that correct amounts are accounted for and reported.

Management Response

The observation is acknowledged and the Ministry is working with the Desk Officer to resolve the matter. The challenge is that Treasury at times does not give out the confirmation letters.

(ii) Unvouched Expenditure

Finding

The Appropriation Account disclosed expenditure amounting to ZWL\$2 135 590 250 for fuel, oils and lubricants for the year ended December 31, 2022. Of this amount, I was not able to validate expenditure totalling ZWL\$527 552 503 because the Ministry did not provide the supplier invoices, delivery notes and receipt vouchers for my audit examination. This was contrary to Section 81 (b) of the Public Finance Management Act [*Chapter 22:19*] which states that all expenditure made is properly authorised, charged and supported by sufficient vouchers or proof of payment. Therefore, I could not ascertain that the expenditure disclosed on fuel, oils and lubricants represented a proper charge against the vote.

Risk/Implication

The Appropriation Account might have been misstated and expenditure may be an improper charge to the vote.

Recommendation

Management should ensure that all payments are fully supported by relevant supporting documents as per the requirements of Section 81 (b) (iii) of the Public Finance Management Act [*Chapter 22:19*].

Management Response

The outstanding documents requested by audit have been submitted. However, whilst some of the invoices, payment vouchers and loading instructions or delivery notes were availed, they may not be matched due to part payments being made using the same payment vouchers.

Going forward, suppliers of fuels lubricants and oils are going to be engaged soon after every payment to provide matching documents as a measure to avoid such future challenges.

Evaluation of Management Response

The management response is noted, however, invoices with a total value of ZWL\$458 000 820 were availed for audit examination leaving a balance of ZWL\$69 551 683 unsupported.

Below are other issues noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Outstanding Temporary Deposits

Finding

The Outstanding Temporary Deposits Return submitted for audit had a total of ZWL\$26 309 783 of which ZWL\$9 535 037 was held for more than six months. This contravened Section 52 (4) of the Public Finance Management Act (Treasury Instructions), 2019 which requires that, all temporary deposits unclaimed for a period in excess of six months shall be deposited into revenue.

Risk/Implication

Funds may lose value if they are held in temporary deposits for too long and this would affect service delivery.

Recommendation

The Ministry should regularly monitor all temporary deposits and all amounts that remained unclaimed for a period of more than six (6) months should be deposited into revenue in compliance with Section 52 (4) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

It is acknowledged that the Ministry had outstanding temporary deposits amounting to ZWL\$9 535 037. Corrective action is being taken to have the Temporary deposits paid into revenue.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Absence of Service Contracts

Finding

The Ministry incurred Rental and hire expenses amounting to ZWL\$1 348 129 728 during the year under review which was not supported by service contracts between the Ministry and Car Rental Service Providers. This was contrary to the provisions of Section 78 (2)(o) of the Public Procurement and Disposal of Assets Act [*Chapter 22:23*].

Risk/Implication

In the absence of vehicle hire service contracts, the Ministry may not get the expected services.

Recommendation

The Ministry should enter into vehicle service contracts in line with regulations.

Management Response

Efforts were made to enter into a contract with the suppliers, but they were not willing to agree and sign such a contract. On the same note, be advised that the vehicles come with full insurance cover. The Directorate acknowledged the need to have vehicle service contracts to safeguard public resources. As such, efforts will be made to have these contracts in place. Also, in a bid to safeguard public resources,

quotations are now sent to internal audit department for due diligence before the processing of purchase orders.

3 MANAGEMENT OF ASSETS

3.1 Maintenance of Fuel Registers

Findings

Four (4) fuel coupon registers in use at the Ministry were not properly maintained. The registers indicated that fuel coupons were being issued when there was no balance on hand in the register and there was no evidence that checks were made on the registers for accuracy and completeness as shown below:

| Date | Supplier | Balance on hand as shown in register (litres) | Quantity issued (litres) | Variance (litres) |
|-------------|------------|---|--------------------------|-------------------|
| 19.10. 2022 | Petrotrade | nil | 120 | (120) |
| 19.10.2022 | Petrotrade | 1 960 | 2 000 | (40) |
| 22.04.2022 | REDAN | 1 480 | 1 620 | (140) |
| 01.03.2022 | REDAN | 60 | 2 160 | (2 100) |

There was also a balance of 3 620 litres on February 2, 2022 reflected in the fuel register. However, the running balance of 3 620 litres was not carried forward and fuel issues were based on subsequent receipts. I was therefore unable to ascertain how the 3 620 litres were utilised.

In addition, 1 015 litres of petrol and 40 090 litres of diesel on invoice numbers RIN019998 and 021328 respectively were not recorded in the fuel registers in use as at the time of audit.

Risk/Implication

Fuel could be exposed to misappropriation.

Recommendations

Management should enhance controls on the maintenance of fuel coupons and registers.

An investigation should be carried out on the discrepancies on recording and utilisation of fuel.

Management Response

The observation is noted. Coupon receipts not recorded in the daily register can be found recorded in the goods issue voucher. Fuel coupons obtained through borrowing from other sources sometimes do not hold the invoice numbers against which they originate. Consolidation of such information shall be done as per audit guidance for accountability purposes.

Evaluation of Management Response

The management response is noted. However, fuel borrowed should be recorded in the register for accountability.

3.2 Recording of Assets

Finding

The Ministry did not provide a detailed record of desktop computer components as well as asset locations and serial numbers in the asset register. This was in violation with the provisions of Section 100 (1) and Section 100 (4) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to ensure that all public assets are recorded promptly and accurately in the appropriate manual registers.

Risk/Implication

In the absence of proper record keeping assets may be misappropriated without trace.

Recommendation

The Ministry should record all asset details in registers for accountability.

Management Response

The assets sampled for physical verification particularly the desk top computer components which were not recorded in the asset register shall be promptly and correctly updated into their correct manual record books.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made progress in addressing audit findings raised in my previous audit report. Out of the two (2) findings raised one (1) was addressed and one (1) was not addressed as indicated below.

4.1 Unreconciled differences between the Appropriation Account and Sub-Paymaster General's Account

The variance of ZWL\$163 891 584 between the Appropriation Account and the Sub-Paymaster General's Account had not been addressed at the time of concluding this audit.

4.2 Classification of Expenditure

The finding was addressed as Covid-19 allowances are now classified separately.

VOTE 5. - FINANCE AND ECONOMIC DEVELOPMENT

APPROPRIATION ACCOUNT 2022

Mandate

The Ministry is responsible for the formulation of macro-economic policies, national development programmes, plans, mobilization, allocation, management and accounting for public resources.

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

| Original Budget | Supplementary Estimates/ Warrants | Unallocated Reserve Transfers to Ministries | Total Budget | Expenditure | Net Over/Under spending |
|---|---|---|---------------------|-------------------|----------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$64 573 566 000 | \$127 647 990 700/ \$142 777 456 720 | (\$623 800 333 170) | (\$288 801 319 750) | \$219 954 201 382 | (\$508 755 521 132) |
| Constitutional and Statutory Appropriation | | | | | |
| \$49 693 000 000 | \$55 243 841 000 | - | \$104 936 841 000 | \$75 210 631 790 | \$29 726 209 210 |

I have audited the financial statements of the Ministry of Finance and Economic Development for the year ended December 31, 2022 and I issued a qualified opinion.

Qualified Opinion

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

Basis for Qualified Opinion

(i) Discrepancies on Revenue Collections

Findings

The Ministry's Sub-Exchequer Account reconciliation as at December 31, 2022 revealed that total transfers to the Main Exchequer Account of ZWL\$456 588 392 did not agree with the amount of ZWL\$2 004 585 extracted from the Public Financial Management System General Ledger, resulting in an unreconciled variance of ZWL\$454 583 807.

The receipting cashbook in the Public Financial Management System showed that receipts for the period amounted to ZWL\$17 706 035 299 whereas the Receipts and Disbursements return reflected a total of ZWL\$456 588 392. The resultant variance of ZWL\$17 249 446 907 remained unreconciled at the time of concluding the audit.

Risk/Implication

The Ministry's actual revenue collections might not be fairly stated.

Recommendation

The Ministry should investigate and reconcile the Sub-Exchequer Account variance of ZWL\$454 583 807 and the Receipts and Disbursements variance of ZWL\$17 249 446 907.

Management Response

The revenue collections for the Ministry were done through the Commercial Bank of Zimbabwe (CBZ) Account and the Reserve Bank of Zimbabwe (RBZ) Account where receipts from the Salary Service Bureau (SSB) and dividends are deposited.

The unreconciled variance of ZWL\$454 583 807 was as a result of receipting error.

Evaluation of Management Response

I acknowledge the Ministry's response on the variance of ZWL\$454 583 807, however, the Ministry did not resubmit a corrected Sub-Exchequer Account reconciliation. In addition, the issue regarding the variance of ZWL\$17 249 446 907 was not responded to.

(ii) Unallocated Reserve (UR) Transfers

Finding

Treasury disbursed Unallocated Reserve (UR) transfers to line Ministries in year 2022 amounting to ZWL\$623 800 333 170 against the total approved budget estimates of ZWL\$90 863 139 700 resulting in unauthorised excess expenditure of ZWL\$532 937 193 470. Treasury did not regularize the excess expenditure at the time of concluding the audit. Section 307 of the Constitution of Zimbabwe Amendment (No. 20) Act, 2013 requires that the Minister introduce the Bill for the unauthorised expenditure into the National Assembly without delay and in any event no later than sixty days after the extent of the unauthorized expenditure has been established.

Risk/Implication

Excess expenditure can increase budget deficit.

Recommendation

Treasury should approach Parliament to regularise the unauthorized excess expenditure of ZWL\$532 937 193 470.

Management Response

The 2022 National Budget had a revised Contingency Reserve (Unallocated Reserve) appropriation of ZWL\$90 863 139 700. As at December 31, 2022, transfers from the Unallocated Reserve amounted to ZWL\$623 800 333 170 reflecting excess transfers of ZWL\$532 937 193 470.

The above excess expenditures were incurred without the required prior approval of Parliament, hence the Minister of Finance and Economic Development, in terms of Section 307 of the Constitution of Zimbabwe, is mandated to introduce a Bill in the National Assembly seeking condonation of the unauthorized expenditure.

The excess transfers were occasioned by the need to support inescapable expenditures mainly in relation to the following among others; Employment costs,

Support to the critical productive agricultural sector and grain mobilization, ZIMRE Holdings Investment Fund Shares, Road construction and rehabilitation, Urban mass transportation, National mobile registration and National Strategic Fuel Reserve.

These transfers were made to the respective Votes. Excess expenditures under employment costs were mainly on account of interventions made by Government in cushioning members of the Public Service from adverse economic challenges. Non-wage expenditures were triggered by inflation that resulted in additional spending which was not catered for in the original 2022 National Budget. Furthermore, the Zimbabwean dollar depreciated against other currencies resulting in more funding requirements for invoices quoted in foreign currencies.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Unallocated Reserve (UR) Transfers to MDAs

Finding

Treasury records showed that Unallocated Reserve (UR) transfers totaling ZWL\$394 178 401 052 were disbursed to six (6) Ministries, Departments and Agencies (MDAs) during the year ended December 31, 2022. However, the MDAs confirmed receipt of a total amount of ZWL\$282 806 113 116 resulting in an unreconciled variance of ZWL\$111 372 287 936.

Risk/Implication

There could be understatement of unallocated reserves.

Recommendation

The Accountant-General's Office and Budgets Department should investigate and reconcile the total UR Transfers variance of ZWL\$111 372 287 936.

Management Response

The audit observation was due to inclusion of Unallocated Reserve (UR) reversals effected during reconciliation and it has since been cleared as the reversal letters were furnished to the Ministry of Defence and War Veteran Affairs, Ministry of Finance and Economic Development, Judicial Services Commission and the National Prosecuting Authority.

Evaluation of Management Response

There was no evidence that reversals were effected.

1.2 Discrepancy on Direct Payments

Finding

Treasury records showed that no direct payments were made on behalf of the Ministry of Information, Publicity and Broadcasting Services during the year ended December 31, 2022. However, the Ministry confirmed receipt of direct payments totalling ZWL\$5 989 261 through ZESA set-offs. This was caused by non-availability of updated Treasury accounting records

pertaining to the Zimbabwe dollar denominated direct payments in the form of set-off arrangements.

Risk/Implication

The overall year 2022 Government expenditure might be misstated.

Recommendations

Treasury should ensure that schedules of direct payments made in local currency including set-offs are disclosed and availed to MDAs and to auditors.

Treasury should give guidance on the proper accounting treatment of set-offs amounting to ZWL\$5 989 261 that were made on behalf of the Ministry of Information, Publicity and Broadcasting Services in year 2022 and avail relevant supporting documents.

Management Response

Management did not respond.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Purchase of Motor Vehicles

Finding

The Ministry of Finance went into an agreement on December 16, 2022 with Tsapo Commercial (Pvt) Ltd for the company to supply seven (7) Toyota Hilux GD6 2.8L double cab motor vehicles. The Ministry paid US\$425 866 to the contractor on December 30, 2022. The seven (7) vehicles had not been delivered at the time of concluding the audit in September 2023.

Risk/Implication

The Ministry might suffer financial loss if the supplier eventually fails to deliver the motor vehicles.

Recommendation

The Ministry should engage the supplier to ensure delivery of the seven (7) motor vehicles is done.

Management Response

Several follow ups were made on the delivery status of the vehicles. An email was sent on March 20, 2023 after 3 physical visits were made to enquire about the delivery. Thereafter, a formal letter of follow up was sent on March 23, 2023 as the supplier indicated that they were experiencing supply challenges on the production line. A final demand letter was then sent on April 13, 2023 and the supplier responded that delivery will be done in 2 weeks' time.

Evaluation of Management Response

As at May 15, 2024 the seven (7) vehicles had not yet been delivered.

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 four (4) findings, two (2) were addressed and two (2) were not addressed as indicated below:

3.1 Excess on Unallocated Reserve (UR) Transfers

Condonation for the excess expenditure had not been granted. The issue was also raised in paragraph (ii) above.

3.2 Key Vacant Posts for Deputy Director Grade and Above

All key vacant posts have been filled.

3.3 Implementation of Programme Based Budgeting (PBB)

The Ministry is yet to avail budget committee minutes for audit inspection.

3.4 Gender Issues

The finding was addressed as the Ministry had appointed a gender focal person and meetings were held during the year under review.

PUBLIC FINANCIAL MANAGEMENT SYSTEM 2022

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, Economic, Development and Investment Promotion (MoFEDIP) is responsible for the system and the Accountant-General is the head of the PFMS. The Infrastructure of the system is managed by the Ministry of Information, Communication Technology, Postal and Courier Services. The following modules have been implemented:

- a) Financial Accounting (FI)-for external reporting.
- b) Materials Management (MM)-for procurement.
- c) Sales and Distribution (SD)-for receipting.
- d) Customer Relationship Management (CRM)- for managing online services.
- e) Grants Management Module-for managing grants from cooperating partners.
- f) Business Planning and Consolidation (BPC).
- g) Business Intelligence (BI).

Objective of the Public Financial Management System

The objective of the PFMS is to process financial transactions and produce reports for all Ministries Government Departments and Agencies.

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

I have audited the General and Application Controls of the Public Financial Management System for the period ended December 31, 2022.

Below are the issues noted during the audit:

1 INFORMATION SECURITY

1.1 Review of Information Security Policy

Finding

The Information Security (IS) Policy was last reviewed in 2016. Best practice requires that an IS policy should be reviewed every two (2) years. An IS policy is a set of rules and statements developed by an organisation to protect its information assets and related technology. The policy guides behaviours and is a first step towards building the security infrastructure for technology-driven organisations.

Risk/Implication

If the Information Security Policy is not reviewed on a regular basis, it may become obsolete and be unable to adequately mitigate security vulnerabilities.

Recommendation

The Information Security Policy should be reviewed every two (2) years in line with best practices to ensure its continued relevance.

Management Response

The observation is noted. The reviews of the policy will be done at the end of each year. Some clauses of the ICT Policy will be reviewed as necessary. The review will be done before December 31, 2024.

1.2 Duplicate Users

Findings

A duplicate user arises when more than one SAP user account is assigned to an individual user.

In my previous audit, I noted that there were duplicate user accounts in the system. Management indicated that the accounts had been removed. However, at the time of audit on March 3, 2023, there were thirty-two (32) duplicate users in the system, including the previously identified accounts.

This was against best practice which promotes using one user account to enable users to be linked to and held responsible for their actions.

Risk/Implication

Unauthorised transactions could be performed by staff with duplicate user rights.

Recommendation

Duplicate user accounts should be removed or blocked.

Management Response

The observation is noted. The duplicate users have since been deleted.

Evaluation of Management Response

A review of the user accounts on November 22, 2023 revealed that thirty-two (32) duplicate users had still not been deleted as reported.

2 COMPUTER OPERATIONS

2.1 Incident and Problem Management

Findings

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

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.

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

In addition, Help Desk Procedures and a log of reported issues were not availed for audit.

In my previous audit, management indicated that they had a Fault Escalation Guide which would be reviewed by August 30, 2022. However, at the time of audit on March 3, 2023, the Guide had not been reviewed.

Risk/Implication

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

Recommendation

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

Management Response

The observation is noted. The Fault escalation guide document will be reviewed by end of the third quarter 2023.

Evaluation of Management Response

Management had not reviewed the plan by end of the third quarter. However, the review was now scheduled to be completed by December 31, 2024.

2.2 Business Continuity and Disaster Recovery Planning

Findings

Business Continuity and Disaster Recovery Documentation is a set of documents with a structured approach to resuming operations in the event of a major disruption to an organisation's business processes or IT services.

At the time of audit, there were no copies of the documentation at the Disaster Recovery Site. This was against standard practice where adequate backup facilities should be provided to ensure that all essential information and software can be recovered following a disaster or media failure. The backups should be stored in a remote location, at a sufficient distance to escape any damage from a disaster at the main site.

Risks/Implications

The Emergency Response Team may not adequately respond to emergencies or disasters that have the potential to disrupt critical services of the PFMS.

There may be lack of separation of duties, ambiguity in business rules and inconsistency in processes and procedures.

Recommendation

The Business Continuity and Disaster Recovery Documentation should be kept at the Disaster Recovery Site in line with best practice.

Management Response

The observation is noted. The Ministry will ensure that the above-mentioned documents are made available at the Disaster Recovery site by November 30, 2023.

Evaluation of Management Response

The documents were not availed for audit examination as of February 28, 2024.

2.3 Backups

Findings

Backup are copies of information, software and system images which should be made and tested regularly in accordance with an approved backup policy. Their objective is to ensure that all essential information and software can be recovered following a disaster or media failure.

At the time of audit on January 17, 2023, there were no backups being carried out at the Disaster Recovery Site.

Furthermore, back-up tapes for the primary site were kept onsite.

The practice was against the dictates of Disaster Recovery Planning which states that Backup copies of information, software and systems shall be maintained and regularly tested in accordance with the policy on backup.

Risks/Implications

Data and software could be lost after a disaster or systems failure if backups are not performed regularly.

In case of disaster, back-up data can be destroyed together with the primary data if they are both housed in the same facility.

Recommendations

Management should ensure that backups are carried out on a regular basis at the Disaster Recovery Site to ensure continuity of business operations in the event of a disaster or systems failure.

Back-up tapes should be kept off-site to facilitate data recovery in case of disaster.

Management Response

Routine backups are mandatory hence the establishment of the Disaster Recovery Site to provide for the exercise. The Ministry will ensure that backups are carried out periodically and a report will be made available with immediate effect.

Back-up tapes for the primary site will begin to be kept at the National Archives by December 31, 2023.

2.4 Outsourcing and Internal Service Level Agreements (SLA)

Finding

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.

For the second year running, both internal and outsourcing SLAs were not available for audit inspection. As a result, I was unable to confirm whether;

- The Ministry was getting value for money 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.

That was against best practice which states that security mechanisms, service levels and management requirements of all network, hardware and software services should be identified and included in service level agreements, whether these services are provided in-house or outsourced. The SLAs should also cover issues of liability, reliability of services and response times for the provision of services.

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 to the business. 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 thereby jeopardizing data integrity.

Recommendation

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

Management Response

The observation is noted. The Ministry takes note and will activate the existing External SLA's. As for the MDA's, SLA draft is in place awaiting clearance from the Legal Department.

3 CHANGE MANAGEMENT

3.1 Change Management Policy and Procedures

Finding

Change Management Policies and Procedures ensure that appropriate controls are in place to manage system changes. It addresses the processes of requesting, developing, approving, and implementing planned and unplanned changes to information systems.

While the PFMS Information Security Policy stated Change Management processes of approval, evaluation, and recording of changes, the scope was limited because it did not include migration of program changes and emergency change procedures.

This was contrary to Best Practice which states that Changes to the organisation, business processes, information processing facilities and systems that affect information security should be controlled, including a provision of an emergency change process to enable quick and controlled implementation of changes needed to resolve an incident.

Risk/Implication

Uncontrolled changes to PFMS may cause unplanned outages and compromise the integrity of data and processing if a Change Management Policy and Emergency Change Procedures are not in place.

Recommendation

Management should establish and approve a Change Management Policy that includes migration of program changes and emergency changes.

Management Response

The finding is noted. The PFMS Information Security Policy will be revised to incorporate migration of program changes and emergency change procedures. The target date is December 31, 2023.

Evaluation of Management Response

The change management policy was not yet in place at the time of concluding the audit on February 9, 2024.

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

Finding

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

For the second year in a row, I observed uncleared transactions in the GR/IR suspense account. Unreconciled entries included duplicated supplier invoices, goods receipts with no matching supplier invoices, supplier invoices with no matching goods receipts, and invoiced quantities greater than quantities received. The lack of monitoring of the GR/IR account may have led to the failure to clear amounts in the GR/IR Account.

Risks/Implications

Uncleared items reflect discrepancies between goods receipts and invoice amounts and an entity might have been invoiced for more goods than received or there might be price variations.

Recommendation

The GR/IR Account should be monitored regularly and uncleared transactions reconciled.

Management Response

The observation is noted. The account will be monitored and cleared.

4 PFMS KIOSKS IN DISTRICT OFFICES

4.1 Physical and Environmental Controls at PFMS Kiosks

Findings

The air conditioners for regulating temperatures in fifteen (15) PFMS Kiosks were not functional at the time of audit on March 14, 2023. This was caused by failure to install a dedicated Zimbabwe Electricity Supply Authority (ZESA) power point to be used for air conditioners.

My audit also revealed that there were no fire extinguishers in nine (9) computer Kiosks while those installed were not serviced.

Risks/Implications

Computers may overheat and sustain damage if air conditioners are not functioning.

Without fire extinguishers in the computer kiosks Computers and data may be lost in the event of a fire outbreak.

Recommendations

Air conditioners should be connected to control temperatures in the computer rooms.

There is need to procure fire extinguishers for the Kiosks in order to safeguard computers in the event of an outbreak of fire.

Management Response

The findings are noted. The Department of Public Works, Ministry of Finance, Economic Development and Investment Promotion and the Ministry of Information Communication Technology, Postal and Courier Services will be engaged for the installation and servicing of air conditioners and fire extinguishers.

4.2 Non-Functional Computer Equipment

Finding

Computer equipment at various Kiosks were not functional as at the time of audit on March 17, 2023, as a result the purpose for the installation of the kiosks in districts could not be realised. The table below refers.

| | Kiosk | Number of Equipment Not functional | Issue |
|----|---------------------|---|---|
| 1. | Nyanga | 2 Printers | No Accessories like cables and toner cartridges |
| 2. | Chipinga | 1 Computer | Unknown |
| 3. | Murewa | 1 Computer | Power cables not functional |
| 4. | Mutoko | 1 Computer | Power and Ethernet Cables not functional |
| 5. | Gwanda | 4 Computers | Network ports and connectivity problems |
| 6. | Bulilima | Internet Link | Down |
| 7. | Gokwe South | 2 Computers | Operating Systems crashed |
| 8. | Manicaland Province | Wireless Network | Outdated Wimax Technology |

Risk/Implication

Computers may become obsolete before they are fully used for the intended purposes.

Recommendation

There is need to repair or replace computer equipment and accessories to obtain value and benefits from the investment.

Management Response

The observations are noted. The Ministry of Information Communication Technology, Postal and Courier Services will be engaged for the replacement, repair and servicing of computer and network equipment.

5 INFORMATION SYSTEM OPERATIONS

5.1 Non-Functional Back Up Power System

Findings

Mutasa, Murewa, Gwanda and Mangwe Kiosks had backup solar systems in place, however, at the time of audit on March 8, 2023, the systems were not functional.

Furthermore, the Government Complex in Manicaland Province did not have back up power supply.

Risk/Implication

If the backup power supply is not working the processing of accounting documents and training of staff may not be conducted during power outages.

Recommendation

The solar systems should be repaired to ensure continuity of service during power outages.

Management Response

The observations are noted. The matters will be escalated to the Ministry of Information Communication Technology, Postal and Courier Services for urgent repairs on the solar system to ensure PFMS services continue running in the event of power loss.

5.2 Antivirus Software

Finding

At the time of audit from March 6-17, 2023 all machines per Kiosk (eight (8) for each) for the twelve (12) Kiosks visited, did not have Antivirus Software installed. Anti-virus Software helps to protect computer systems against malicious software viruses.

Risk/Implication

Computers could be attacked by malicious software viruses if antivirus software is not installed.

Recommendation

Antivirus software should be procured, installed and regularly updated to secure machines from computer viruses.

Management Response

The findings are noted. The Ministry of Finance, Economic Development and Investment Promotion will be requested to provide funding and the Ministry of Information and Communication Technology, Postal and Courier Services will be requested to do the installation of the Antivirus software.

6 SERVICE DELIVERY

6.1 Non-functional PFMS Kiosk: Chirumanzu District Co-ordinator's Office

Finding

At the time of audit, on February 15, 2023, the installation of computer equipment and backup power system was yet to be completed. According to the District Economist and Administration Officer, there was no progress on installation since the equipment was received by the District Development Coordinator's (DDC) office in 2020 so the equipment was laying idle.

Whilst communication with the Ministry of Information Communication Technology, Postal and Courier Services had been made, the issue remained unresolved.

Risks/Implications

Loss of PFMS services to clients may arise due to the incomplete installation of PFMS equipment.

Equipment may be exposed to theft and misuse if left idle.

Recommendation

The DDC's office should make regular follow ups with the Ministry of Information Communication Technology, Postal and Courier Services to have the installation works completed to avail PFMS services to clients.

Management Response

The finding is noted. The DDC made regular follow ups through the Network Engineer, Ministry of Information Communication Technology, Postal and Courier Services (MICTPCS), to ensure that installations are completed. The Ministry also indicated that funding for the installation of the PFMS Kiosk had been exhausted and they were still looking for more funding.

6.2 Training in Provincial and District Offices

Finding

Training was not provided to twenty-two (22) members of staff in the District Offices that were visited. The said officers could not transact on the PFMS, hence this impacted their ability to execute duties in accounting and administration effectively.

Risk/Implication

Failure to train all District Accounting Assistants and Administration Officers may result in delays in processing accounting documents as one person might be overwhelmed by work.

Recommendations

There is need to consider increasing the establishment of accounts personnel in District Offices.

Continuous training and refresher workshops are required for staff in all Districts to enhance operational efficiency and effectiveness.

Management Response

The finding is noted. The Provincial Office shall request funds from the Head Office for training in Materials Management (MM) and Financial Accounting (FI) for Accounting, Administration and Procurement Management Unit personnel.

7 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make any progress in addressing audit findings raised in my previous audit report. All the six (6) findings were not addressed as indicated below:

7.1 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, paragraph 1.1 above refers.

7.2 Incident and Problem Management

The recommendation was not implemented and therefore was reported again on paragraph 2.1 above.

7.3 Business Continuity and Disaster Recovery Planning

The matter remained outstanding and as such, has been raised again on paragraph 2.2 above.

7.4 Outsourcing and Internal Service Level Agreements

The draft SLA was not produced as per the prior year's commitment, hence the matter remained unresolved paragraph 2.4 above refers.

7.5 Change Management

The Management Policy was not developed and the issue was raised during the year under review paragraph 3.1 above refers.

7.6 Goods Receipt/Invoice Receipt (GR/IR)

The issue on entries in the GR/IR Suspense Account were not cleared as indicated on paragraph 3.2 above.

VOTE 7. INDUSTRY AND COMMERCE

APPROPRIATION ACCOUNT 2023

Mandate

The Ministry's mandate is to promote the development of vibrant, sustainable and globally competitive industrial and commercial enterprises, and fair-trade practices through the provision of enabling policy and regulatory frameworks. This can be achieved through re-capitalization of Industries, issuance of import and export licenses for intermediate and finished products, consumer protection and handling of all commercial rental disputes.

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

| Original Budget | Unallocated Reserves Transfers | Total Budget | Expenditure | Net Underspending |
|------------------------|---------------------------------------|---------------------|--------------------|--------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$15 630 381 000 | \$15 242 158 125 | \$30 872 539 125 | \$27 898 750 279 | \$2 973 788 846 |

I have audited the financial statements of the Ministry of Industry and Commerce for the year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the state of affairs of Ministry of Industry and Commerce as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Reconciliation of Appropriation Account Expenditure

Finding

The Sub-Paymaster General's account closing balance was ZWL\$27 874 617 627 while the PFMS expenditure report had ZWL\$27 898 750 279 resulting in a variance of ZWL\$24 132 652. Treasury circular number 1 of 2024 requires that the total expenditure on the Main Appropriation Account must be reconciled to the Sub-Paymaster General's account for accuracy. The reconciliation to trace the variance was not done. Therefore, the reported expenditure could be misstated.

Risk/Implication

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

Recommendation

The Ministry should investigate and clear the variance.

Management Response

The Ministry has revised its reconciliation statement after an update of the PMG transfer account by Treasury. However, there is still an imbalance of ZWL\$4 132 654

which is still under investigation. Treasury will be consulted because their record of US\$ salaries does not cover all the 12 months of 2023.

(ii) Revenue Received Reconciliation

Findings

There were variances between the revenue amounts on the Revenue Received return and the balances extracted from the PFMS Ledgers. Revenue received disclosed on the return was ZWL\$18 713 126 263 whereas the PFMS ledgers had a total of ZWL\$2 171 918 232, resulting in a variance of ZWL\$16 541 208 031. In the absence of a reconciliation, the revenue received amount could not be determined accurately. The Table below refers.

| Revenue Head | Total as per return submitted for audit ZWL\$ | Total Amount as per PFMS Ledger ZWL\$ | Variance ZWL\$ |
|------------------------|--|--|----------------------------|
| Import and Export Fees | 1 288 431 422 | 1 295 334 424 | (6 903 002) |
| Assize Fees | 1 947 519 646 | 858 405 291 | 1 089 114 355 |
| Miscellaneous revenue | 64 101 117 | 18 178 517 | 45 922 600 |
| Royalties | 15 413 074 078 | - | 15 413 074 078 |
| Total | ZWL\$18 713 126 263 | ZWL\$2 171 918 232 | ZWL\$16 541 208 031 |

Further, the Ministry's Revenue Received Return and Statement of Revenue Transactions Reconciliations between Sub Exchequer Account and the Consolidated Revenue Fund Return had balances of ZWL\$ 18 713 126 264 and ZWL\$514 563 418 respectively, resulting in an unreconciled balance of ZWL\$18 198 562 846. As a result, I could not validate the accuracy of the amounts disclosed as revenue. The Revenue Received reported could be misstated.

Risks/Implications

The credibility of the Financial Statements is reduced if there are variances between ledger balances and those on the revenue received return.

Revenue could be misstated in the absence of a reconciliation.

Recommendations

Variances should be investigated and adjustments should be made in the ledgers and the returns.

The Ministry should ensure that balances on these two returns are reconciled on a monthly basis.

Management Response

The reason why there are transactions appearing on the Sub Exchequer Transfers General Ledgers is that the bank statement is only for ZWL\$ Account yet the Sub Exchequer captured the US\$ converted component.

The differences between the bank statement and Sub Exchequer were due to US\$ transactions that were captured by Treasury that were not receipted by the Ministry of Industry and Commerce because they had not received instructions to capture US\$ in the system.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Unbudgeted Expenditure

Finding

The Ministry made a Capital Grant transfer of ZWL\$123 000 000 to the Zimbabwe International Trade Fair Company (ZITF) in 2023 that was not budgeted for. The amount was paid under Acquisition of non-financial assets: Other Machinery and Equipment.

Risk/Implication

Unbudgeted expenditure may impact negatively on implementation of other programmes.

Recommendation

The Ministry should ensure that all major activities/programmes to be undertaken during the year are budgeted for.

Management Response

The observation has been noted. The Ministry made an oversight and submitted its 2023 bid without including the ZITF Company budget. The anomaly was realized and a corrective measure was taken by way of a virement from a program whose budget had not been utilized. Going forward the ZITF company will always be involved and included in the annual budget process.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Outstanding Revenue

Finding

The Ministry had outstanding fees for trade measures (assize fees) amounting to ZWL\$268 970 659. I was not satisfied that adequate follow-ups for the outstanding amounts were made. Section 42 (4) of the Public Finance Management (Treasury Instructions), 2019 requires Receivers and Collectors of Revenue to enforce the punctual collection and disposal of revenue and other public moneys in accordance with the laws, regulations, instructions or agreements relating thereto.

Risk/Implication

The Ministry may lose potential revenue if debts are not recovered on time.

Recommendation

The Ministry should consider taking more proactive action to recover outstanding debts as required by the Treasury Instructions.

Management Response

The Ministry will be writing instructions to all Provincial offices to stop providing services on credit to clients that have outstanding invoices. The Ministry will also work to improve enforcement of the 30-day credit term given to the customers.

3. PROCUREMENT OF GOODS AND SERVICES

3.1 Acquisition of Fixed Capital Assets

Finding

The Ministry acquired an immovable property in Bindura at a cost of US\$150 000 in May 2023 for use as Provincial Offices for Mashonaland Central. I could not validate the reasonableness of the amount paid as the valuation report from Public Works the Government valuator, was not attached to the purchase documents. Further, the property was still being billed in the name of the seller indicating that change of ownership had not been done.

Risks/Implications

Non valuation of the property prior to purchase may result in the Ministry paying more than the property's market value.

Delays in changing ownership may cause utility and service disruptions, impacting property occupancy and usage.

Recommendations

The Ministry should avail the valuation report and also change ownership of the property with the local municipality.

Management Response

The Ministry will request for the valuation report from Public Works before the end of May 2024.

The Ministry is going to use the agreement of sale document to change the name on billing invoices with the local authority.

4. GENDER ISSUES

4.1 Gender Policy and Structure

Findings

For the second year in succession the Ministry did not have a policy document, documented gender activities plan and a clear gender structure in place.

In addition, there was no substantive Director for Gender Activities. The Ministry relied on the Human Resources Officer who was acting as the focal person while discharging full human resources duties.

Risks/Implications

Failure to come up with gender policy, documented gender activities plan and a clear gender structure may result in failure to eliminate root causes of gender discrimination, if any, within the Ministry.

Failure to have a substantive Director may result in gender issues not receiving the desired attention.

Recommendation

The Ministry should prioritize crafting policies and having substantive structures that support gender equality.

Management Response

On the Ministry's structure there is a vacant post of Director Gender, Inclusivity and Wellness. It is therefore the mandate of the Public Service Commission to fill the post of Director, Gender Wellness and Inclusivity.

The Ministry in the year 2023 appointed a Gender, Inclusivity and Wellness Committee. The committee comprises of a member from each and every Department including all the ten provinces. It is in the 2024 plan for the Ministry to craft Gender, Inclusivity and Wellness policy and strategies that are sectorial based.

The Ministry appointed a Principal Human Resources Officer as the Gender, Inclusivity and Wellness Focal person.

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 six (6) findings, three (3) were addressed and three (3) were not addressed as indicated below:

5.1 Expenditure

The finding was not addressed as reconciliations between the balances in the Appropriation Account and in the PFMS were not done.

5.2 Sub-Paymaster General's Account

The finding was addressed. The Sub-Paymaster General's Account reconciliation was eventually done.

5.3 Public Financial Assets Return

The finding was not addressed. The return had not been submitted by the time of concluding the audit.

5.4 Contingent Liability

The issue was resolved, the Ministry submitted a nil return.

5.5 Risk Management Policy Assessment

The risk assessment exercise was not done.

5.6 Dividends

The supporting documents for dividends were submitted for audit.

STANDARDS DEVELOPMENT FUND 2022

Objective of the Fund

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

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|---------------------------|
| Income | 5 537 743 279 |
| Expenditure | 1 912 386 395 |
| Surplus | ZWL\$3 625 356 884 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|--------------------|---------------------------|---------------------------|
| Non-Current Assets | 36 711 739 | - |
| Long Term Loans | 19 392 869 | - |
| Current | 5 224 489 421 | 259 870 481 |
| Accumulated Fund | - | 5 020 723 548 |
| Total | ZWL\$5 280 594 029 | ZWL\$5 280 594 029 |

I have audited the financial statements of the Standards Development Fund for the year ended December 31, 2022 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matters described in Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Standards Development Fund as at December 31, 2022 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 not Adequately Supported

Finding

The Fund processed payment vouchers amounting to ZWL\$26 045 231 which were not supported by source documents such as purchase orders, goods receipt vouchers, invoices, and receipts. Section 53(1) of the Public Finance Management (Treasury Instructions), 2019 requires all payments made to have adequate supporting documentation.

Risk/Implication

If payments are made without adequate supporting documentation fraudulent payments may be made without detection.

Recommendation

The Fund should ensure that all transactions are appropriately and sufficiently supported to enhance the accountability for public funds.

Management Response

The issue has been noted. The PFMS has not been fully rolled out for the Fund, only the Financial Accounting module is in use. As a result, the Fund was unable to use the Material Management module to generate system-based purchase orders and goods receipt vouchers. Going forward the Fund, will purchase physical goods received notes and make sure there is all relevant documentation needed to support expenditure.

(ii) Database for Employers

Finding

The Fund collects 0.05% of a company's wage bill. In the year under review, the Fund did not maintain a database of the employers in Zimbabwe and did not raise invoices for the levies due. The Fund relied on the declaration made by the employers to collect the levies. I could not satisfy myself that the Fund collected all the levies that were due. Further, the correctness of the outstanding levies figure of ZWL\$12 967 598 disclosed in the financial statements could not be relied upon as the database for employers was not being maintained.

Risk/Implication

By not maintaining a database of the employers this may result in failure to collect all the levies due.

Recommendation

Management should create and maintain a database for the employers in Zimbabwe.

Management Response

The observation has been noted. Currently, the database is being updated to include electronic information of all employers so that the Ministry is able to send electronic mail to all employers notifying them when the time to pay will be due.

Below are other issues noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Unidentified Deposits

Finding

The Fund did not have mechanism in place identify and subsequently issue receipts for direct bank deposits by employers. As a result, the financial statements disclosed an amount for unidentified deposits of ZWL\$113 259 714. Some of the unidentified deposits are dating back to 2020. Section 52 (4) of the Public Finance Management (Treasury Instructions), 2019 requires that unclaimed money above six (6) months, be paid into revenue.

Risks/Implications

Failure to have a system to identify all direct deposits by employers may result in fraud being perpetrated without trace.

The Accounts Receivable figure may also be overstated.

Recommendation

Management should liaise with its bank for employer details to be captured when deposits are made to facilitate issuing of receipts.

Management Response

The observation is noted. The unidentified deposits as at December 31, 2022 will be cleared during the 2023 financial year and then transferred to income at the end of the year when new ones emerge. This has been made to give employers sufficient time to send their full details for updating.

2 MANAGEMENT OF ASSETS

2.1 Procurement of Motor Vehicles

Finding

The Fund purchased a vehicle from Motor City Toyota worth ZWL\$10 840 000. A full payment was made in advance in March 2022 as stated in the contract as a precondition. However, at the time of concluding the audit on November 8, 2023, the supplier had not delivered the vehicle stating that the delay was due to logistical challenges. The Fund management was making follow-ups with the supplier as evidenced by correspondence that was availed for audit inspection.

Risk/Implication

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

Recommendation

The Fund should engage legal experts to enforce the fulfillment of the contract as per the terms of the contract.

Management Response

The observation is noted. The Fund is now expecting delivery of all outstanding motor vehicles from Motor City Toyota. Documentation supporting assessed ZIMRA entries of the outstanding vehicles is now available.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

3.1 Investment of Excess Cash

The Fund did not address the audit finding as excess cash was not invested, and authority from the Treasury had not been obtained.

3.2 Procurement of Motor Vehicles

The issue was addressed as all four (4) motor vehicles had been delivered at the time of concluding the audit.

3.3 Recovery of Levy Debtors

The audit finding on recovery of outstanding amounts was partially addressed, as there are some outstanding levy debts still to be recovered.

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

APPROPRIATION ACCOUNT 2023

Mandate

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

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

| Original Budget ZWL\$ | Unallocated Reserve Transfers ZWL\$ | Total Budget ZWL\$ | Expenditure ZWL\$ | Net Underspending ZWL\$ |
|--------------------------|--|-----------------------|----------------------|----------------------------|
| \$362 520 603 000 | \$2 200 660 453 518 | \$2 563 181 056 518 | \$2 419 817 876 027 | \$143 363 180 491 |

I have audited the financial statements of the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development, for the year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

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 state of affairs of Ministry of Lands, Agriculture, Fisheries, Water and Rural Development as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Direct Payments

Finding

Treasury made direct foreign currency payments to service providers on behalf of the Ministry amounting to US\$272 141 221 during the year under review. However, the transactions were not recognized in the respective PFMS and financial statements owing to lack of documentary evidence from Treasury. The transactions have remained unaccounted for in the Ministry's financial records.

Risk/Implication

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

Recommendation

The Ministry should from time to time liaise with Treasury to check if any payments would have been made on their behalf. This facilitates being furnished with source documents such

as payment vouchers and invoices so that the expenditure is accounted for during the course of the year as it is incurred.

Management Response

The Ministry recognised direct foreign currency payments made by Treasury in the PFMS for the financial year ending 31 December 2023.

Evaluation of Management Response

The Ministry only accounted for US\$121 592 235 out of a total of US\$393 733 435 456 leaving a balance of US\$272 141 221 unaccounted for.

(ii) Salary and Wages in Kind

Finding

The Ministry's salaries and wages in kind ledger disclosed a nil balance despite the fact that fifty-eight (58) officers were paid part of their benefits in kind amounting to US\$672 768 (420 480 litres @ US\$1.60 per litre) as fuel allowance and communication allowance amounting to ZWL\$34 021 974. These compensation of employee costs that were charged to the goods and services ledgers were supposed to be disclosed under salaries and wages in kind. This was caused by the inadequate provision for the expenditure. The Ministry should have processed virements instead of misallocating the expenditure to goods and services.

Risk/Implication

Failure to record salaries and wages in kind in the appropriate ledger has resulted in the understatement of compensation of employees' costs in the Appropriation Account.

Recommendation

The Ministry should record all allowances related to compensation of employees in the appropriate ledger and adjust the financial statements.

Management Response

The observation is noted. However, the budget provision on salaries and wages in kind for the year ended December 31, 2023 was insignificant compared to the Ministry's requirement in terms of air time and fuel under conditions of service. Most of the air time and fuel was procured through the normal airtime and fuel general ledgers.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Unallocated Reserve Transfers

Finding

There was an unreconciled variance of \$399 790 030 between the Unallocated Reserve Transfers disclosed in the Appropriation Account of ZWL\$2 200 660 453 518 and the amounts provided in Treasury schedule that has a balance of ZWL\$2 200 260 663 488. This was due to absence of communication with Treasury contrary to Section 29(4)(d) of the

Public Finance Management (Treasury Instructions), 2019 which requires management to put in place systems of internal checks that ensure the accuracy of accounts.

Risk/Implication

The Unallocated Reserve Transfers amount in the Appropriation Account could have been misstated.

Recommendations

The variance should be investigated and corrective action taken on the Appropriation Account.

Management should perform monthly reconciliations of Unallocated Reserve Transfers received by the Ministry from Treasury.

Management Response

The observation is noted. The Unallocated Reserve (UR) figures disclosed was based on the information (Letters of disbursement which are available both in hard copy and soft copy form) provided by Treasury.

Evaluation of Management Response

The letters submitted were not adding to the total amount disclosed in the Appropriation Account.

1.2 Risk Assessment

Finding

The Ministry did not perform an annual risk assessment in line with Section (162) of Public Finance Management (Treasury Instruction), 2019 which requires Accounting Officers to identify, quantify, assess and come up with mitigation measures for the risks identified and maintain complete records and related documents on the risks identified. This was due to the fact that the Ministry always relied on internal audit assessment and reports.

Risk/Implication

The Ministry may incur losses as a result of not being able to identify and mitigate all risks affecting the entity.

Recommendation

Management should perform an annual risk assessment, put in place a risk register where identified risks are recorded, analysed and develop strategies to mitigate the identified risks.

Management Response

The observation is noted. The Ministry wrote to Treasury requesting for financial resources to develop a risk management framework.

1.3 Misappropriation of Government Resources

Findings

I noted that under Programme IV there were cases of misappropriation of government resources such as inputs given to farmers under Pfumvudza/Intwasa or Presidential Programme inputs scheme by Agritex officers at Nyika District in Masvingo Province and in Mashonaland Central Province. This was caused by inadequate internal controls in handling deliveries at the centres.

Furthermore, from the Internal Audit Report I reviewed, I noted that Agritex Officers from Makonde District in Mashonaland West Province contracted and distributed inputs and irrigation equipment to members without farms. Others received inputs fraudulently through dishonest means of registering farms that are not theirs as well as not on the contract list. This was caused by inadequate supervisory controls to ensure that officers followed laid down procedures in the distribution of farming inputs and irrigation equipment.

Risk/Implication

Service delivery may be compromised if individuals without farmland benefits from inputs as they would deprive intended beneficiaries from putting the inputs into good use.

Recommendation

Management should ensure that adequate controls are put in place to plug leakages of Government resources during the distribution of inputs.

Management Response

Mashonaland Central Province- Agricultural Extension Officer for Bindura District, was charged with an act of misconduct for abusing the Presidential Programme Wheat Inputs in Bindura District. Misconduct hearing will be carried out on May 27, 2024 at Bindura District Offices.

Mashonaland West Province- Agricultural Extension Supervisor in Makonde District was also alleged to have abused presidential inputs and an investigation was carried out. The investigation report indicated that the member has a case to answer. Human Resources Head Office is now waiting for the Provincial HR to submit charge and response letters so as to conduct the misconduct hearing.

Masvingo Province-There are no cases of abuse of inputs in Bikita District (Nyika), that is according to Acting Human Resources Officer for Bikita District.

Evaluation of Management Response

The management response is noted. However, audit noted abuse of inputs in Bikita (Nyika) district by two officers.

2 PROCUMENT OF GOODS AND SERVICES

2.1 Delivery of Assets

Finding

The Policy and Administration Department bought during the period November 30 to December 28, 2023, seven (7) desks for ZWL\$143 701 688; seven (7) chairs for ZWL\$41 941 457; seven (7) laptops for ZWL\$90 444 570; one (1) cellphone for ZWL\$4 788 662 and 1 voice recorder for ZWL\$6 525 000 from various service providers. However, at the time of concluding the audit on May 10, 2024, the items were yet to be delivered. This was due to lack of contract managements as required in Section (79) of Public Procurement and disposal of Public Assets Act [*Chapter 22:23*] which states that a procuring entity must be responsible for administering its procurement contracts and shall establish procedures for effective contract administration.

Risk/Implication

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

Recommendations

Management should follow up with the various suppliers and if this fails seek legal advice for restitution.

The Ministry should pay in time to ensure that goods are received as ordered.

Management Response

The Procurement Management Unit acknowledges your observation with regards to the financial loss of ZWL \$143 701 688. This was as a result of payment made at a later date than quoted and because of exchange rate fluctuations, the funds ended up not being enough for goods procured. Some suppliers were supplying goods equivalent to the funds received as an option and with our approval whilst some supplied less. A total amount of ZWL\$17 817 469 for the supply of voice record, swivel chairs and desks will be reimbursed by two suppliers as soon as the Ministry furnishes banking details.

2.2 Maintenance of Tractor Records

Findings

Mechanisation Department received a total of one thousand three hundred and twenty-seven (1 327) tractors and distributed one thousand two hundred and forty-six (1 246) to farmers and government institutions. The Ministry had a balance of eighty-one (81) tractors in their registers, however, I noted that there were two hundred and sixty-one (261) tractors after conducting a physical count at the Ministry's yard. Upon enquiry of the variance, it was alleged that some institutions such as Agricultural Finance Corporation, Rural Infrastructure Development Agency (RIDA) formerly District Development Fund (DDF) and City of Harare had not collected the tractors distributed to them. I noted that the officers were not able to differentiate tractors that were for the institutions awaiting collection and the eighty-one left in their books to be sold to farmers, as the tractors are kept in one yard without proper identification. This was due to inadequate maintenance of records.

Furthermore, audit noted that there were no delivery notes or issue vouchers from the supplier to the Ministry when they handed over the equipment. This was in violation of Section 95 (3) of the Public Finance Management (Treasury Instruction), 2019 requires officers in administration to maintain good delivery and received notes.

Risks/Implications

Ministry farm equipment in store or in transit without any documentation may be misappropriated.

Substandard goods may be delivered if there are no delivery notes or issue vouchers to ensure that the goods or services match the purchase order or contract and are in good order. Further, variances may not be investigated or reconciled.

Recommendations

Assets held for sale and in transit should be properly identified by engine numbers and chassis numbers.

The Ministry should liaise with the supplier so that when equipment is being delivered to the Ministry it will be accompanied by documentation stating all the necessary information pertaining to the equipment.

Management should investigate the variances noted.

Management Response

Management noted and adopted the observations. Engine numbers and serial numbers on allocation are issued to the benefactor in liaison with the supplier, Bison Agro Machinery (Pvt) Ltd upon completion of the pre-delivery inspection. This has its own flaws as noted by audit because in the absence of the supplier an individual unit cannot be identified to benefactor. A new process has been crafted for adoption on the third phase and other facilities.

2.3 Delivery of Motor vehicles

Findings

Veterinary Department

The Veterinary Department paid an amount of ZWL\$203 844 148 to Mike Harris (Pvt) Limited for four (4) motor vehicles in May 2023 for the department's operations. However, as at May 15, 2024 the department had not received the four vehicles. I was not availed with the actual contract that was entered into with Mike Harris to enable verification of the terms of the contract. Mike Harris did not deliver the motor vehicles citing non-allocation of foreign currency from the Reserve Bank of Zimbabwe auction floor. This was in violation of Section 78 (2) (h) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] which requires the procuring entity to ensure that every procurement contract it enters into should specify the delivery date and place.

Furthermore, Veterinary Field Services entered into a contract with Paza *Buster* to purchase an Isuzu D-Max 2,5 double cab. The department was then offered two single cabs in place of the double cab. Paza *Buster* supplied the two single cabs but audit was not availed with any documents for the contract variation. This was in violation of Section 81 (2) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] which states that parties to a

procurement contract shall not agree to vary the contract if the variation would result in a contract materially different from the original contract. This was caused by failure by Ministry to do needs analysis exercises.

Department of Surveyor General

The Department of Surveyor General paid ZWL\$116 974 107 for three (3) motor vehicles on May 24, 2023 to Mike Harris P/L. However, as at May 10, 2024, the Department had not yet received any vehicle. According to paragraph 21.1 of the contract signed on February 8, 2022, the vehicles were supposed to be delivered as and when needed after the signing of the contract. This was in violation of Section 78 (2) (h) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] which requires the procuring entity to ensure that every procurement contract it enters into should specify the delivery date and place. This was caused by inadequate contract clauses which protect the Ministry in cases of non-performance by suppliers and lack of proper review of the procurement contract.

Risk/Implication

Financial loss may be incurred and service delivery may be compromised if the supplier fails to deliver or varies the motor vehicle model.

Recommendations

Management should make follow up with the supplier to deliver the outstanding motor vehicles.

Management should ensure that authorised contract variations are in place before accepting motor vehicles that were not on original contract.

Management Response

Veterinary Department

The observation is noted. When the payment was made the supplier had no stocks of the required vehicles. Due to hyperinflation, the Ministry saw it fit to consider the alternative offer than the Government losing out. The department is currently engaging the supplier to regularise the transaction and contract variation.

Department of Surveyor General

The observation is noted. The Department wrote to the supplier, Mike Harris P/L twice last year on July 13, 2023 and September 1, 2023. In addition, to verbal discussions over the pending delivery of the two vehicles (1x Toyota Fortuner and 1x Toyota Hilux Single Cab).

The Department will engage the supplier in writing by May 24, 2024 and negotiate contract performance (vehicle delivery) through meetings with the supplier. However, if our efforts fail to bear fruits, the Department will seek legal advice with a view to finalize the matter.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Outstanding Revenue

Finding

For the second year running, I could not validate the authenticity of the outstanding revenue amounting to ZWL\$2 624 624 225 disclosed on the return submitted for audit due to the fact that the data base and the invoicing system of farmers allocated land was not up to date. This was caused by delays in the administrative process to approve an identified service provider of an accounting system that could address the problem. This was contrary to section 35 (6) (a) of the Public Finance Management Act [*Chapter 22: 19*] which requires the Accounting Officer to keep or cause to be kept proper records of account.

Risk/Implication

Outstanding revenue may be misstated.

Recommendation

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

Management Response

The observation is noted. The Ministry is filling posts for all districts accountants who will assist in following up and updating outstanding revenue at district level. As at May 21, 2024 there were sixteen (16) accountants that had assumed duty out of the forty-four (44) appointed. The identified accounting software of Palladium has passed all internal approvals. The Ministry is waiting for final approval of Palladium Accounting System from the Ministry of Information Communication Technology, Postal and Courier. The system is expected to be procured by August 30, 2024

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

4.1 Direct Payments

The matter was not resolved. The direct foreign currency payments amounting to US\$256 961 565 for the year 2022 were yet to be recorded in the SAP as indicated on paragraph (i) above.

4.2 Compensation of Employees Reconciliations

The matter was resolved as reconciliations for 2022 were done during the year 2023.

4.3 Submission of Financial Statements and Other Returns

The Ministry submitted the statutory returns for the 2023 financial statements before the statutory deadline.

4.4 Audit Committee

An audit committee is now in place.

4.5 Statement of Contingent Liabilities

The matter was not resolved as the Ministry is yet to come up with the Contingent Liabilities register to record borrowings and payments.

4.6 Motor Vehicle-Veterinary Department

The Ministry is yet to receive 2 out of 9 vehicles bought from Mike Harris in 2022 under Programme 2.

4.7 Outstanding Revenue

The Ministry is yet to establish the robust system to manage farmers' database as well as accounting system.

4.8 Revenue Return

The matter was not resolved as the ministry did not do receipting in the SAP due to closure of its cost Centre by project office.

LANDS COMPENSATION FUND 2022

Objective of the Fund

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

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|---------------------------|
| Income | 3 203 226 911 |
| Expenditure | 1 999 263 175 |
| Surplus | ZWL\$1 203 963 736 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|---------------------------|---------------------------|
| Non-Current | 43 910 052 | - |
| Accumulated Fund | - | (2 341 917 998 563) |
| Current | 2 233 107 566 | 2 344 195 016 181 |
| Total | ZWL\$2 277 017 618 | ZWL\$2 277 017 618 |

I am required to audit the financial statements of Lands Compensation Fund for the year ended December 31, 2022, and I issued a disclaimer opinion.

Disclaimer of Opinion

I do not express an opinion on the financial statements of the Lands Compensation 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) Trade and Other Payables

Finding

The Fund did not maintain ledgers for payables in respect of Farmers' compensation. In addition, supporting documentation, such as valuation reports that are used to establish the value of the acquired farms and determine the outstanding liabilities, were not availed for audit. I therefore, could not validate the accuracy of the payables amount of ZWL\$2 344 195 016 181 disclosed in the financial statements.

Risk/Implication

The amount for payables disclosed in the financial statements could be materially misstated.

Recommendation

The Fund should maintain all trade payable ledger accounts and valuation reports so that all settlements made may be traceable to the valuated amounts.

Management Response

The observation was noted. The payables are compensation for Global Compensation Deed that was agreed between the Government of Zimbabwe and Valcon Consortium. The values agreed in the Deed are a result of negotiations. The Ministry is continuously engaging Treasury, which is the lead Government negotiator to compel Valcon to table the agreed individual bills in the Land Compensation Committee so that the values will be formally adopted and recorded in the Fund's books of accounts.

(ii) Maintenance of Records

Finding

The Fund did not maintain accounting ledgers for all account balances disclosed in the financial statements, contrary to the provision of Section 119 (2) of the Public Finance Management (Treasury Instructions), 2019, which prescribes the minimum books to be maintained. As a result, I could not validate the completeness and accuracy of the revenue and receivables figures of ZWL\$1 202 799 004 and ZWL\$1 853 692 445 respectively which were disclosed in the financial statements for the year under review. This was caused by a shortage of finance personnel to maintain manual accounting records such as the sales ledgers.

Risk/Implication

In the absence of proper accounting records financial statements could be misstated.

Recommendation

The Fund should maintain ledgers to enhance accountability in the recording of transactions.

Management Response

The observation is noted. Due diligence process and demonstrations are being concluded with Tremble Software Solutions. The Ministry is currently in the process of procuring Palladium accounting package in the first quarter of 2024, which is compatible with geospatial planning. The accounting package will ensure maintenance of accounting ledgers and separations of current revenue receipts and recoveries of previous periods thus applying accruals basis accounting.

(iii) Revenue Received

Finding

The total revenue of ZWL\$3 203 226 911 disclosed in the financial statements was misstated by an amount of ZWL\$715 412 891 as it included recoveries from previous periods. There was no evidence of maintenance of ledgers. This contravened Section 10 (2) and 11(2) of the Public Finance Management (Treasury Instructions), 2019, which prescribe the accrual concept of accounting for Fund Accounts.

Risk/Implication

There could be over statement of revenue and accounts receivable.

Recommendation

The Fund should maintain individual ledgers to facilitate tracking of payments.

Management Response

The observations are noted. The Ministry notes that it is a cumbersome process to separate current revenue receipts and recoveries of previous periods using manual receipting. Therefore, automation is crucial through creation of Agricultural Information Management System (AIMS), which will incorporate Land Information Management Systems (LIMS) that will configure all land processes up to billing.

Due diligence process and demonstrations are being concluded with Tremble Software Solutions. The Ministry is also ceased with the process of procuring Palladium accounting package in the first quarter of 2024, which is compatible with geospatial planning. The accounting package will ensure separations of current revenue receipts and recoveries of previous periods thus applying Accruals basis accounting.

1 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not address the three (3) audit findings raised in the previous year report as indicated below:

1.1 Ledgers for Revenue and Payables

The issue was not resolved as the Ministry did not have ledgers in place to account for receivables and payables.

1.2 Debt Management

The finding is yet to be addressed as the Fund had not yet procured an accounting software.

1.3 Operations of the Fund

The Fund managers are still lobbying with Treasury for the Fund to be exempted from closure.

LANDS AND RESETTLEMENT FUND 2022

Objective of the Fund

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

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 218 657 121 |
| Expenditure | 439 394 |
| Surplus | ZWL\$218 217 727 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-------------------------|-------------------------|
| Non-Current | 1 134 784 | - |
| Accumulated Fund | - | 314 503 688 |
| Current | 313 785 259 | 416 355 |
| Total | ZWL\$314 920 043 | ZWL\$314 920 043 |

I am required to audit the financial statements of the Lands and Resettlement Fund for the year ended December 31, 2022 and I issued a disclaimer opinion.

Disclaimer of Opinion

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

Basis for Disclaimer of Opinion

(i) Maintenance of Accounting Records

Finding

The Fund administrators did not maintain accounting records such as sales and debtor's ledgers to account for revenue and receivables. As a result, I could not validate the completeness and accuracy of the revenue and receivables figures of ZWL\$218 657 121 and ZWL\$305 867 794 respectively which were disclosed in the financial statements for the year under review. This was contrary to Section 35 (6) (a) of Public Finance Management Act [Chapter 22:19] which requires proper books of account to be kept.

Risk/Implication

In the absence of ledger accounts, the verification of financial statement figures might be difficult and thus affect the reliability of the submitted Financial Statements.

Recommendation

Management should implement accrual basis of accounting for all transactions and maintain proper accounting records.

Management Response

The observation is noted. There was a shortage of accountants at districts and provincial offices with seventeen (17) in post against an establishment of sixty-seven (67). In addition, use of manual accounting system has hindered implementation of the accrual basis. The Ministry is filling all vacant accounting posts as indicated on the Public Service Commission minute dated March 7, 2024. So far twenty-seven (27) accountants have assumed duty as at May 14, 2024. This will improve maintenance of accounting records during 2024 financial year.

(ii) Revenue Received

Finding

The Fund recognised all receipts as revenue for the year even though some of the receipts were in respect of recoveries of previous periods. This was caused by shortage of finance personnel to maintain manual accounting records such as sales ledgers. This was in violation of the accrual accounting concepts prescribed in Section 10 (2) and Section 11(2) of the Public Finance Management (Treasury Instructions) 2019. I was therefore not able to validate the completeness and accuracy of the revenue balance of ZWL\$218 657 121 disclosed in the financial statements.

Risk/Implication

The financial statements may be materially misstated.

Recommendation

Management should maintain adequate accounting records to facilitate smooth adoption of accrual accounting framework.

Management Response

The observation is noted. The Ministry endeavours to account for all revenue due to the Fund using its newly appointed districts accountants who will account for previous and current revenue due to the Fund. Currently the Ministry is waiting for the final approval of Palladium Accounting System from the Ministry of Information Communication Technology, Postal and Courier Services. The system is compatible with geospatial planning. The accounting package will ensure easy maintenance of accounting ledgers thus adopting the full accrual accounting framework.

1. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not address the three (3) findings raised in the previous report as indicated below:

1.1 Ledgers for Revenue and Receivables

The Fund did not address the audit finding as ledgers were not maintained as indicated on Paragraph (i) above.

1.2 Operations of the Fund

The Fund continued operating without Treasury approval.

1.3 Debt Management System

The Fund did not address the finding as the outstanding balance on debtors continued increasing.

PIG LEVY FUND 2022

Objective of the Fund

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

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-----------------------|
| Income | 5 742 475 |
| Expenditure | 4 714 769 |
| Surplus | ZWL\$1 027 706 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-----------------------|-----------------------|
| Accumulated Fund | - | 2 051 499 |
| Current | 2 653 354 | 601 855 |
| Total | ZWL\$2 653 354 | ZWL\$2 653 354 |

I have audited the financial statements of the Pig Levy Fund for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements, present fairly, in all material respects, the financial position of Pig Levy Fund as at December 31, 2022, 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 Accounts Receivable

Finding

The accounts receivable balance increased by 45% from the previous year's amount of ZWL\$1 565 583 to ZWL\$2 274 982. There was no evidence that follow-ups were made to recover the outstanding amounts. Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 requires officers responsible to take adequate steps to collect sums due to government.

Risk/Implication

The Fund may suffer financial loss if accounts receivable are not recovered timeously.

Recommendation

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

Management Response

The observation is noted. Follow ups are now being made to recover the outstanding debt. The Pig Levy has been reviewed from ZWL\$25 to US\$1 per slaughtered pig, payable at the prevailing bank rate as provided for in Statutory Instrument 121 of 2023. Previously, costs of follow-up which should be met by the Fund were more than the amount being followed-up.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Fund did not make progress in addressing the audit finding raised in my previous audit report as indicated below:

2.1 Debt Management

The Fund did not implement effective measures to collect outstanding amounts as the balance increased by 45% as indicated on paragraph 1.1 above.

VOTE 9.- MINES AND MINING DEVELOPMENT

APPROPRIATION ACCOUNT 2023

Mandate

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

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

| Original Budget ZWL\$ | Unallocated Reserve Transfers ZWL\$ | Total Budget ZWL\$ | Expenditure ZWL\$ | Net Under Spending ZWL\$ |
|--|--|-------------------------------------|------------------------------------|---|
| \$12 987 529 000 | \$26 527 193 811 | \$39 514 722 811 | \$34 065 082 599 | \$5 449 640 212 |

I have audited the financial statements of the Ministry of Mines and Mining Development for the year ended December 31, 2023 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respect, the state of affairs of the Ministry of Mines and Mining Development for the year ended December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Risk Management Policy

Finding

For the past four years the Ministry has not finalised the Risk Management Policy for its approval and implementation. This is contrary to Section 162 (1) of Public Finance Management (Treasury Instructions), 2019 which states that Accounting Officers shall carry out a risk assessment of their operations on an annual basis and take deliberate steps to identify, quantify, assess and come up with mitigation measures for the risks identified.

Risks/Implications

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

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

Recommendation

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

Management Response

Pursuant to the issuance of Treasury Instruction to Ministries, Department and Agencies (MDAs) to come up with a Risk Policy as well as Risk Register for their respective entities, the Ministry has to date registered the following milestones.

- i. Drafted a Risk Policy which shall be shared with the rest of the Ministry`s departments for inputs/comments.**
- ii. Coordinated the training of three (3) Risk Champions from the Finance and Administration, Internal Audit and Human Resources departments.**

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Public Financial Assets

Finding

As previously observed, there were no loan recoveries made by the Ministry of Mines and Mining Development from Hwange Colliery Company since there was no movement on the opening and closing balances for the years amounting US\$14 560 697.

Risk/Implication

There could be an increase in public debt if recoveries are not done.

Recommendation

The Ministry should engage Hwange Colliery Company for the recovery of the loan.

Management Response

Management did not respond.

3. PROCUREMENT OF GOODS AND SERVICES

3.1 Documents for Procurement of Goods and Services

Finding

The Annual Procurement Plan that was submitted for audit purposes was not approved by the Accounting Officer and was not uploaded in the Public Finance Management System (PFMS). This was in violation of Section 67 (6) of the Public Finance Management (Treasury Instructions), 2019 which states that all approved Annual Procurement Plans shall be uploaded on the PFMS with the assistance of Treasury.

Risk/Implication

Without an approved procurement plan, resources may not be efficiently utilized or they can be wasted on unnecessary purchases.

Recommendation

The Ministry should comply with Section 67 (6) of the Public Finance Management (Treasury Instructions), 2019 to ensure that all expenditure is above board.

Management Response

Management did not respond.

3.2 Procurement and Delivery of Motor Vehicles

Finding

The Ministry procured two vehicles, a Toyota Land Cruiser Prado VXL and Toyota Land Cruiser 79 (Kakadu) all valued at US\$193 000 from Burnett Motors Dealership on September 5, 2023. The Toyota Land Cruiser Prado VXL was delivered to the Ministry in April 2024 without documentation to facilitate change of ownership of the vehicle. The Toyota Land Cruiser 79 (Kakadu) had not been delivered by the time of concluding the audit on May 13, 2024.

Risks/Implications

The supplier may fail to deliver the outstanding vehicle.

Without proper documentation, the delivered vehicle may remain registered in the sellers' name.

Recommendations

The Ministry should liaise with the supplier and have the outstanding vehicle delivered.

Follow-up should be made on the documentation of the delivered vehicle.

Management Response

Management did not respond.

4. COMPENSATION OF EMPLOYEES

4.1 Reconciliations of Salaries

Finding

My audit examination of payment vouchers for the year ended December 31, 2023 revealed that the Ministry incurred expenditure amounting to ZWL\$11 079 243 976 in respect of compensation of employees, however, the appropriation account reflected ZWL\$10 928 221 830, and documents from SSB had ZWL\$11 153 067 239. The variances on these amounts were not reconciled. This may have been caused by non-reconciliation of salaries expenditure figures during the year under review.

Risks/Implications

Failure to perform reconciliations may result in payments being made to non-existent employees and errors in records remain undetected.

Compensation of employee's expenditure reported could be misstated.

Recommendation

Management should reconcile the three (3) figures to come up with the correct amount for compensation of employees.

Management Response

SSB provides a schedule referred to as Salaries Bill which we then use for calculation of Salaries due to members. A reconciliation is done to ensure that the figures processed are the same with those availed to Treasury (Accountant General Department) before processing and subsequent payment. This process has no challenge for local currency component of the salary bill, however, when it comes to foreign currency component, there are challenges experienced as figures will vary due to exchange rate differences between the date of processing and subsequent payment. After payment of salaries, the Ministry reconciles with Treasury, the amount entered in the SAP system and the amount paid by Treasury. Reconciliations were done from January 2023 to December 2023 for ZWL\$ salaries and from January 2023 to July 2023 for US\$ Salaries, and Treasury is to avail the figures for August to December.

As for the May salaries, these were adjusted after the Ministry had already processed and submitted for payment. Treasury made direct payment and a journal was done to correct the differences.

Evaluation of Management Response

The Ministry should continue to engage Treasury to get the exchange rates or the processing dates to reconcile the variances.

5. GENDER ISSUES

5.1 Ministry Strategic Plan 2023- 2025

Finding

A review of the Ministry's Strategic Plan for the period 2023 – 2025 revealed that the Ministry did not integrate/incorporate gender mainstreaming issues into the Plan. The Ministry's Annual Plan/Integrated Performance Agreement also did not mention any gender related issues.

Risk/Implication

By not incorporating gender mainstreaming issues in its strategic plan the Ministry may overlook gender-specific needs and priorities.

Recommendation

The Ministry should integrate gender mainstreaming issues in its Strategic Plan.

Management Response

The Ministry lack the resources, such as funding, needed to implement comprehensive gender mainstreaming initiatives. The Ministry face pressure from other government priorities on economic growth or environmental concerns. The Ministry will continue to lobby for resources.

Evaluation of Management Response

Some of the issues raised may not require significant funding to implement.

6. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make progress in addressing findings raised in my previous report. Out of the ten (10) findings, two (2) were partially addressed and eight (8) were not addressed as indicated below:

6.1 Documents for Procurement of Goods and Services

The Annual Procurement Plan was submitted, however it was not approved by the Accounting Officer and not uploaded into the PFMS as indicated on paragraph 3.1 above.

6.2 Risk Management Policy

The Ministry has not yet finalised the risk management policy as indicated on paragraph 1.1 above.

6.3 Public Financial Assets

The Ministry had not made recoveries of the loan advanced to Hwange Colliery Company as indicated on paragraph 2.1 above.

6.4 Travelling and Subsistence Advances

The finding was not addressed as the advances remained outstanding.

6.5 Implementation of Activities

The Ministry failed to achieve some of its targets and some outputs were not indicated in the report.

6.6 Payment of Annual Inspection Fees by Miners

Non-payment of fees issue remained unresolved.

6.7 Labour and Production Returns

Non-submission of labour and production returns remained outstanding.

6.8 Mining Related Accident

There was no monitoring of mines hence accidents remained an issue.

6.9 Processing of Mine Registration Applications

There is still a backlog in the processing of mines registration applications.

6.10 Routine Mine Inspections

Inspections are still not being done.

SPECIAL GOLD UNIT FUND 2022

Objective of the Fund

The Fund was established in terms of the Public Finance Management Act [*Chapter 22:19*] to mobilise and manage financial, human and material resources for the purpose of curbing mineral leakages particularly gold.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-----------------------|
| Income | 8 258 000 |
| Expenditure | 6 066 730 |
| Surplus | ZWL\$2 191 270 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-----------------------|-----------------------|
| Accumulated Fund | - | 2 617 212 |
| Non-Current | 121 392 | - |
| Current | 2 495 820 | - |
| Total | ZWL\$2 617 212 | ZWL\$2 617 212 |

I have audited the financial statements of the Special Gold Unit Fund for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Special Gold Unit Fund as at December 31, 2022 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 MANAGEMENT OF ASSETS

1.1 Assets Register

Finding

The Ministry did not submit for audit the Assets Register for the Fund. This was contrary to Section 100 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to promptly record assets and maintain appropriate manual registers.

Risk/Implication

Accountability for the assets may be lost in the absence of a register.

Recommendation

Management should avail the Assets register for audit inspection.

Management Response

Management did not respond.

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

APPROPRIATION ACCOUNT 2023

Mandate

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

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

| Original Budget ZWL\$ | Unallocated Reserve Transfers ZWL\$ | Total Budget ZWL\$ | Expenditure ZWL\$ | Net Under spending ZWL\$ |
|--------------------------|--|-----------------------|----------------------|-----------------------------|
| \$14 199 197 000 | \$46 576 194 532 | \$60 775 391 532 | \$58 096 914 630 | \$2 678 476 902 |

I have audited the financial statements for the Ministry of Environment, Climate, Tourism and Hospitality Industry for the year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements, present fairly, in all material respects, the state of affairs of the Ministry of Environment, Climate, Tourism and Hospitality Industry as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Unreconciled Expenditure Amounts

Finding

The total expenditure amount of ZWL\$58 038 403 439 paid through the Sub-Paymaster General's Account (Sub-PMG) did not agree with the total expenditure of ZWL\$58 096 914 630 processed through the Public Finance Management System (PFMS). There was a variance of ZWL\$58 511 191 that was not reconciled. Therefore, I could not place reliance on the amount of expenditure disclosed in the Appropriation Account in the absence of a reconciliation showing the make-up of the difference.

Risk/Implication

The total expenditure reported could have been misstated.

Recommendation

The Ministry should investigate the variance so that the correct expenditure amount is determined and reported.

Management Response

The observation concerning the difference between Sub-PMG and transactions which goes through PFMS has been acknowledged. However, the anomaly has been corrected.

Evaluation of Management Response

The management response has been noted. However, the Ministry did not provide evidence to support the adjustments effected.

(ii) Compensation of Employees

Finding

The compensation of employees' expenditure reported in the Appropriation Account amounted to ZWL\$6 575 859 008, SSB schedules had a total of ZWL\$5 784 855 802 and Treasury Payment records had ZWL\$5 507 563 154. Thus, there were variances of ZWL\$791 003 206 between the Appropriation Account and SSB and ZWL\$1 068 295 854 between Appropriation Account and Treasury payments, which were not reconciled to establish the correct amount to be reported.

Risks/Implications

Unauthorised payments may occur when reconciliations or monitoring of the wage bill is not done.

The financial statements could have been misstated.

Recommendation

The Ministry should carry out reconciliations on a monthly basis to ensure that any variances are identified and rectified in time.

Management Response

The observation has been acknowledged. Engagements with Salary Services Bureau and Treasury to correct the discrepancies and anomalies are underway.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Audit Committee

Finding

The Ministry's Audit Committee did not meet during the financial year ended December 31, 2023 for the purposes of reviewing internal controls and addressing the control environment at the Ministry. This was in contravention of Section 84 (3) (b) of the Public Finance Management Act [*Chapter 22:19*] which requires that, the Audit Committee should meet at least twice a year.

Risk/Implication

Review of internal controls and governance issues will not be carried out and any anomalies may remain unaddressed.

Recommendation

The Ministry's Audit Committee should adhere to the requirements of the Public Finance Management Act [*Chapter 22:19*], so that there is regular monitoring and evaluation of internal controls, risks and compliance as well as governance issues.

Management Response

The observation on Audit Committee not meeting is indeed noted. The Audit Committee could not meet due to challenges brought about by the splitting of the then Ministry.

1.2 IT Controls and Environmental Controls

Finding

Audit noted that the following policies, plans and control procedures were not in place to facilitate smooth operations of the Ministry:

- IT strategic committee,
- Defined roles and responsibilities for each IT function,
- IT Strategic plan,
- Training program to build IT capacity,
- Formal approved IT security policy,
- Process to ensure up to date security on systems software,
- Process to review user access rights on the system,
- Backup retention strategy,
- IT continuity plan and disaster recovery plan,
- Formal, documented and tested emergency procedure,
- Fire suppression systems, fire extinguishers, Uninterrupted Power Supply (UPS) and generators.

Risks/Implications

Information management may be compromised when IT Controls are not effective.

Without fire suppression systems and fire extinguishers, any outbreaks may not be controlled. In addition, when Uninterrupted Power Supply (UPS) and generators are not in place as back up, loss of information may occur when there are power outages.

Recommendation

The Ministry should put in place adequate IT and Environmental Controls in order to mitigate against risks.

Management Response

The observations are noted.

- The department did not have an ICT strategic committee and an ICT strategy last year since it was under the Human Resources Department. The Ministry hopes to set it up this year. Also, the department did not have training programs specifically for IT.
- The roles in place include the following: - ICT governance, end user training, management of ICT projects, technical support, application development, network administration security, systems administration and provision of technical support on procurement of ICT products.
- The department failed to apply antivirus to ICT infrastructure due to lack of financial support. However, the unit changes passwords every 3 months.
- The Ministry did not have in place a backup retention strategy, an IT continuity plan and a disaster recovery plan.
- The Ministry is yet to put in place a formal documented and tested emergency procedure in place.
- The Ministry is yet to put the systems in place for fire suppression, fire extinguishers, UPS and generators.

1.3 Non-Disclosure of Short-Term Loan

Finding

The initial Public Financial Assets Return submitted for audit had investments of ZWL\$15 000 818. The resubmission made then excluded the investments and reflected a loan issued to Zimbabwe Parks and Wildlife Management Authority of ZWL\$7 125 900 000. The return was therefore misstated. Other information about terms of the loan or interest thereon were not disclosed.

Risk/Implication

There is risk that the financial statements could be misstated due to non-disclosure of all transactions.

Recommendation

The Ministry should ensure that all transactions are disclosed in the relevant returns for proper accountability.

Management Response

The observation is indeed noted. It is regretted that the loan advanced to ZimParks was not disclosed.

2 MANAGEMENT OF ASSETS

2.1 Asset Registers

Findings

The Ministry bought eleven (11) vehicles on March 3, 2023, and only five (5) had been recorded in the vehicle asset register and master asset register as at April 30, 2024. Thus, the Ministry did not maintain an up-to-date vehicle asset register. This was contrary to the requirements of section 100 (1) of the Public Finance Management (Treasury Instructions), 2019, which require Accounting Officers to promptly and accurately record all assets in the registers.

Furthermore, my audit revealed that six (6) out of the eleven (11) vehicles bought on March 3, 2023 were not yet registered with Central Vehicle Registry (CVR) as at April 30, 2024, a year later.

Risks/Implications

Assets may not be properly accounted for if they are not recorded in the Asset Registers.

Ownership of the vehicles may not be ascertained if registration is not done.

Recommendations

The Ministry should ensure that all assets are properly accounted for by recording them in the Asset Registers.

Physical counts should be carried out and compared with records to ensure completeness.

Ministry should ensure that all vehicles are registered without any further delays.

Management Response

The Ministry acknowledges the audit observation. The vehicles will be recorded in the asset registers in the course of the IPSAS reporting requirements, which is being worked on.

The supplier was supposed to register the five (5) vehicles after delivery but unfortunately, the supplier could not register the vehicles due to price increase of vehicle registration. The Ministry will ensure that the vehicles will be registered in the course of the year.

Evaluation of Management Response

The management's response has been noted. However, the Ministry should ensure that vehicles are recorded in the asset registers at the earliest possible time and not wait for the implementation of IPSAS.

2.2 Vehicles not Delivered

Finding

The Ministry entered into a contract on December 5, 2022 to purchase seven (7) operational vehicles. A payment to the supplier of US\$ 437 871 was made on March 3, 2023. However, at the time of audit on April 30, 2024 the vehicles had not yet been delivered. This was contrary to Section 30.1 of the General Conditions of Contract (GCC) entered between the Ministry and the supplier, which stipulated that delivery was to be made within eight weeks of the payment of the contract price.

Risks/Implications

The Ministry is deprived the use of the assets resulting in possible failure to achieve its mandate. In addition, the vehicles may not be delivered or litigation battles may ensue resulting in wastage of public resources.

Recommendation

The Ministry should enforce the supplier to deliver the vehicles as per agreement without any further delays.

Management Response

The observation is noted. The supplier has confirmed that the vehicles are now in the warehouse, however, they are still working on logistics.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry is still to make progress in addressing audit findings raised in my previous audit report. Out of the six (6) findings, one (1) was fully addressed, and five (5) were not addressed as indicated below:

3.1 Compensation of Employees

The issue of exchange differences on salaries amounting to ZWL\$30 995 335 which was not included in the SSB Wage Bill had not been resolved.

3.2 Unreconciled Expenditure Amounts – Sub PMG

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

3.3 Outstanding Payments-International Subscriptions

The issues remain unresolved as the total amount owed of US\$1 319 306 to various World International protocols and partnerships was still outstanding.

3.4 Board of Inquiry for Motor Vehicles

No evidence was submitted to show that the Ministry conducted Boards of Inquiry (BOI) for vehicles that were involved in accidents in 2022.

3.5 Motor Vehicle Asset Register

The Master Asset register still remains not up to date. The issue was not resolved.

3.6 Implementation of Programs (Program Based Budgeting)

The Ministry did not achieve its targeted outcomes and outputs for programmes three (3) and four (4) in 2022. Therefore, the issue remains unresolved.

VOTE 11.- TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT

DEPARTMENT OF ROADS FUND 2021

Objective of the Fund

The objective of the Fund is to provide financing of road development, rehabilitation and maintenance works.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|---------------------------|
| Income | 4 504 953 290 |
| Expenditure | 4 627 481 726 |
| Deficit | (ZWL\$122 528 436) |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-------------------------|-------------------------|
| Accumulated Fund | - | 203 590 308 |
| Non-Current | 4 327 710 | - |
| Current | 221 173 262 | 21 910 664 |
| Total | ZWL\$225 500 972 | ZWL\$225 500 972 |

I have audited the financial statements of Department of Roads Fund for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

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

Basis for Qualified Opinion

Expenditure Variances

Finding

The financial statements disclosed expenditure amounting to ZWL\$4 627 481 726 while expenditure processed in the Public Financial Management System (PFMS) was ZWL\$4 485 943 755. There was no evidence that the figures were reconciled. In the absence of a reconciliation, I could not confirm the accuracy of expenditure figures disclosed in the financial statements. This was contrary to Section 18.2, of the Accounting Officer's Instructions for the Department of Roads Fund, which states that there should be adequate documentation and that general ledger accounts should be reconciled.

Risk/Implication

The financial statements could be materially misstated.

Recommendation

Management should investigate and reconcile the variances.

Management Response

The variance was a result of expenditure that was processed outside PFM system in various provinces.

Below is another issue noted during the audit:

1. GOVERNANCE ISSUE

1.1 Submission of Financial Statements

Finding

The financial statements were submitted for audit on May 19, 2023, one year two months after the deadline contrary to the requirements of Section 35 (6) (b) of the Public Finance Management Act [*Chapter 22:19*], which requires financial statements to be submitted within sixty days of the end of the financial year.

Risk/Implication

The financial statements may compromise decision making if not submitted on due date.

Recommendation

Management should always ensure that financial statements are prepared in time.

Management Response

The delay was a result of the integration of Fund accounts into the PFMS in 2019 coupled with the Covid-19 period. Financial statements for 2019 were prepared late which impacted on the financial statements for consecutive years.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not address the two (2) audit findings raised in my previous report, as indicated below:

2.1 Expenditure Variances

The audit recommendation was not implemented as there were still variances during the year under review.

2.2 Submission of Financial Statements

The finding was not addressed as the Department took more than one (1) year to submit the current financial statements for audit.

VOTE 12.- FOREIGN AFFAIRS AND INTERNATIONAL TRADE

APPROPRIATION ACCOUNT 2023.

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.

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

| Original Budget | Unallocated Reserve Transfers | Total Budget | Expenditure | Net Underspending |
|------------------|-------------------------------|-------------------|-------------------|-------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$81 864 071 000 | \$163 285 016 464 | \$245 149 087 464 | \$241 798 812 977 | \$3 350 274 487 |

I have audited the financial statements of the Ministry of Foreign Affairs and International Trade for the year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the state of affairs of the Ministry of Foreign Affairs and International Trade as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

Expenditure Variances

Finding

The Appropriation Account submitted by the Ministry disclosed expenditure amounting to ZWL\$241 798 812 977 as shown in the Budget Usage Report from the Public Financial Management System (PFMS). However, the Ministry also incurred, expenditure outside the system amounting to ZWL\$28 930 562 833 under Programme 2, due to non-connectivity of Diplomatic Missions to the PFMS system. This expenditure was not included in the Appropriation Account. As a result, the reported expenditure was understated by ZWL\$28 930 562 833. 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

Expenditure disclosed may be materially misstated.

Recommendation

The Ministry should expedite the connection of Diplomatic Missions to the PFMS so that transactions are recorded as they are being incurred to enhance the accuracy and completeness of the Appropriation Account.

Management Response

The observation has been noted. For the year under review, the Ministry managed to capture most of its expenditure into the system. There was however some that was not captured. This was due to erratic movement of diplomatic bags from diplomatic missions and also some general ledgers had inadequate funds.

The Ministry is in the process of connecting all missions to the Public Financial Management System (PFMS) to mitigate this and to date, nine diplomatic missions have since been connected.

Below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Audit Committee

Findings

During the year under review, the Audit Committee did not meet to perform its duties of oversight role in assisting the Accounting Officer and Treasury in the discharge of their responsibilities for ensuring the effective management of and accountability for public resources. This was contrary to Section 84 (3)(b) of the Public Finance Management Act which states that an audit committee shall meet at least twice a year. I could not assess the performance and effectiveness of the Audit Committee as there were no meetings conducted.

In addition, at the time of audit on March 18, 2024, the Audit Committee was not fully constituted as it had only two members, the chairperson, and the Chief Internal Auditor. The other two members had been reassigned to diplomatic missions. This was contrary to Section 163(1) of the Public Finance Management (Treasury Instructions), 2019 which states that the Accounting Officer shall be responsible for establishing the Ministry's Audit Committee and appointing members to the committee.

Further to the above, the committee had not yet developed its Terms of Reference which gives guidance to the committee members on how to discharge their duties of monitoring the integrity of the Ministry's financial statements and the effectiveness of the systems of internal controls and to monitor the effectiveness, performance and objectives of the internal and external auditors. This was contrary to Section 4 (b) of the Audit Committee Framework dated January, 2017 which requires Terms of Reference to be in place and reviewed at least annually.

Risks/Implications

If the Audit Committee does not meet to discuss the effectiveness of internal controls, ensuring effective risk management, monitoring and promptly addressing audit findings and

recommendations could potentially jeopardise the improvement of governance and accountability in the management of public resources.

The Audit Committee will lack guidance on how to effectively discharge their duties if the Terms of Reference (TOR) are not in place.

Recommendations

The Audit Committee members should meet quarterly as prescribed in the Framework in order to discharge their duties.

The Accounting Officer should ensure that the audit committee is fully constituted and that their Terms of Reference (ToR) are in place to enable the committee to discharge its prescribed duties effectively.

Management Response

The Audit Committee could not meet due to lack of quorum. due to frequent travels by members abroad on official business. The Ministry intends to increase the number of members as a mitigatory measure to include retired Ambassadors who may have time and experience with the Ministry's operations.

Regarding the Terms of Reference (ToR) for the Audit Committee, a letter was written to the Central Internal Audit Unit (CIAU) for guidance. The CIAU advised that a new Audit Committee framework was still work in progress which once approved would address all issues raised.

1.2 Risk Management and Disaster Recovery Plan

Findings

Contrary to Section 162(1) of the Public Finance Management (Treasury Instructions), 2019 that requires Accounting Officers to carry out risk assessment of their Ministries' operations on an annual basis and take deliberate steps to identify, quantify, assess and come up with mitigation measures for the risks identified, the Ministry had not finalized its risk management plan which was drafted on February 1, 2023. The risk assessment which should have complete records and related documents should be updated, monitored and reviewed on a regular basis and submitted to Treasury and the Auditor-General by the end of February every year.

The Ministry had also not finalized the Disaster Recovery Plan (DRP) that has been in draft form since February 1, 2023. The disaster recovery plan will assist the Ministry to respond effectively, shortening recovery time and minimise losses in the event of unplanned disruption of services. This was contrary to Section 157(2)(a) of the Public Finance Management (Treasury Instructions), 2019 which states that it is the responsibility of Accounting Officers to put in place a cost-effective system of internal controls that addresses the Ministry's risks.

Risks/Implications

In the absence of risk management plan, the Ministry might not be able to quickly determine its risks to reduce their likelihood and provide a means for better decision-making to avoid future risk, which may result in fraud being perpetrated.

If a disaster recovery plan is not put in place, the Ministry may not be able to promptly come up with actions to take so as to resume operations after effects of a disaster, which may result in loss of data and assets.

Recommendations

The Ministry should expedite the development and approval of a risk assessment plan to mitigate risk of fraud.

Further, the Ministry should expedite the coming up with a Disaster Recovery Plan to assist in executing recovery processes in response to a disaster to enable continuity of services.

Management Response

The Ministry is currently finalising the contract with G.A.T.E Consulting Services who have been tasked to come up with comprehensive Risk and Disaster Management Plans. The final documents are expected to be produced within sixty (60) days after signing the contract. The consultant is expected to visit at least two (2) diplomatic missions during the production of the Risk and Disaster Management Plans.

1.3 Information Technology (IT) Policy

Finding

The Ministry had not yet finalized the Information Technology (IT) Policy which outlines procedures and actions that are consistent, effective and efficient to be followed in managing physical and information assets within the entity. As a result, I could not confirm what every official is expected to do while using the Ministry's assets.

Risk/ Implication

There is no guidance to users on how to efficiently and economically use of IT resources.

Recommendation

The Ministry should promptly finalize the IT Policy to provide guidance to users and effectively manage the use of its IT resources.

Management Response

The ICT department concurs with the finding on the non-existence of an Information Technology (IT) policy. However, the department is in the process of developing the policy and hoping that before the end of the third quarter of the year 2024, the policy will have been finalized, signed and adopted by the Ministry.

2. EXPENDITURE CONTROL

2.1 Payment Arrears

Finding

Section 97(1) of the Public Finance Management (Treasury Instructions), 2019 states that it is the responsibility of Accounting Officers to ensure that payments are made in a timely manner in order to avoid unnecessary expenditure in terms of penalties. However, I noted

that the Ministry had outstanding payments amounting to US\$8 405 515 as at December 31, 2023 in respect of staff salaries and various creditors. There was no evidence that any payments had been made up to the time of concluding my audit on May 21, 2024.

Risks/Implications

The Ministry may be sued or penalized for late payments.

There may be reputational risk and denial of service provision by suppliers in the future.

Recommendation

Management should perform an age analysis and make arrangements for the clearance of the liabilities.

Management Response

Efforts are being made to clear the outstanding liabilities for Head Office and Diplomatic Missions.

2.2 Procurement of Goods and Services

Findings

The Ministry processed payments amounting to ZWL\$186 236 881 on the strength of quotations without obtaining and attaching invoices on payment vouchers to support payments made. I, therefore, could not satisfy myself whether the payments made were a proper charge to the Appropriation Account.

Additionally, the Ministry misclassified expenditure amounting to ZWL\$12 137 224. Various transactions for overtime and other allowances were posted to the Institutional provisions and Training ledgers instead of being posted to the Domestic allowances' ledger. This was contrary to the provisions of section 54 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires all expenditure on voted services to be classified under the appropriate sub-heads and items as shown in the estimates, and as directed by the Treasury.

Risks/Implications

Payments made without adequate supporting documents may result in fraudulent transactions being processed.

There might be variances on the amounts as per quotation and as per invoice which may lead to over/under payments.

Failure to allocate expenditure to appropriate sub-heads may lead to misstatement of expenditure on specific components and this may lead to misrepresentation of financial statements.

Recommendations

The Ministry should ensure that all invoices are obtained to support payments processed.

The Ministry should ensure the requirements of Section 54 (1) of the Public Finance Management (Treasury Instructions), 2019 are adhered to when incurring expenditure to enhance budgetary discipline.

Management Response

The observation is noted. However, most suppliers are not willing to issue invoices before full payment is made, citing that issuing such invoices amounts to a commitment on the value of issue date. Additionally, during the audit period the economy was very volatile in terms of exchange rate variations hence the supplier's arguments in refusing to issue invoices before payment.

The Ministry will ensure the correct classification of expenditure henceforth.

3. REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Understatement of Revenue

Finding

The Ministry sought and obtained Treasury authority to dispose twenty (20) condemned motor vehicles through auction as per the Disposal Committee recommendations on September 25, 2023. However, the proceeds of the disposals amounting to US\$8 060 were not deposited into the Ministry's Sub-Exchequer account as directed by Treasury. Resultantly the funds were not accounted for in the financial records of the Ministry and thus the Revenue Received return excluded the income from the sales of the vehicles. This was contrary to Section 106(8) of the Public Finance Management (Treasury Instructions), 2019 which states that the proceeds from the sale of assets shall be credited to "sale of Government property" or to the relative separate account in accordance with the source from which they were purchased.

Risk/Implication

Revenue received figure was understated.

Recommendation

All revenue collected should be deposited into the Ministry's sub-Exchequer account in compliance with the Treasury directive to ensure completeness of revenue.

Management Response

The Ministry has established that CMED (Pvt) Limited did not remit funds pertaining to the disposal of vehicles. The total amount realised from the disposal of the vehicles was US\$10 075 and after deducting US\$2 015 for CMED commission the Ministry should have received US\$8 060. The revenue reported was thus understated by that amount. The Ministry has since instructed CMED to transfer the funds into the Ministry's Sub-Exchequer account.

3.2 Outstanding Domestic and Foreign Travel Advances

Finding

As at December 31, 2023, the Ministry had uncleared domestic and foreign travel advances amounting to ZWL\$ 1 618 150 862 and up to the time of audit on May 21, 2024 only ZWL\$169 383 640 had been recovered leaving a balance of ZWL\$1 448 767 222 still outstanding. These included advances for officers posted to diplomatic missions dating back to 2018. This was contrary to Section 65(15) of the Public Finance Management (Treasury Instructions), 2019 which requires travelling advances to be acquitted within thirty (30)

working days of the completion of travel by submission of a travelling and subsistence claim voucher.

Risk/Implication

Outstanding Travel and Subsistence Advances may not be recovered.

Recommendation

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

Management Response

The observation is noted. The Ministry has since written to the respective Missions requesting for the outstanding acquittals.

3.3 Outstanding Disallowances

Finding

Section 66 (6) of the Public Finance Management (Treasury Instructions), 2019 states that Accounting Officers are responsible for the recovery or adjustment of disallowances and departmental surcharges and shall ensure that this is done as soon as possible. Out of a total amount of ZWL\$43 724 983 original amount advanced, the Ministry managed to recover ZWL\$7 672 871 which translate to 17,5%) leaving ZWL\$36 052 112 (82,5%) uncollected.

Risk/ Implication

If recovery action is not taken, timeously amounts are eroded by inflation.

Recommendation

The Ministry should take recovery action to avoid losing the Funds. Where the stipulated recovery period has lapsed, garnish orders should be instituted to recover the funds from the source.

Management Response

The observation is noted. Normally SSB makes direct deductions on a member monthly. Disallowances emanate from officers deployed to missions and are not removed from the paysheet on time. The Ministry will discuss with SSB to find a lasting solution.

4. MANAGEMENT OF ASSETS

4.1 Handover/Takeover of Duties

Finding

There was no handover and takeover done between the current Officer in charge of assets who assumed duty in December 2023 and the outgoing officer. As a result, there was no verification of assets on hand at the time of assumption of duty. This was contrary to Section 159 (2a) which requires procedures to be followed in handing over duties to or taking over

duties including the verification of stocks of security items and face value instruments. As a result, there were inconsistencies in the takeover balances of assets.

Risk/Implication

Accountability of assets may be compromised.

Recommendations

The Ministry should ensure that proper handover/takeover is carried out whenever officers exchange duties to verify the existence of any Government property.

In cases where handover has not been done, takeover procedures must be followed to ensure that balances on takeover are determined and agreed with the Head of Station to ensure completeness.

Management Response

The situation was as a result of urgent posting of the former Administration Officer to the new embassy in Pakistan and there was no room for handing over duties to the incoming officer. In the future, the Ministry will ensure that smooth handover takeover procedures have been done before effecting staff rotations.

5. COMPENSATION OF EMPLOYEES

5.1 Understaffing of the Internal Audit Department

Finding

An assessment of internal audit department revealed that the department could not meet its planned audit targets as they managed to complete only five (5) out of the fourteen (14) planned audits, which translated to 36%. Nine (9) (64%) audits remained outstanding as at date of audit on March 22, 2024. This was as a result of incapacitation of the department due to understaffing and lack of SAP audit training. The department was understaffed by one auditor as three auditors were in post instead of four, according to the approved organisational structure submitted for audit. There was no evidence in place on the Ministry's plans to address the issue.

Risk/Implication

Ineffectiveness of internal audit which may result in material errors and omissions going through the system undetected.

Recommendations

The Ministry should liaise with the Public Service Commission and seek for additional audit staff to ensure wider audit coverage by the department.

The internal audit department should liaise with the training department to get SAP audit training.

Management Response

The Ministry requested an increase in the audit staff members on the Detailed Establishment from the Public Service Commission in its minute dated November 20, 2023 but has not received a response. Follow-ups will be made with the Commission.

5.2 Staff Rotations and Reallocations

Finding

The Ministry did not have rotation policy in place as a result staff were being frequently moved from one department to another. This impacted on continuity of services as noted in the Administration Section where handover takeover procedures were not done.

Risk/Implication

This may result in disruption to organizational performance.

Recommendation

The Ministry should develop a rotation policy that ensures continuity of service and organisational efficiency.

Management Response

The Directorate has decided to rotate staff at the end of the year after an employee has completed their performance cycle. In addition, officers will be trained on the new roles for familiarisation purposes.

6. 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 eight (8) findings, four (4) were addressed, two (2) were partially implemented, and two (2) were not addressed as indicated below: -

6.1 Diplomatic Missions Expenditure

The finding was partially addressed as the Ministry is currently in the process of connecting all missions on the Public Financial Management System (PFMS).

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

The finding was addressed as the account was cleared during the year under review.

6.3 Non-submission of Receipts to the Exchequer Account

The finding was addressed as the nostro account now sweeps to the Main Exchequer Account as and when deposits are made.

6.4 Revenue Generated – Diplomatic Missions

The finding was addressed as monthly returns of revenue collected at Diplomatic Missions on behalf of other Ministries are being submitted to Treasury.

6.5 Uploading of Supporting Returns into the PFMS

The finding was addressed as the receipts were uploaded into the PFMS.

6.6 Outstanding Salary Advances

The finding was partially addressed as salary arrears were paid.

6.7 Outstanding Foreign and Domestic Travel Allowances

The finding was not addressed as indicated on paragraph 3.2 above.

6.8 Maintenance and Custody of Assets at Diplomatic Missions

The finding was not addressed as the Ministry had still not found an economic way to constitute boards of survey and disposal committees at Diplomatic Missions.

VOTE 14.- HEALTH AND CHILD CARE

APPROPRIATION ACCOUNT 2023

Mandate

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

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

| Original Budget ZWL\$ | Unallocated Reserve Transfers ZWL\$ | Total Budget ZWL\$ | Expenditure ZWL\$ | Net Under Spending ZWL\$ |
|--------------------------|--|-----------------------|----------------------|-----------------------------|
| \$ 473 758 209 000 | \$1 088 767 253 908 | \$1 562 525 462 908 | \$1 476 833 361 127 | \$85 692 101 781 |

I have audited the financial statements of the Ministry of Health and Child Care for the year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the state of affairs of the Ministry of Health and Child Care as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Reconciliation of Sub-Paymaster's General Account (Sub-PMG)

Finding

There was an unreconciled variance of ZWL\$2 187 988 124 between the Appropriation Account figure of ZWL\$1 476 833 361 127 and the total expenditure of ZWL\$1 479 021 349 251 disclosed in the Statement of Reconciliation between the Consolidated Revenue Fund and the Sub-PMG's Accounts transactions. In addition, the total expenditure disclosed in the Public Financial Management System Report was ZWL\$1 476 833 371 420. No explanation for the cause of the variances was provided for audit. Section 29 (4)(d) and (f) of the Public Finance Management (Treasury Instructions), 2019 requires systems of internal checks to be in place to ensure the accuracy of accounts. As a result of the three (3) different unreconciled expenditure figures, I could not confirm with certainty the accuracy of the Ministry's Appropriation Account.

Risks/Implications

Unreconciled variances result in misstatements of the financial statements.

The reliability of amounts disclosed in financial statements may be compromised.

Recommendation

Management should trace the variances and take corrective action to ensure reliability and accuracy of the total expenditure disclosed.

Management Response

The Ministry acknowledges the observation.

The difference between the PFMS report and the Appropriation Account was due to omission of some reversals that were done after the account had been prepared.

(ii) Expenditure Supporting Documents

Finding

Payment vouchers amounting to ZWL\$58 764 115 247 for Results Based Financing subsidies, medicines and laboratory consumables were processed without adequate supporting documents such as invoices and names of beneficiary clinics. Therefore, I could not confirm with certainty whether the payments made were a proper charge against public funds. Section 59 (3) (c) of the Public Finance Management (Treasury Instructions), 2019 requires original invoices to be attached to payment vouchers.

Risk/Implication

In the absence of adequate supporting documents, payments may be made to an inappropriate supplier or for goods and services not received.

Recommendation

Management should ensure that supporting documents are attached to the payment vouchers before they are passed for payment.

Management Response

The observation is noted. The supporting documents have now been submitted for audit.

Evaluation of Management Response

The management response is noted. However, the payment vouchers submitted had a total amount of ZWL\$5 418 010 086. Payment vouchers amounting to ZWL\$53 346 105 161 did not have supporting documents.

(iii) Conference Cost Expenditure Validation

Findings

The Ministry made an advance payment of ZWL\$635 277 200 to Elephant Hills Resort on October,10 2023 for the International Conference on People and Development, for 250 participants. However, the payment was processed based on a quotation, rather than an original invoice as required by Section 59 (3) (c) of the Public Finance Management (Treasury Instructions), 2019.

The hotel invoice which was later issued had an amount of ZWL\$583 484 155 for accommodation, meals, and conference facilities for the participants. This resulted in a

reimbursement of ZWL\$51 793 045 to the Ministry on December 15, 2023. The invoice did not show the number and cost per participant and there was no evidence of a reconciliation between the advance payment and the actual hotel bill to enable confirmation of the accuracy of the reimbursement made.

Furthermore, there was no signed conference attendance register attached to the payment documents, to enable me to confirm with certainty the actual number of participants and whether the amount paid for the conference fees was a proper charge to public funds.

Risks/Implications

Advance payments to suppliers may result in overpayments, if anticipated participants fail to attend planned conferences.

Incorrect reimbursements may be made in the absence of a reconciliation statement and invoices that clearly show the number of participants billed by the hotel.

If attendance registers are not signed, payments may be made for non-existent participants.

Recommendations

Management should ensure that payments to suppliers are based on original invoices which clearly show the amounts claimed and the services provided.

The Ministry should submit for audit, the invoice which shows the number of participants, amounts billed per participant, a reconciliation statement supporting the reimbursement and the signed attendance register for the conference.

Management Response

The observation is noted. The Ministry will ensure that future payments are processed based on original invoices.

The Ministry acknowledges the absence of a reconciliation between the advance payment made and the actual hotel invoice for accommodation, meals, and conference facilities. Going forward, management will establish a robust process to reconcile advance payments with the actual invoices received, ensuring that the amount reimbursed is duly supported and verified.

It is regrettable that a signed attendance register for the conference was not submitted to the audit team. The Ministry had not implemented the measure since it was a high level meeting. The Ministry will in future implement measures to ensure that signed attendance registers are consistently maintained.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Arrear Payments

Findings

The Arrear Payments return disclosed Ministry liabilities amounting to ZWL\$107 172 264 305, US\$13 153 669 and ZAR733 058 dating back to 2011. The arrear payments figure increased by ZWL\$60 024 024 087 and US\$11 595 613 in 2023. There was

no evidence that these liabilities were periodically reported to Treasury to facilitate clearance contrary to Section 22 (2) of the Public Finance Management (General) Regulations, 2019.

Risk/Implication

The accumulation of arrears if left accruing may affect the budget for the subsequent year.

Recommendation

The Ministry should regularly review and liaise with Treasury to ensure that the liabilities are cleared. This will mitigate against reputational damage and accumulation of debts

Management Response

The observation is noted. The Ministry will continue lobbying for funds to clear the arrears.

1.2 Annual Closure Certificate

Finding

The Ministry submitted for audit an Annual Closure Certificate supported by expenditure and revenue general ledgers which had un-cleared and open transactions. These should have been cleared from the system. Treasury Circular Number 1 of 2024 requires all open items in the system to be cleared before preparation of bank reconciliation, annual returns and financial statements to ensure completeness and alignment. Therefore, I could not validate whether the Ministry accounted for all the expenditure incurred and revenue received.

Risk/Implication

The general ledgers may have incomplete expenditure and revenue transactions resulting in distorted financial records.

Recommendation

Management should clear all outstanding open transactions in the PFMS.

Management Response

The Ministry has open items in the system dating back to 2015. There is a document splitting error in the system. The PFMS Project office is still to get a solution to this challenge.

Secondly, some open items could not be cleared following mix up of transactions when the Grants management module was introduced. The Ministry has tried to clear the transactions but failed. Efforts are being made to get the transactions cleared.

1.3 Filling of Key Vacant Posts

Findings

Since 2018 the Ministry had twenty-eight (28) vacant managerial positions in the Finance, Procurement, Oral Health and Laboratory services departments among others. Evidence supporting that requests and follow ups were made to the relevant authorities to fill the vacant positions was not availed for audit. Sections 10 and 12 of the Health Services

Regulations [*Chapter 15:16*] requires the Board to appoint or promote officers when there are vacant posts.

I could not therefore, confirm with certainty whether formal requests seeking the authority to fill the vacant positions were made to the Health Services Board and Treasury to ensure effective service delivery.

Risk/Implication

Service delivery may be compromised due to vacant positions and there may be lack of segregation of duties resulting in control weaknesses.

Recommendation

The Ministry should urgently seek authority to fill the vacant managerial positions to avoid staff members being in acting positions for too long as this undermines decision making.

Management Response

The observation is noted, the vacant posts were advertised by the Health Service Commission in 2023 and 2024. The copies of the advertisements have now been availed for audit.

Evaluation of Management Response

Management response is noted. The Ministry did not avail copies of the advertisements for audit inspection.

1.4 Organisational Structure

Findings

Audit noted that the Ministry did not have an approved revised organogram for the year under review. Management made use of the 2007 organogram despite changes in the number of staff employed. The 2007 approved structure has a staff establishment of 35 658 whilst the 2023 staff returns showed the staff in post ranged between 51 652 and 58 503.

In addition, the old organogram had three (3) approved Principal Director positions, at the time of audit in March 2024, ten (10) Chief Directors were in post at Head Office. There was no evidence that a revised organogram had been prepared and submitted to the Health Services Commission and Treasury for approval. This was contrary to Section 55(2) of the Public Finance Management (Treasury Instruction), 2019 which requires officers to be appointed based on the authorised staff establishment.

In addition, the Human resources return submitted for audit had a static vacant positions number of 6158 whilst the audit computations showed that the number of vacant positions varied throughout the year. No explanation on the static vacant positions number was provided for audit.

Staff Establishment for 2023

| Month | Establishment per return | In post | Vacant posts per return | Vacant posts per audit computations |
|-----------|--------------------------|---------|-------------------------|-------------------------------------|
| January | 51 652 | 45 144 | 6 518 | 6 508 |
| February | 51 665 | 44 922 | 6 518 | 6 743 |
| March | 51 773 | 44 840 | 6 518 | 6 933 |
| April | 51 990 | 45 266 | 6 518 | 6 724 |
| May | 51 985 | 44 935 | 6 518 | 7 050 |
| June | 52 007 | 45 160 | 6 518 | 6 847 |
| July | 52 007 | 45 207 | 6 518 | 6 800 |
| August | 52 007 | 44 433 | 6 518 | 7 574 |
| September | 58 492 | 48 209 | 6 518 | 10 283 |
| October | 58 492 | 47 705 | 6 518 | 10 787 |
| November | 58 494 | 47 738 | 6 518 | 10 756 |
| December | 58 503 | 48 535 | 6 518 | 9 968 |

Source: As per returns submitted

Risks/Implications

In the absence of an approved organogram unauthorised appointments may be made.

Inappropriate decisions may be made based on incorrect number of vacant positions.

Recommendations

The Ministry should prepare and submit for approval to the relevant authorities the revised organogram.

Management should review the Human Resources staff establishment return to ensure that the number of vacant positions is accurately reported for effective decision making.

Management Response

The observation is noted. The revised organogram will be submitted to the Health Service Commission for approval by May 2024. Discussions on the Ministry's structure are ongoing.

The Ministry acknowledges the error that was on the vacancy return and made the necessary corrections to our records, and put systems in place to avoid such in future.

1.6 Risk Management

Findings

The Ministry did not avail evidence to show that risk assessments were conducted to identify and manage business and financial risks for the year under review. There was no evidence that an individual or a committee was appointed to conduct risk assessments. Section 162 (2) of the Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to carry out a risk assessment of their entity's operations on an annual basis.

In addition, the Ministry did not have mechanisms in place such as suggestion boxes and hotlines to help in detecting and preventing fraud risks.

Furthermore, the Ministry did not have a Disaster Recovery Plan (DRP) to enable it to continue offering critical services in the event of disruption and to survive disastrous interruption of services.

Risks/Implications

Business and operational risks may not be identified and addressed in the absence of risk assessments.

The Ministry may fail to timely detect and prevent fraud risk due to the absence of mechanisms that address the risk.

The absence of an IT continuity and Disaster Recovery Plan exposes the Ministry to significant risks, including prolonged system downtime, data loss, and inability to resume critical business operations in the event of a disruptive disaster incidents.

Recommendations

A committee or an officer responsible for risk management should be appointed by the Accounting Officer.

Management should ensure that risk assessments are carried out annually and the process should be documented.

Management should put in place mechanism that assists in detection and prevention of fraud risk.

The Ministry should develop and document a comprehensive IT continuity and Disaster Recovery Plan that includes clear roles, responsibilities, procedures, and steps to ensure the timely recovery of IT systems and infrastructure.

Management Response

The observation is noted. The contract of the Ministry's Audit Committee members expired in 2021. There was no Audit Committee in place from 2021 to January 2024. Temporarily, the Ministry has a Risk champion at Head Office and Risk officers in District and Provincial offices. However, the cadres were not trained in risk management hence could not conduct risk assessments in the period under audit review.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Procurement Plan and Authority

Findings

There was no evidence that the Ministry applied for the 2023 procurement authority from the Procurement Regulatory Authority of Zimbabwe (PRAZ). As a result, the Ministry operated without a valid procurement authority and an approved procurement plan for the year under review contrary to Section 20 of the Public Procurement and Disposal of Public Assets (PPDPA) Act [*Chapter 22:23*].

There was also no evidence to show that the evaluation and disposal committees were registered with PRAZ as required by Section 18 of the PPDPA Act [*Chapter 22:23*].

Risks/Implications

Goods and services not budgeted for may be procured if an approved procurement plan is not in place.

Failure to renew the entity's procurement authority and non-registration of the evaluation and disposal committee members, compromises set systems and controls.

Recommendation

Management should put in place mechanisms to ensure that the Ministry complies with PRAZ requirements of renewal of the procurement authority and relevant committees are registered.

Management Response

The Ministry did not have approved plans and Committees were not registered in 2023. The 2024 plans have been submitted for approval, as well as the evaluation and disposal committees.

3 MANAGEMENT OF ASSETS

3.1 Staff Accommodation

Findings

Audit noted that Hutano flats located in Hatfield were built for the purpose of accommodating Government Medical Officers who wish to further their education. The flats were evacuated in 2022 to pave way for rehabilitation and renovation.

At the time of audit in April 2024 there was no evidence that the rehabilitation of the flats had commenced neither was there evidence such as requests for financial support to commence the works. A physical inspection of the buildings on April 17, 2024 revealed that there were cracks on the walls, ceilings were falling off, doors were broken, roofs were leaking, plumbing system was not working well and running water was gushing from the council pipes going through house number B 13. The pictures below refer.

Pictures of a broken roof ceiling and kitchen sink at Hutano Flats



Source: Taken by OAG during field visits.

Risks/Implications

If the flats are not rehabilitated on time, they may continue to dilapidate resulting in loss of value of the buildings and increase in repair costs.

The flats may not be rehabilitated if requests and budgets are not submitted to Treasury for funding consideration.

Recommendation

The Ministry should submit a request for rehabilitation to Treasury so that there is budget support.

Management Response

The observation is noted. The Senior Management agreed, in the year 2022 that Utano Flats be evacuated. Plans to renovate were in place. However, due to the erosion of the 2023 budget by inflation, no renovations could be done.

The cracks and faults were the main reasons why the Ministry had evacuated the Houses for renovations. The Ministry is currently working with Ministry of Local Government and Public Works, who shall be the leading contractor to ensure that the renovations can be done.

3.2 Losses of and Damage to Government Property

Findings

At the time of audit in April 2024, the Ministry had two (2) motor vehicles registration numbers ADA 1938 and GHCC 1641 which were involved in accidents in 2017 and 2019 respectively. There was no evidence that Boards of inquiry were constituted by the Ministry to look into cases and no police reports were availed for audit inspection.

In addition, the vehicle registration book for ADA 1938 was not availed for audit inspection. No explanation was availed for audit.

There were also other cases in respect of six (6) laptops and 1500 litres of fuel coupons which had pending boards of inquiry. However, the dates the assets were lost and the names of the health institutions were not availed for audit. I could not confirm with certainty the period the deficiency occurred.

Risks/Implications

There may be loss of information regarding the circumstances surrounding the accident.

Rights and ownership of the motor vehicle may be lost due to absence of the vehicle registration book.

If boards of inquiry are not conducted determination of person responsible, the extend of loss or recovery of the lost property may not be done timeously.

Recommendations

The Ministry should follow up on the submission of the police reports for the accident damaged vehicles to enable the board of inquiry to be conducted.

Investigation should be carried out in order to locate and submit the vehicle registration book for audit.

Management should maintain complete records which capture the dates and institutions and boards of inquiries should be conducted timeously.

Management Response

The observation is noted. The two vehicles ADA1938 and GHCC1641 were involved in Traffic accidents. No Board of inquiry was conducted due to lack of papers such as police reports and reports from the individuals involved in the accidents. It has been reported that the cases are still at the courts. The Ministry is in the process of resubmitting these two vehicles ADA1938 and GHCC1641 for 2024 Board of Inquiry consideration.

The registration book for ADA1938 was not availed for audit inspection because the book was not with the Administration. The Ministry is making a follow up to ensure that the book is sent to Administration. We are working flat out to ensure that the registration book is available for the next audit.

The Board of Inquiry for the laptops and fuel will be conducted and missing information will be availed for audit.

Evaluation of Management Response

The management response is acknowledged. However, the Ministry did not avail for audit confirmation the court papers for motor vehicle GHCC 1641.

4 IMPLEMENTATION OF PROGRAMMES /SERVICE DELIVERY

4.1 Improved Access to Medicine

Findings

The Ministry did not utilize a total amount of ZWL\$743 024 000 which was allocated to support local drug manufacturing under the following programmes: Bio-Medical Engineering, Bio-Pharmaceutical Engineering and Production and Bio-Medical Science Research. There was no evidence such as monitoring and evaluation reports to support that progress and challenges were being regularly monitored for these programmes. This would have been in line with provisions of paragraph 683 of the National Development Strategy 1 (NDS1) which requires the Ministry of Health and Child Care to implement such programmes to enhance medicine availability.

Furthermore, the Ministry utilized between 18% to 58% of the allocated funds for Programmes one (1) to three (3). As a result of the low rate of utilization of funds, 32 (64%) out of the 50 targeted outputs were achieved. There was no evidence of regular monitoring and evaluation of budget implementation. The table below refers:

Utilization of Appropriated Funds

| Programme 1: Policy and Administration | Budget ZWL\$ | Actual Expenditure ZWL\$ | Utilization Rate |
|---|-------------------------|---|-----------------------------|
| Programme 2: Public Health | | | |
| Sub-Programme 1: Communicable Diseases | 83 471 269 827 | 15 423 265 840 | 18% |
| Sub-Programme 3: Non-communicable Diseases | 2 160 101 299 | 1 234 353 898 | 57% |
| Programme 3: Curative Services | | | |
| Sub-Programme 1: Quinary Research Hospital | 12 743 516 188 | 3 450 000 000 | 27% |
| Sub-Programme 6: Traditional Medicines | 731 716 194 | 422 957 695 | 58% |

Risks/Implications

Due to non-utilisation of the allocated funds the Ministry may fail to enhance local drug manufacturing and medicine availability.

Low utilization of appropriated funds may affect service delivery following non-implementation of planned activities.

Recommendations

The Ministry should monitor budget utilization and timely evaluate implementation of activities under Biomedical Science, Bio-Pharmaceutical Engineering and Production and Bio-Medical Science Research Programmes to ensure availability of medicines.

Management should develop strategies to address low utilization of allocated funds.

Management Response

The observation is noted. The Ministry acknowledges the underutilization of funds for the three (3) programs mentioned. In order to achieve the goals outlined in National Development Strategy 1 (NDS1), the Ministry is currently conducting a comprehensive review of its structure across its four programs. Explanations for Low Fund Utilisation Per Sub- Programme are listed below.

| Programme 2: Public Health | Utilization Rate | Explanation |
|---|-------------------------|--|
| Sub-Programme 1: Communicable Diseases | 18% | The implementation of the programs has been adversely affected due to low budget releases for the mentioned line items. Additionally, the HIV, TB, and Malaria Programs, categorized under communicable diseases, are primarily funded through the Global Fund Grant. Consequently, the expenditure under the Government of Zimbabwe budget has been relatively low. |
| Sub-Programme 3: Non-communicable Diseases | 57% | There was low budget support to this line item. Most expenditures were incurred under Hospitals |

| | | |
|---|------------|---|
| Sub-Programme 1: Quinary (Research Hospital) | 27% | <p>The Quinary sub-program is a recent addition that the Ministry is actively developing.</p> <p>Currently, there is no dedicated Quinary hospital established. However, Parirenyatwa Hospital is being utilized as the teaching hospital to support the activities of this sub-program. As the Ministry's structure undergoes upgrades and enhancements, The Ministry anticipates that the activities of the Quinary sub-program will gradually gain momentum. This will include establishing specialized Quinary hospitals to cater to the unique needs of advanced medical services and research. With the ongoing development of the Quinary sub-program, the Ministry is optimistic about improved budget utilization in 2024</p> |
| Sub-Programme 6: Traditional Medicines | 58% | The Ministry failed to implement planned activities due to low Budget Releases |

During the creation of the three (3) sub-programs, the Ministry identified instances of duplicated activities with other Ministries, Departments, and Agencies MDAs. As a result, the Ministry is currently streamlining its operations to ensure the effective implementation of health-related activities specifically related to Biomedical Science, Pharmaceutical, and Biomedical Research.

Furthermore, a clear identification of activities within these sub-programs will assist the Ministry in recruitment of appropriate personnel. It is important to note that the department has been understaffed for the past three (3) years, and this issue is currently being addressed.

The Ministry is committed to optimizing the utilization of resources and personnel to ensure the successful implementation of the programs aligned with NDS1. By streamlining activities and recruiting qualified individuals, the Ministry aims to overcome the challenges it has faced and achieve its objectives in the healthcare sector.

4.2 Public Health and Well Being

Finding

The funds allocated towards management of non-communicable diseases such as hypertension, heart disease, diabetes and cancer dropped from 0.61% in 2022 to 0.1% in 2023 whilst Communicable diseases funding also dropped from 7.23% in 2022 to 5.3% in 2023. The drop in allocation of funds was not in line with paragraph 671 of the National Development Strategy 1 (NDS1) which requires a paradigm shift towards non-communicable diseases management and treatment.

Risk/implication

Non-communicable disease related deaths may continue to increase due to low funding allocated towards treatment and management of such diseases.

Recommendation

The Ministry should continuously engage with Treasury for more resources to be allocated towards treatment and management of non-communicable diseases in line with NDS1 requirements.

Management Response

The observation is noted. The Ministry has successfully implemented the Program Based Budget approach. However, it has come to the Ministry's attention that major hospital expenditure budgets do not provide a detailed breakdown of data at the program and disease level. As a result, direct expenditures related to Non-Communicable Diseases (NCDs) were not accurately reflected under the NCDs category but rather classified under general hospital expenses.

For instance, expenditures such as the repair of radiology equipment paid for in 2023 are currently classified under curative services, which does not specifically highlight the contribution towards addressing NCDs.

The Ministry acknowledges the importance of accurately tracking and categorizing expenditures related to NCDs to gain a comprehensive understanding of resource allocation and optimize healthcare services in this area. The Ministry is actively working to address this issue and improve the transparency and accuracy of reporting.

5 GENDER ISSUES

5.1 Gender Policy

Findings

The Ministry did not have a Gender policy in place to guide in gender responsive budgeting and institutionalisation of gender equality and equity in programmes. Section 17 of the Constitution of Zimbabwe (No. 20) Act, 2013 requires all institutions to take practical measures to ensure that there is gender equality and equity.

In addition, the Ministry disclosed gender disaggregated data of 29 475 men and 18 732 women in the Annual Report. However, supporting source documents for the gender disaggregated data were not availed to audit. I could not therefore, verify the accuracy of the information disclosed.

Risks/Implications

In the absence of a gender policy the Ministry may fail to identify, implement and monitor gender responsive programmes that address the needs of men and women in the work place and the communities they serve.

Failure to avail source documents for the gender disaggregated data may result in presentation of unreliable gender related information if not validated and backed up.

Recommendations

Management should formulate a Gender Policy in compliance with regulations.

The Ministry should avail for audit source documents that support the gender disaggregated data.

Management Response

The observation is noted. The Gender Policy for the Public Health Sector will be developed by the Health Service Commission working with the Ministry. The Ministry has appointed Gender Focal persons at National, Provincial and District levels whilst awaiting the creation of the relevant posts. Training of Gender Focal Persons and HR practitioners on gender issues especially prevention of sexual harassment is ongoing.

The gender disaggregation employment data was obtained from the October 2023 Pay sheet.

6 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make much progress in addressing prior year findings. Out of nine (9) findings raised, three (3) were addressed, one (1) was partially addressed and five (5) were not addressed as indicated below.

6.1 Reconciliation of Appropriation Account Expenditure

The issue of variances between the expenditure figures disclosed in the Appropriation Account, PFMS Fund Management Report and Sub PMG Account recurred in 2023 and was raised on paragraph (i) above.

6.2 Payroll Reconciliation

The issue of reconciliation of employee costs was addressed during 2023.

6.3 Non-submission of the Annual Report

The 2022 annual report was prepared and submitted for audit.

6.4 Submission of Supporting Statement to the Appropriation Account

The statement of Gifts, Legacies and Donations was submitted for audit.

6.5 Arrear Payments Return

The Ministry had arrear payments dating back to 2011 and evidence of submission of monthly reports to Treasury was not availed for audit. The issue was raised on paragraph 1.2 above.

6.6 Travelling and Subsistence (T&S)

The issue of non-follow up of Travelling and Subsistence acquittals recurred in 2023.

6.7 Debtors Management

The issue of Outstanding Departmental Surcharges, Disallowances and Public Service Commission was partially addressed as follow ups were made.

6.8 Improved Access to Medicine

The issue of low to non-utilization of funds allocated to enhance medicine availability recurred in 2023 and the issue was raised on paragraph 6.1 above.

6.9 Public Health and Well Being

Funding towards treatment and management of Non-Communicable Diseases such as hypertension, heart disease, diabetes and cancer remained low and the issue was raised on paragraph 6.2 above.

HEALTH SERVICES FUND 2022

Objective of the Fund

The Fund was established for the purpose of collecting and administering hospital fees to supplement the health budget, both recurrent and capital for the development and maintenance of Health Services, programmes and related activities as may be approved from time to time by the Secretary responsible for Health and Child Care in consultation with Treasury.

Below is a Summary of the Statement of Comprehensive Income and Statement of Financial Position for the year.

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|---------------------------|
| Income | 3 685 687 664 |
| Expenditure | 2 278 129 552 |
| Surplus | ZWL\$1 407 558 112 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|---------------------------|---------------------------|
| Accumulated Fund | - | 1 684 942 982 |
| Current | 1 701 653 892 | 16 710 910 |
| Total | ZWL\$1 701 653 892 | ZWL\$1 701 653 892 |

I have audited the financial statements of the Health Services Fund for the year ended December 31, 2022 and I issued an adverse opinion.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of the Health Services Fund as at December 31, 2022, 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) Disclosure of Bank Account Balance

Finding

The bank certificate in respect of the Health Services Fund as at December 31, 2022 showed a balance of US\$1 429 253. This amount was not disclosed in the financial statements submitted for audit and no explanation was provided. As a result of non-disclosure of this amount and the related expenditure, I could not validate with certainty, the accuracy and completeness of the financial statements submitted for audit.

Risks/Implications

Financial statements could be materially misstated due to non-disclosure of the amount held at bank.

Health Services Fund resources may be utilised for unauthorised activities.

Recommendation

Management should provide an explanation and avail relevant documents to audit to support transactions related to this bank account.

Management Response

The bank account is a Temporary Deposit account where development partner's funds are deposited and acquitted after use. The Funds are audited by an external auditor employed by development partners.

Evaluation of Management Response

The management response is acknowledged. However, the copy of the Agreement availed for audit showed that funds from Gavi were to be deposited into a Health Development Fund administered by UNICEF. The Health Development Fund is different from the Health Services Fund administered by the Ministry. Therefore, the agreement availed for audit did not address the issue of the Health Services Fund bank account balance non-disclosure.

(ii) Submission of Statutory Returns

Findings

The Health Services Fund did not submit for audit the following statutory returns contrary to the provisions of Section 53.10 of the Financial and Accounting Procedures Manual for the Health Services Fund:

- i. Motor Vehicle returns submitted to Head Office by Institutions,
- ii. Accident reports involving Government and Partner Vehicles,
- iii. Ambulance status reports,
- iv. Bi-annual and annual Asset returns submitted to Head office,
- v. Rent return produced by Accounting Officer,
- vi. Asset Certificate and
- vii. Returns of monthly financial statements submitted to Treasury.

The supporting statements submitted for audit were incomplete, therefore, I could not validate whether the Fund had accounted for all the assets, rentals received or paid and expenditure incurred.

In addition, notes to the financial statements which are essential for understanding of how figures were calculated were not submitted as part of the financial statements contrary to the financial reporting framework requirements.

Risks/Implications

The financial statements would be incomplete without supporting notes showing the make-up of the amounts reported.

The adequacy of the assets required for service delivery may not be assessed effectively in the absence of the required statutory returns.

Recommendations

Management should always comply with the Health Services Fund regulations on submission of statutory returns and submission of complete set of the financial statements for effective decision making.

The statutory returns should be prepared and availed for audit.

Management Response

The observations are noted. The Ministry will in the future prepare and submit monthly financial statement to Treasury. Assets under the Health Services Fund are reported under Appropriation account and as such were audited. The Health Service Fund does not maintain any assets. Section 53.10 of the Financial and Accounting Procedures Manual for the Health Services Fund serves as a guide in the preparation of Appropriation Account.

Evaluation of Management Response

Management response is acknowledged. However, the issue of statutory returns and status reports that were not submitted for audit was not addressed. Section 53.10 of the Financial and Accounting Procedures Manual for Health Services Fund is a guide for preparation of the Health Services Fund financial statements not for the Appropriation Account.

In addition, the management did not address the issue of the Notes to the financial statements.

(iii) Maintenance of Registers

Finding

The Ministry did not have a mechanism in place such as a register to confirm whether all the eighty-four (84) health institutions under the Health Services Fund had submitted for consolidation their financial statements and supporting documents such as bank statements and bank certificates of balance. In addition, I was not furnished with the bank statements and certificate of balance to support the consolidated cash at bank balances of ZWL\$321 123 721, US\$599 953 and R65 088. I was therefore, not able to confirm whether the consolidated financial statements were accurate and complete.

Risk/Implication

The balances may be omitted resulting in material misstatement of the consolidated financial statements.

Recommendation

Management should put in place a mechanism to enable confirmation of all District and Provincial hospitals that would have submitted their monthly financial statements and key supporting documents for consolidation.

Management Response

The observation is noted. The Fund did not have a register in place. However, this will be addressed in future.

(iv) Prior Year Adjustment for Hospital Fees Collected in 2021

Finding

A total amount of US\$8 120 hospital fees from six (6) health institutions were not disclosed in the 2021 financial statements. This amount was converted to ZWL\$12 400 185 and subsequently adjusted against the 2022 Accumulated fund opening balance. There was no evidence of the prior year error adjustment on the 2021 financial statements. As a result, the

2021 financial statements were not restated and I could not validate whether the correct journal entries had been passed.

Risk/Implication

If prior error adjustments are not disclosed, they render the financial statements incorrect.

Recommendation

Management should restate the 2021 financial statements and explanatory notes should be provided clearly showing the statements adjusted and the journal entries.

Management Response

The observation is noted. Prior year adjustments were done to the financial statements. Explanatory notes to the accounts for accompanying transactions of that nature will be provided for in future.

Evaluation of Management Response

Management response is noted. However, the 2021 financial statements were not restated making validation of the correctness of the prior year adjustment difficult.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Use of the Public Financial Management System (PFMS)

Finding

I noted that the Health Services Fund was operating a manual accounting and reporting system using excel spread sheets. This issue was also raised in the 2020 audit report. There was no evidence of use of the PFMS or an accounting package which had inbuilt controls that enhance the reliability of the financial information. This was contrary to the provisions of Section 119 (1) of the Public Finance Management (Treasury Instruction) 2019, which require financial management transactions to be accounted for through the PFMS.

Risk/Implication

Use of manual accounting and reporting system in financial reporting exposes the financial information to manipulation and unauthorized changes.

Recommendation

Management should ensure that financial transactions are accounted for through PFMS.

Management Response

The Ministry together with Treasury personnel identified Mashonaland Central as the pilot province in 2022. Treasury however, highlighted that the configuration of the Fund on PFMS could not be done as the servers were down.

Evaluation of Management Response

The management response is acknowledged. However, no evidence was availed to audit showing that the PFMS servers were down throughout the year.

1.2 Temporary Deposit Statement of Balance

Finding

I also noted that the Fund had a bank account for Temporary Deposits which had a balance of ZWL\$ 28 390 387 as at December 31, 2022. However, a breakdown showing the persons or account due to receive the ultimate benefit, the nature of deposit, the date on which the deposit was received, amount held and arrangements made for its disposal was not availed for audit. This was contrary to the provisions of Section 52 (5) of the Public Finance Management (Treasury Instructions), 2019. I could therefore, not confirm with certainty whether the Temporary Deposit account was being utilised for Health Services Fund activities.

Risk/Implication

Accountability for resources held in the Temporary Deposit account may not be transparent in the absence of the breakdown.

Recommendation

Management should provide for audit, a Temporary Deposit statement of balance in compliance with regulations.

Management Response

The observation is noted. The amount of ZWL\$28 390 387 includes balances from Covid-19 disbursements and E-Recruitment deposits.

1.3 Disposal Committee

Finding

Harare Dental Centre had no disposal committee in place to recommend disposal of various obsolete items which included dental chairs, carts and other equipment. This was contrary to Section 56.1 (d) of the Financial and Accounting Procedures Manual for the Health Services Fund.

Risk/Implication

Obsolete assets may remain on the premises, cluttering the place and taking the space.

Recommendation

Management should appoint a disposal committee to recommend methods of disposal of the assets in line with regulations.

Management Response

The observation is noted. The Fund will follow the recommendations and appoint a disposal committee.

1.4 Segregation of Duties

Findings

For the fourth (4th) year running, the Government Analyst's Laboratory (GAL) had one Accounting Assistant who was responsible for receipting, banking and making monthly reconciliations. There was no evidence that a request to recruit an Accountant was made to ensure that there was segregation of duties. This was contrary to Section 15 (a) of the Financial and Accounting Procedures manual for the Health Services Fund which provides for segregation of duties.

There was also no evidence of supervision by Head Office Accountant as a compensatory control. Therefore, the bank reconciliations prepared by the Assistant Accountant were not reviewed by an independent officer. Section 33(d) of the Financial and Accounting Procedures manual for the Health Services Fund requires an Accountant to check the bank reconciliation statement for accuracy and completeness and certify it correct.

Risk/Implication

In the absence of segregation of duties and supervision of work, omissions, errors and fraud may go undetected.

Recommendations

Management should request for authority to recruit an Accountant to enable segregation of duties.

Head Office management should consider regular supervision of the monthly bank reconciliations prepared by the Accounting Assistant as a compensatory control.

Management Response

The observation is noted. The GAL has one (1) Accounting Assistant since August 1, 2003. There was no such post before and such work was done by Analysts who were not trained for the same. The GAL has bided for two (2) posts (Accountant and Accounting Assistant) for 2024. Treasury has not yet given concurrence.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Banking and Custody of Cash

Findings

Harare Dental Centre delayed banking cash amounting to ZWL\$46 550 and US\$7 838 received between January and March 2022 and July and December 2022 by two (2) to twenty-three (23) days. This was contrary to Section 17.1 of the Financial and Accounting Procedures Manual for the Health Services Fund which requires all monies receipted to be banked intact within 24 hours of receipt.

During a cash count conducted on Friday, October 19, 2023 I noted a variance of US\$60 between an amount of US\$225 receipted for the period of October 17 to October 19, 2023 and cash on hand of US\$165. No explanation for the variance was provided to audit.

In addition, cash received was not being kept under lock and key contrary to Section 15 of the Financial and Accounting Procedures Manual for the Health Services Fund. There was no evidence of documented reviews of receipting and banking transactions by an independent senior officer to ensure that monies were banked intact, on time and properly secured.

Risk/Implication

Inadequate monitoring of banking and storage of cash may result in misappropriation or conversion of public resources to personal use.

Recommendations

Management should regularly supervise and monitor the officer responsible for handling cash in order to ensure that cash is banked intact and stored in the safe.

A police report should be made on the missing cash to facilitate objective investigation. The money should be recovered and proof of banking should be availed for audit.

Management Response

The observation is noted. Harare Dental Centre will ensure that all monies receipted are banked intact within 24 hours of receipt.

A cash reconciliation was done on the shortfall of US\$60 and the money was banked intact. An investigation was done on the matter and disciplinary hearing is in progress.

Evaluation of the Management Response

The management response is acknowledged. The results of the investigation on the missing US\$60 were not availed for audit.

2.3 E-Recruitment Application Fees Reconciliations

Findings

The Health Services Fund had an online payment platform for depositing non-refundable application fees of \$1 or ZWL\$ equivalent for those intending to undergo nurse training. The service provider would send a daily settlement summary of the individual transactions to the Nursing department as notification of deposits made. The non-refundable deposits were supposed to be transferred to the Temporary Deposit Account which was being used by the Nursing department. However, it was noted that a total amount of ZWL\$3 668 514 deposited on the online payment platform was not transferred to the E-Recruitment for Nursing bank account (Temporary Deposit account).

Furthermore, a total amount of ZWL\$2 076 562 deposited from April 4, 2022 to August 10, 2022 was on the bank statement but not on the online payment platform statement. There was also a difference of ZWL\$1 270 093 between the amounts presented on the online payment platform settlement summary and those presented on the Non-V payment settlement status (which is a summary of amounts transferred to the Ministry's bank account). Under normal circumstances, the amounts on the online payment platform statement, the bank statement and the Non-V payment settlement status should be the same and when there are variances, reconciliations should be done. There was no evidence that the variances were investigated and rectified.

Risk/Implication

The financial statements may be materially misstated and there may be loss of accountability for financial resources.

Recommendation

Management should ensure that they investigate, reconcile and rectify variances noted between the three (3) statements.

Management Response

Reconciliations of the collections were being done and copies of such were availed for audit. With regards to variances, the online payment platform operates on “cut off” basis for the purpose of transferring daily collections. The differences noted were from transfers made at later dates as shown by the detailed Payment Settlement Summary.

Evaluation of Management Response

The management response is noted. However, the reconciliations availed for audit were between the monthly cashbooks and the bank statements. The reconciliations between the online platform, Non-V payment statement and the bank statement were not availed for audit.

2.4 Port Health Fees Remittances

Finding

According to the remittances schedule from the Zimbabwe Revenue Authority (ZIMRA), the Fund received ZWL\$140 369 975. However, there was no mechanism such as monthly returns of revenue collections from ports of entry submitted to the Health Services Fund to facilitate reconciliations. This was contrary to Section 42 (7) of Public Finance Management (Treasury Instructions) 2019 which requires receivers of revenue to institute and maintain independent systems of internal check and control in respect of revenues and other public moneys for which they are responsible for.

Risk/Implication

Errors may remain undetected resulting in understated revenue.

Recommendation

Management should put in place a mechanism that enables monitoring and reconciliations of revenue received against remittances.

Management Response

The observation is noted. Mechanisms will be put in place to ensure reconciliations are done for all port of entry collections.

3 IMPLEMENTATION OF PROGRAMMES/SERVICE DELIVERY

3.1 Dental and Laboratory Testing Services

Findings

Harare Government Dental Centre (HDC) is a referral Centre in the country which offers oral health services to patients and provides training and internship to dental technicians, therapists and assistants. A total of fifteen (15) dental therapist were trained for the year under review. However, I noted that there was limited service delivery due to non-functionality of some machinery and equipment. The table below refers.

Status of equipment at the Harare Dental Centre

| Asset Description | Functional | Non-Functional |
|-------------------------------|------------|----------------|
| Air Compressor | - | 3 |
| Autoclave (Sterile equipment) | 1 | 5 |
| Dental X-rays | 1 | 1 |
| Dental Mobile Carts | - | 10 |
| Dental Chairs | 2 | 15 |
| Total | 4 | 34 |

In addition, the following activities were not carried out for the year under review as had been planned:

- i. Outreach programs for oral health were not conducted due to lack of motor vehicles and mobile dental units,
- ii. Procedures like Orthodontic treatment were not done as there were no dental chairs and
- iii. Dental Prosthesis like Chrome Cobalt Dentures were not done as there was no Dental Laboratory Equipment.

The only equipment working was an autoclave machine which had been borrowed from another institution to enable sterilization of dental equipment.

Furthermore, the Dental Centre only had one vehicle allocated to the institution in 1996 which had outlived its useful life. This was due to inadequate budget allocations and releases.

I also noted that the Government Analyst Laboratories did not have adequate equipment and machinery for operations and administration duties. This issue was also raised in my 2020 audit report. The following assets and equipment were either inadequate, non-existence or not functional.

- i. No motor vehicle for operations.
- ii. Uninterrupted Power Supply (UPS) for Inductively Coupled Plasma Mass Spectrometry and Gas Chromatography – Mass Spectrometer (GCMS) was damaged and without which the equipment cannot function.
- iii. One Inductively Coupled Plasma Mass Spectrometry (ICP-MS) which was inadequate.
- iv. Insufficient electrical power for Laboratory equipment due to use of a 20 Kilo Volt-Amps (KVA) instead of 50KVA which according to management is more appropriate for backup in the event of power outage.
- v. The current generator does not allow for concurrent use of sample testing machinery. As a result, the turnaround time of the samples being tested was affected as the generator could not support different samples to be tested at the same time.

Risk/Implication

Service delivery to the public may be compromised in the absence of functional and adequate equipment.

Recommendation

Management should lobby for adequate budget to facilitate repair and acquisition of new equipment.

Management Response

Harare Government Dental Centre: There was inadequate budget support to sustain the department's operations. In addition, the procurement process for services, equipment and materials required takes a long period of time to conclude and there are no suppliers. As a result, hospital equipment remains unrepaired for a longtime.

The GAL: The health institution has operated without a pool vehicle since October 1, 2020. The Institution have requested for one without success.

The Institution has a 20KVA generator. However, this cannot power the ICP-MS even when all other appliances are switched off. The Fund have requested for alternative power and water sources. The Institution requires at least a 50 KVA diesel power generator, reticulated borehole water and a solar powered installation, to power the laboratory capital equipment and other less demanding such operations such as computers and internet.

The GAL requires varied capital equipment including the ICP-MS for effective and efficient service delivery which are regularly serviced or replaced when not serviceable. Preferably the laboratory requires duplicate technologies to allow for continuity in case of breakdowns.

Management continues lobbying for such capitalization and financial support for maintenance of the equipment and the Quality Management System. However, the laboratory received R2 131 796 on October 26, 2023 for servicing of the ICP-MS and other capital equipment.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Health Services Fund did not make much progress in addressing the audit findings raised in my previous report. Out of the nine (9) findings, two (2) were partially addressed and seven (7) were not addressed as indicated below.

4.1 Maintenance of Accounting Records

Four (4) of the eight (8) stations visited were now maintaining cashbooks and debtor's ledgers for the year under review. Provincial audit inspections were not conducted to facilitate confirmation of the status of this finding.

4.2 Remittances to Provincial Medical Director's (PMD) Offices

Evidence supporting follow ups made to Provincial and District Hospital which were not remitting 10% of the revenue collected was not availed for audit.

4.3 Budgetary Control

There was still no evidence of follow ups made by management to ensure that Provincial Medical Directors and District Offices submitted their budgets.

4.4 Segregation of Duties

The GAL continued operating without an Accountant to ensure segregation of duties. However, a bid to recruit an Accountant in 2024 was made in the budget.

4.5 Unsupported Expenditure

The issue of expenditure for Head Office, Harare Dental Centre and Government Analyst Laboratory that was supported remained uncleared. Provincial audit inspections were not conducted to facilitate confirmation of the status of this finding.

4.6 Management of Debtors

Mechanisms to monitor how much port health fees were due to the Fund had still not been put in place. There was also no evidence of documented follow up of debts.

4.7 Receiving of Goods and Services

No response was received from Gwanda Provincial Hospital to confirm whether they received Silver Sulphur CRM 500G medicines for ZWL\$143 640 purchased from Greenwood Pharmacy in Bulawayo.

4.8 Expired Medicines

Expired medicines for the year ended December 31, 2022 were still to be disposed off, due to lack of functional incinerators.

4.9 Medical Equipment

There was no improvement on service delivery as the Fund continued operating with insufficient equipment.

VOTE 15. - PRIMARY AND SECONDARY EDUCATION

APPROPRIATION ACCOUNT 2023

Mandate

The Ministry's mandate is to provide access to quality, inclusive, relevant and competent driven infant, junior, secondary and non-formal education.

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

| Original Budget ZWL\$ | Unallocated Reserve Transfers ZWL\$ | Total Budget ZWL\$ | Expenditure ZWL\$ | Net Under Spending ZWL\$ |
|--------------------------|--|-----------------------|----------------------|--------------------------------|
| \$631 279 722 000 | \$2 358 039 491 452 | \$2 989 319 213 452 | \$2 864 836 267 868 | \$124 482 945 584 |

I have audited the financial statements for the Ministry of Primary and Secondary Education for the year ended December 31, 2023 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of the Ministry of Primary and Secondary Education as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit;

1 GOVERNANCE ISSUES

1.1 Statement of Payment Arrears

Finding

The Ministry did not submit for audit the Statement of Payment Arrears showing all invoices received from suppliers that were due at the end of the financial year 2023. There was no evidence that these liabilities were periodically reported to Treasury for funding to facilitate clearance. This was contrary to Section 22 (2) of the Public Finance Management (General) Regulations, 2019. The Ministry therefore, may not be able to determine the extent of obligations they need to settle.

Risk/Implication

If the payment arrears are not monitored, they will continue accumulating resulting in eroding of the subsequent years' budget.

Recommendations

The Ministry should prepare and submit the Statement of Payment Arrears in compliance with the Treasury Circular.

Regular engagements should be done with the Ministry of Finance and Economic Development and Investment Promotion to get funding to clear the obligations.

Management Response

The observation is noted. Preparation of the Statement of Payment Arrears is work in progress.

1.2 Reconciliation between the Consolidated Revenue Fund and Sub-Paymaster General's Account

Finding

Total expenditure of ZWL\$2 864 836 267 862 was disclosed in the Appropriation Account whilst the Statement of Reconciliation Between the Consolidated Revenue Fund and the Sub-Paymaster General's account transactions reflected total expenditure amount of ZWL\$2 864 833 917 810. This resulted in an unreconciled variance of ZWL\$2 350 052.

Risk/Implication

The financial statements may be misstated as a result of the unreconciled variance.

Recommendation

The Ministry should investigate and reconcile the expenditure figure variances.

Management Response

The observation is noted. The Ministry is still investigating the variance.

1.2 Annual Closure Certificate

Finding

The Ministry also submitted for audit an Annual Closure Certificate supported by expenditure and revenue general ledgers which had un-cleared and open transactions. These should have been cleared from the system. Treasury Circular Number 1 of 2024 requires all open items in the system to be cleared before preparation of annual returns and financial statements to ensure completeness and alignment. Therefore, I could not validate whether the Ministry reported in the returns all the expenditure incurred and revenue received.

Risk/Implication

The general ledgers may have incomplete expenditure and revenue transactions resulting in financial returns produced being inaccurate.

Recommendation

Management should investigate and clear outstanding transactions in general ledgers.

Management Response

The Annual Closure Certificate as at December 31, 2023 had open items for prior years and the Ministry is awaiting Treasury to open the prior periods for clearing.

1.3 Contract Management Procedures

Findings

The Ministry did not have in place documented internal policies and procedures for procurement and contract management to ensure consistent procurement practices across Provincial offices. This was contrary to Section 79 of the Public Procurement and Disposal of Public Assets [*Chapter 22:23*].

Furthermore, the Ministry did not have a risk register for use in identifying, assessing and managing risks associated with the procurement process. There was no evidence that the responsibility to develop the policies was assigned to an individual or a committee. Management indicated that this was due to review oversight.

Risks/Implications

The absence of documented internal policies and procedures may result in lack of standardisation across Provincial offices.

Without assessing and identifying risks, plans to mitigate potential risks may not be put in place and implemented.

Recommendations

The Ministry should assign a team to develop internal procurement policies and procedures.

Management should have registers for use in recording risks identified related to procurement contracts and other Ministry activities.

Risk assessments and mitigation strategies should be carried out and implemented.

Management Response

The observation is noted, the standard procedure for internal procurement and contract management policies are being developed.

1.4 Travelling and Subsistence Allowances

Findings

The Ministry had outstanding foreign travel advances amounting to US\$12 294 and domestic travel advances amounting to ZWL\$3 261 263 dating back to 2017 and 2019 respectively. There was no evidence to show that salary deductions were made for staff who had advances that had remained outstanding after one month of the officer's return to home station. This was contrary to Section 65 (19) of the Public Finance Management (Treasury Instructions), 2019.

The domestic travelling and subsistence return showed a low recovery rate. An amount of ZWL\$13 788 229 (4.9%) was recovered out of ZWL\$282 256 172 outstanding advances.

In 2023 multiple advances were issued to four (4) staff members who had US\$40 914 outstanding foreign travel advances. Section 65 (7) (c) of the Public Finance Management (Treasury Instructions), 2019 forbids the processing of new advances before the previous

ones are cleared. There was no evidence that advance ledgers were being reviewed to ensure that no payments were processed for members with outstanding advances.

Risk/Implication

The Ministry may fail to recover the advances if they remain outstanding for a long period.

Recommendations

Management should effect salary deductions for all staff with outstanding advances.

Management should put in place robust supervisory mechanisms to ensure that new advances are not processed before clearance of the previous one.

Management Response

The observation is noted and acknowledged. In future no advance will be processed before clearance of the previous one. Follow ups are being made to clear all outstanding advances. For those in service, deductions from salaries will be effected. The Ministry will also try to recover from terminal benefits for those who have left service.

1.5 Registration of Schools

Finding

The Ministry of Primary and Secondary Education has the responsibility of assessing the operations and learning conditions in schools and registration of new schools in order to improve on access to and provision of quality education.

Out of a sample of ten (10) files selected from the list of assessed and registered schools in 2023, six (6) files were not availed for audit inspection. Secretary Circular Minute number 7 of 2019 outlines the conditions for registration that should be met by schools. The Ministry indicated that they could not open the individual school registration files due to unavailability of registry classifying files. I could not therefore, confirm with certainty whether the schools met the laid down registration requirements.

Risk/Implication

The Ministry could award licences to schools which do not meet the minimum registration requirement, resulting in compromised quality of education.

Recommendations

The Ministry should assess the records classifying system to ensure that relevant school registration records are maintained.

Management should avail for audit the requested files for registered schools.

Management Response

The Ministry is putting in place a system to cater for the ever-increasing number of files so that they are available when needed.

1.6 Risk Management Policy

Finding

There was no evidence that the Ministry conducted risk assessments during the year under review. This was contrary to Section 162 (2) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to carry out a risk assessment of their operations on an annual basis. This was caused by the absence of an appointed Risk Management Committee.

Risk/Implication

Business and operational risks may not be identified and addressed in the absence of risk assessments.

Recommendation

The Accounting Officer should appoint a Risk Management Committee to assist in the identification and mitigation of possible risks.

Management Response

The observation is noted. A risk management committee was appointed in November 2023 but had not made significant sensitisation programs. The recommendation is well noted for future implementation.

2 COMPENSATION OF EMPLOYEES

2.1 Updating of Staff Appointment and Terminations Registers

Findings

The Ministry's employment contract termination registers were not being timeously updated as;

- i) Records of 107 officers who left employment between January 2001 and September 2022 were captured in the registers at Head Office in 2023.
- ii) The registers did not include terminations from five (5) provinces-Masvingo, Matabeleland South, Matabeleland North, Bulawayo and Mashonaland West. As a result, I could not validate the vacancy and skills gap within the Ministry.

On the other hand, an extraction of ten (10) terminations from the Harare Provincial register revealed that records were not being maintained as eight (8) individual files had never been created and some had missing documents such as appointment letters, copies of Identification documents and termination letters.

The Ministry had not opened personal files for teachers recruited since 2018. Appointment forms and subsequent documents were piled in the registries, awaiting filing in respective individual files.

Risks/Implications

Without up-to-date appointment and terminations registers, the Ministry's vacancy return may be incorrect and salaries may be paid to individuals who would have left employment.

In the absence of personal files, management of employment contracts will not be done effectively.

Recommendation

The Ministry should ensure that appointment and termination registers and personnel files are timeously opened and updated regularly.

Management Response

The observation is noted. Management is putting more effort to address the anomalies.

3 PROCUREMENT OF GOODS AND SERVICES

3.1 Direct Procurement of Motor Vehicle Services

Finding

Harare Province had major service done to motor vehicles GED 921 and GED 1267 at a cost of ZWL\$2 122 468 and ZWL\$ 9 500 000 respectively. The motor vehicle services were done in April 2023 at Croco motors and Toyota Zimbabwe without sourcing three (3) quotations or justification for direct procurement as is required by Section 34 and 30 of the Public Procurement and Disposal of Public Asset [*Chapter 22:23*]. This was due to lack of checks and controls to ensure that procurement procedures were conducted as prescribed.

Risk/Implication

Without competitive quotations, services may not be procured to the best advantage of the Ministry.

Recommendation

Management should ensure that procurement procedures are followed.

Management Response

The province had been using Toyota Zimbabwe for servicing of Toyota GED 1267 vehicle. Croco motors was chosen to repair and Service GED 921 after Nissan Clover Leaf and CMED had failed to repair the vehicle.

In future the Provincial Office will seek for three quotations before engaging the vehicle service providers.

4 GENDER ISSUES

4.1 Gender Policy

Finding

The Ministry did not have a gender policy and strategy to provide guidance in the implementation of gender responsive programmes. The NDS (1) highlight Gender considerations as cutting across the different Ministries and sectors. I noted a director was appointed in 2023 and the focal persons were trained on gender issues. I could not therefore,

confirm with certainty whether gender issues were consistently considered and addressed in the Ministry.

Risk/Implication

Due to the absence of a gender strategy within the Ministry there may be inconsistencies on gender responsiveness by different departments and across schools.

Recommendation

Management should ensure that a gender strategy is developed.

Management Response

The department was formulated in 2023 and is at its infancy and progress has been made in terms of capacitating the department having received Public Service concurrence to a new structure. The policy is now work in progress.

5 IMPLEMENTATION OF PROGRAMMES/ SERVICE DELIVERY

5.1 Public Sector Investment Programme (PSIP)

Findings

A follow up on issues raised in the internal audit report dated December 12, 2023 on the status of the Ministry's nine (9) PSIP projects revealed that dates of commencement of the projects had not been recorded, the source of financing was not stated and there was no indication on whether projects were new or existing. There was no evidence that adequate project records were being maintained and that the construction works were being inspected to confirm progress in compliance with Section 84 (b) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Risk/Implication

Failure to maintain project construction and inspection records could result in ineffective monitoring and management of PSIP projects.

Recommendations

Management should timeously implement audit recommendations.

The Ministry should maintain an updated record of the status of PSIP projects.

Management Response

The observation is noted. The proper records showing the cost, sources of finance, whether the project is new or existing will be maintained.

5 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing the findings raised in my previous audit report. Out of the thirteen (13) findings raised in the 2022 audit report, six (6) were addressed, four (4) were partially addressed and three (3) were not addressed as indicated below.

5.1 Reconciliation of Appropriation Account Expenditure

The issue was resolved as reconciliations were done for the 2023 financial year.

5.2 Submission of Supporting Statements to the Appropriation Account

The Annual Closure Certificate and the Statement of Reconciliation Between the Consolidated Revenue (CRF) and the Main Paymaster-General's Account and Sub-PMG Account Transactions were submitted.

5.3 Reconciliation of Compensation of Employees Costs

A reconciliation of the Compensation of Employees Costs was done for the year under review.

5.4 Non-Submission of the Annual Report and Other Supporting Statements

The issue of the submission of the Annual Report and Statement of Development Partner Funded Projects was resolved whilst the Statement of Payment Arrears was not submitted.

5.5 Travelling and Subsistence Allowances

The issue of follow ups on outstanding T&S was partially addressed. The issue was raised on paragraph 1.4 above.

5.6 Follow up on Recoveries of Disallowances and Departmental Surcharges

The issue of recoveries of Disallowances and Departmental Surcharges was partially addressed by way of applying for write off of Disallowances and Departmental Surcharges for periods 2020 backwards.

5.7 Risk Management Policy

The Ministry did not perform risk assessments in 2023.

5.8 Internal Audit

An audit of Head Office was done focusing on the Administration Department.

5.9 Contract Management - Delivery of School Food Items and Sanitary ware under Learner Support Services

The outstanding items which had been procured for Midlands and Mashonaland East Provinces were delivered.

5.10 Establishment of Procurement Management Units at Provincial Offices

The issue of establishment of PMUs in Provincial Offices has remained unresolved in 2023.

5.11 Master Assets Register

The Assets Register was submitted and physical verification of assets was carried out in 2023.

5.12 Missing Information Communication Technology (ICT) Equipment

The evidence of the follow ups made on missing ICT equipment for Tame Primary School was not availed for audit.

5.13 Vacant Posts

The issue of vacant teacher's positions was partially addressed. Ministry recruited 8 809 teachers out of the 9 971 authorised recruitment.

SCHOOL SERVICES FUND 2022

Objective of the Fund

The Fund was established to facilitate the provision of quality education by providing resources for the procurement of learning and teaching materials and to finance other school services and related activities in the school system which may be approved by the secretary in consultation with the Treasury.

Below is a summary of the Statement of Comprehensive Income and Statement of Financial Position for the year 2022:

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|---------------------------|
| Income | 4 969 072 880 |
| Expenditure | 5 281 151 015 |
| Deficit | (ZWL\$312 078 135) |

Statement of Financial position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|---------------------|---------------------------|---------------------------|
| Non-Current | 18 130 361 | - |
| Accumulated Deficit | - | (226 706 115) |
| Current | 1 808 509 092 | 2 053 345 568 |
| Total | ZWL\$1 826 639 453 | ZWL\$1 826 639 453 |

I have audited the financial statements of the School Services Fund for the year ended December 31, 2022 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the School Services Fund as at December 31, 2022, 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

Maintenance of Accounting Records

Findings

The School Services Fund (SSF) management did not maintain the required ledger accounts for assets, accounts receivables, expenses and accounts payable for fourteen (14) schools audited during the year ended December 31, 2022. This was in contravention of Section 35 (6) of the Public Finance Management Act [Chapter 22:19] which requires every Accounting Officer to keep proper records of accounts. In the absence of ledgers, I could not verify the completeness and accuracy of income of ZWL\$38 867 833, expenditure of ZWL\$63 893 694 and assets and liabilities figures of ZWL\$25 940 174 and ZWL\$50 642 822 respectively disclosed in the financial statements for the schools.

Furthermore, Ruwa Primary School did not avail for my audit examination the financial statements of the SSF for the year ended December 31, 2022 resulting in incompleteness of

the consolidated financial statements. There was no evidence that the Head Office maintained a register to facilitate confirmation of submission of financial statements by schools.

Risks/Implications

Without adequate accounting records to support the reported amounts, the financial statements could be materially misstated.

The SSF consolidated financial statements are incomplete due to non-submission of financial statements by some schools.

Recommendations

Management should supervise and monitor the work of SSF accountants to ensure that the requisite ledger accounts are maintained in compliance with the regulations.

The Ministry should identify the schools in need of qualified accountants and request for filling of the vacant positions by the Public Service Commission.

Ruwa Primary school should prepare and submit financial statements for consolidation and audit.

The Ministry's Head office should maintain a register to facilitate confirmation of submission of financial statements by schools and follow up on outstanding financial statements.

Management Response

Head Office: The observation is noted. Failure to update ledger cards at some schools is attributable to the absence of qualified accounting personnel in schools. Accounting and Administration personnel in provinces were instructed in 2022 to participate in school inspections as part of monitoring and supervision of financial and asset management aspects.

Ruwa Primary School: The school failed to prepare financial statements due to the absence of a qualified accountant.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Staff Vacancy Return

Finding

At the time of concluding the audit on December 31, 2023 the Ministry did not have a vacancy return for accountants for the schools. There was no evidence that requests to fill vacant positions had been submitted to the Public Service Commission.

Risk/Implication

In the absence of a vacancy return for accountants, the Ministry may not be able to come up with a detailed plan to fill the vacant positions to address the skills gap affecting proper maintenance of accounting records.

Recommendation

The Ministry should maintain a vacancy return for accountants to enable taking action timeously to fill vacant positions.

Management Response

An extract of the vacancy return showing the required accounting personnel has now been availed to audit. Requests for filling in of vacant positions were processed and are awaiting Treasury concurrence.

Evaluation of Management Response

The management response is acknowledged. The extract of the vacancy return submitted to audit was incomplete as it did not show accounting personnel required in some of the schools such as Cranborne, Mt Pleasant, Seke 2 High and Ruwa Primary Schools which had been audited. The requests to fill in the vacant position were not availed to audit.

1.2 Expenditure Control

Finding

Out of a total expenditure of ZWL\$5 281 151 015 incurred by the Fund in 2022, ZWL\$2 858 230 797 was spent on institutional provisions instead of learning and teaching materials. Therefore, 54% of the expenditure was spent on institutional provisions contrary to the objectives of the Fund which require resources to be utilized for procurement of learning and teaching materials and related activities in the school system.

Risk/Implication

Inadequate learning and teaching materials may be procured, resulting in compromised quality of education if resources are not utilised for intended purpose.

Recommendation

The Ministry should put in place a mechanism to ensure that expenditure is incurred for the intended purpose.

Management Response

The Ministry will address the issue of utilising the funds to cover expenditure for provisions by amending the objective of the fund in the Constitution.

1.3 Maintenance of Cash Books

Findings

At the time of audit conducted in October 2023, it was noted that cash books at Cranborne and Seke 2 High Schools were not being updated timeously. The cash books were last updated on September 30, 2022 and December 31, 2022 respectively and both schools did not have SSF accountants. This was contrary to Section 46 (25) of the Public Finance Management (Treasury Instructions), 2019 which requires the cash book to be updated daily.

A re-computation of the School Services Fund cash books at Tafara 2, Seke 2 and Zengeza 3 High schools showed a total variance of ZWL\$285 700 between the cash books balance of ZWL\$21 183 596 and the audited balance of ZWL\$21 469 296. There was no evidence of independent reviews of the cash book transactions. This was in contravention of Section 47(3) of the Public Finance Management (Treasury Instructions), 2019.

Risk/Implication

Errors and omissions may not be detected and corrected timeously if cash books are not updated and reviewed regularly.

Recommendations

Cranborne and Seke 2 High Schools should request for the filling of the vacant SSF accountant positions.

School authorities should supervise and monitor the work of the accountants and ensure that the variances in the cash books are investigated and rectified.

Management Response

Cranborne High School: Non-existence of a qualified assistant accountant and the subsequent high turnover of temporary accountants made the accountant's office fail to cope with the basic expectations.

Tafara 2 High: The observation is noted. The school will update records by December 31, 2023. The accountant was advised accordingly.

Seke 2 High: The observation is noted. Management will supervise and monitor the work of the accountant so that the cash book is updated and maintained with minimal errors.

Zengeza 3 High: The observation is noted. The school has now filled the School Development Committee Bursar post so as to reduce workload on the SSF accountant and the authorities will supervise and monitor them.

1.4 Accounting Procedures Manual

Finding

The SSF Accounting Procedures Manual was last updated in 2001. This was contrary to Section 3.1.2 of the School Services Fund Accounting Procedures Manual which requires Accounting Officers to ensure that the manual is regularly updated to keep pace with changing circumstances. There was no evidence that a team was appointed to carry out the task of reviewing and updating the manual.

Risk/Implication

Failure to update the accounting procedures manual may increase the likelihood of errors and inconsistencies in accounting practices.

Recommendation

Management should appoint a team to review and update the Accounting Procedures manual.

Management Response

The observation is noted. The School Services Fund Constitution is already under review and the Accounting Officer's Procedures are being updated to align with the Public Finance Management Act [*Chapter 22:19*] and the Educations Act [*Chapter 25:04*] and other accounting regulations for approval by Treasury.

1.5 Finance Committee Meetings

Findings

There was no evidence that the Finance Committee for Mt Pleasant High School held meetings during the year under review. This contravened Section 3.5 of the Constitution of the Fund which provides for Finance Committee meetings to be held monthly to allow for payments of accounts and checking of the cash book. There was no evidence that members of the Finance Committee were aware of the provision of the Fund's Constitution requiring such meetings to be held at stipulated intervals. Therefore, I could not verify whether the total expenditure of ZWL\$1 303 984 which was disclosed in the financial statements was sanctioned by the finance committee.

Furthermore, Tafara 2 High School did not avail for audit, minutes of meetings held to utilise a donation of US\$1 000 received from Scott Foundation although acquittals were availed for audit inspection. This was not in compliance with Section 3.6 (iii) of the Constitution of the Fund which provides that minutes must be up to date and available for examination at all times.

Risks/Implications

Expenditure may be incurred without authorisation from the finance committee.

In the absence of the meetings to discuss funds utilization and minutes of the meetings, it may be difficult to confirm whether the funds were utilised for the intended purposes.

Recommendations

The school authorities should ensure that monthly Finance Committee meetings for the Fund are held.

Minutes of the meetings held to approve the utilization of the US\$1 000 should be availed for audit.

Management Response

Mt Pleasant High School: The meetings were held but the SSF accountant had resigned by the time of the audit inspection. The school failed to locate the file containing minutes of meetings held by the Committee.

Tafara 2 High School: The minutes of the meeting will be availed for audit when the file in which they were kept is located.

1.6 Authority to Accept Donations

Finding

Tafara 2 High School received a donation amounting to US\$1 000 from Scott Foundation and proceeded to withdraw and utilise the whole amount on September 14, 2022. There was no evidence that the school sought Treasury or Accounting Officer's authority required for accepting gifts and donations. This was contrary to the provisions of Section 112 (4) of the Public Finance Management (Treasury Instructions), 2019 which provides for authority to accept any gift or donation to be granted by Treasury or Accounting Officer.

Risk/Implication

Donated funds may not be properly accounted for in the absence of Treasury authority.

Recommendation

Tafara 2 High School authorities should seek Treasury or Accounting Officers' authority before donations can be accepted.

Management Response

The donations were processed through the District office and the school will follow-up on the Treasury authority as per standing practice.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Management of Debtors

Findings

A balance of ZWL\$3 635 284 relating to debtors for five (5) schools listed in the table below was not supported with invoices. This was contrary to Section 9.1 (a) of the School Services Fund Accounting Manual which requires invoices to be issued to parents and guardians to support fees due. There was no evidence of supervision of the accountant's office to ensure that invoices were issued.

Schools that did not issue invoices

| Number | Name of school | Amount ZWL\$ |
|--------------|--------------------------|-----------------------|
| 1 | Tafara 2 High School | 116 510 |
| 2 | Mabvuku Primary School | 19 171 |
| 3 | Ellis Robins High School | 3 430 251 |
| 4 | Tendai Primary School | 31 504 |
| 5 | Rukudzo Primary School | 38 848 |
| TOTAL | | ZWL\$3 635 284 |

Furthermore, the schools did not have effective debt recovery systems in place. There was no evidence of follow-up letters or payment plans agreed with parents at the schools. This was in contravention of Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 which requires Officers responsible for collecting debts to take adequate steps to collect any sums due to the Government.

Risks/Implications

The debtors balance may be misstated in the absence of supporting documents such as invoices.

Failure to institute effective recovery of accounts receivable renders debts irrecoverable over time.

Recommendations

The school authorities should ensure that students are issued with invoices for the ensuing term at the end of each term.

School authorities should be innovative and write follow-up letters to parents or engage parents to make payment plans.

Management Response

Tafara 2 High School: Parents are encouraged to pay school fees at School Development Committee Annual General Meeting and Extra Ordinary meetings.

Mabvuku Primary School: The observation is noted. Corrective action will be taken to rectify the anomaly.

Ellis Robins High School: The observation is acknowledged. The school will definitely improve on debt recovery.

Rukudzo Primary School: The school will comply with the audit recommendations.

3 MANAGEMENT OF ASSETS

3.1 Asset Registers

Findings

At the time of audit in October 2023, Ruwa Primary School had an Asset register which was last updated on November 15, 2015. The school was relying on inventory lists which were not up to date. Assets purchased from 2015 to 2023 were not recorded in the Assets register. As a result, I could not confirm with certainty the existence of the school assets and completeness of the Assets register. 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 assets be maintained.

At Chiwaridzo Secondary School a Toyota Coaster Mini Bus registration number GED1520 together with its bottle jack 500g, wheel spanner, scissors jack, spare wheel, reflectors and break down triangles were not recorded in the Assets register. This was due to inconsistent review of asset registers by management.

Risks/Implications

Failure to properly account for assets by not maintaining updated Asset registers may among other issues result in misappropriation of assets.

The assets may not be reported and disclosed in the financial statements thereby resulting in misstatements.

Recommendation

The school authorities should ensure that Asset registers are updated regularly.

Management Response

Ruwa Primary School: The school does not have an accountant, the teacher who is working as an accountant concentrated much on her teaching duties forgetting to update the Asset register. The school have requested the Deputy Headmaster to assist in updating the Asset register.

Chiwaridzo Secondary School: The observation is acknowledged. All assets were subsequently recorded in the assets register as per audit recommendations.

3.2 Transport Management

Findings

There was no evidence that Zengeza 3 High School authorities were monitoring usage of a pick-up Ford Ranger registration number ACG 3352. An inspection of the vehicle logbook revealed that it was last updated on October 21, 2014. This was contrary to Section 103 (10) of the Public Finance Management (Treasury Instructions), 2019 which requires the Accounting Officer to ensure that logbooks are allocated to each Government vehicle under their control and that these be correctly and comprehensively completed for each official journey.

In addition, the Ford Ranger allocated to the school did not have a school logo and it had private number plates contrary to Section 103 (4) of the Public Finance Management (Treasury Instructions), 2019. There was no evidence that the school authorities applied for the Government Education Department (GED) number plates.

Risk/Implication

The school motor vehicle may be used for purposes not related to school business resulting in accelerated wear and tear and high maintenance costs.

Recommendation

School administrators should ensure that the vehicle log book is made use of, kept up to date and that the vehicle is clearly labelled with the school logo.

Management Response

Zengeza High School: The observation is acknowledged. Arrangements will be made for the school truck to make use of the available log book and school logo.

3.3 Maintenance of Security Items Register

Finding

I noted that the security items register maintained at Lord Malvern High School did not have a record of twenty (20) unused receipt books with serial numbers 482001-484000. Therefore,

the security items register was incomplete. This was contrary to Section 5.3.3 of the School Services Fund Accounting Procedures Manual which requires all unused security books to be recorded sequentially and that the issuing of the aforesaid books should be done in chronological order.

Risk/Implication

Unrecorded receipt books may be stolen and used for fraudulent receipting.

Recommendation

The school authorities should ensure that all unused receipt books are recorded in the security items register.

Management Response

Lord Malvern High School: The observation is acknowledged. The unused receipt books have now been recorded.

4 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 eight (8) findings, one (1) was partially addressed whilst seven (7) were not addressed.

4.1 Maintenance of Accounting Records

The issue of maintaining proper accounting records by schools was not resolved, it is still a challenge.

4.2 IT Disaster Recovery Plan

The Ministry was still working on an IT disaster recovery plan.

4.3 Reconciliation of Expenditure

The reconciliation between payment vouchers and the School Services Fund account were not submitted for audit.

4.4 Income

The finding was partially addressed. Out of fourteen (14) schools audited eleven (11) schools were now issuing invoices.

4.5 Management of Debtors

The issue of follow up on outstanding debtors was not addressed in 2022.

4.6 Maintenance of Cash Books

Cash books were still not being maintained in 2022.

4.7 Asset Registers

The schools were still operating without updated Asset registers.

4.8 Supporting Documents

Procurement of goods and services was still being done without following laid down procurement procedures.

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

AMENITIES FUND 2019, 2020 AND 2021

Objective of the Fund

The objective of the Fund is to collect and administer funds for the purposes of student affairs.

Below is a summary of the Statement of Comprehensive Income and Statement of Financial Position for the 2021 year:

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 1 241 948 755 |
| Expenditure | 751 892 502 |
| Surplus | ZWL\$490 056 253 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-------------------------|-------------------------|
| Non-Current | 63 845 905 | - |
| Current | 924 320 844 | 335 414 747 |
| Accumulated Fund | - | 652 752 002 |
| Total | ZWL\$988 166 749 | ZWL\$988 166 749 |

I am required to audit the financial statements of the Amenities Fund for the years ended December 31, 2019, 2020 and 2021 and I issued a disclaimer opinion.

Disclaimer of Opinion

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) Disclosure of Notes to Financial Statements

Finding

The amounts in the notes to the consolidated financial statements were extracted from the tertiary institutions' individual statements of comprehensive income and statements of financial position instead of using notes to the financial statements of each institution. For example, notes to each individual institution financial statements showed that revenue was made up of amenities fees, college registration fees, graduation fees, and payments for meals. However, these details meant to explain the basis behind reported figures were not reflected in the notes to the consolidated financial statements. This made it difficult to validate the accuracy of the figures in the consolidated financial statements.

Risk/Implication

The consolidated financial statements could be materially misstated.

Recommendation

Notes to the financial statements should be classified according to ledger account balances of the institutions for the information to be useful.

Management Response

Management did not respond.

(ii) Adjustments made to Prior Year Balances

Findings

Comparative figures shown in the consolidated financial statements revealed differences from amounts reported in the financial statements for the prior years. For example, revenue, other income, grants, goods and services, repairs and maintenance and other expenses for 2021 had differences of ZWL\$3 984 781, ZWL\$2 549 487, ZWL\$1 685 227, ZWL\$2 184 165, ZWL\$253 025 and ZWL\$1 362 400 respectively which remained unsupported. Furthermore, the comparative amounts for the 2019 statement of financial position did not balance by an amount of ZWL\$1 621 704. These misstated balances affected the 2020 year's opening balances as they were not adjusted or corrected.

In addition, Harare Polytechnic reported prior year adjustments of ZWL\$437 455 which were not supported by documentary evidence. The adjustments affected the accuracy of the consolidated financial statements.

Furthermore, the closing Accumulated Fund figure of ZWL\$170 242 589 in the 2020 financial statements was adjusted to ZWL\$162 319 359 in the 2021 financial statements without any supporting documentary evidence explaining the adjustments.

Risk/Implication

Financial statements may be misstated and less useful to users.

Recommendation

The Ministry should ensure that all misstatements noted are corrected as they affect the accuracy of financial statements.

Management Response

Management did not respond.

(iii) Suspense Account Balances

Finding

The consolidated financial statements had a net suspense account balance of ZWL\$5 219 730 (2020: ZWL\$1 959 887; 2019: ZWL\$2 673 502). The bulk of the amount was from Harare Polytechnic which had ZWL\$2 792 338. The suspense account balances dating back to the year 2018 were not investigated and cleared as per the provisions of Section 52 (3) of the Public Finance Management (Treasury Instructions), 2019 which requires such amounts to be cleared without delay. As a result, I could not determine whether the financial statements were fairly stated.

Risks/Implications

Financial statements could be misstated.

Users of financial statements may make inaccurate decisions based on incorrect financial statements.

Recommendation

The Ministry should investigate the suspense account balance and make the necessary adjustments to clear the balances.

Management Response

The observation is noted and all suspense account balances will be investigated for ultimate clearance.

(iv) Consolidated Statement of Cash Flows

Findings

The consolidated statement of cash flows submitted by the Ministry had many errors such that its relevance and usefulness was lost. Whereas the consolidated statement of comprehensive income had a surplus of income over expenditure of ZWL\$108 965 888, the amount taken to the cash flow statement was ZWL\$97 705 070. Depreciation of ZWL\$402 339 instead ZWL\$854 088 was reflected. An unexplained and unsupported figure of ZWL\$11 026 582 was included. An increase in inventory figure of ZWL\$5 938 648 instead of ZWL\$5 165 537 was disclosed. An increase in receivables of ZWL\$45 007 497 was disclosed instead of ZWL\$77 341 479. An increase in payables of ZWL\$8 874 915 was disclosed instead of ZWL\$12 850 848.

The note for property, plant and equipment had purchases for the year of ZWL\$7 385 010 whereas the cash flow statement had ZWL\$6 251 625. An unexplained amount of ZWL\$4 224 896 was also disclosed as net inflow from financing activities. A further unexplained cash and bank balance of ZWL\$17 561 594 was included on the statement. These unexplained variances and unsupported amounts resulted in cash and cash equivalent balance reported in the consolidated statement of cash flows and statement of financial position being grossly misstated.

The 2021 consolidated cash flow statement had many errors rendering it not useful to users. The consolidated statement of comprehensive income had a surplus of income over expenditure of ZWL\$490 056 252 whereas the amount taken to the cash flow statement was ZWL\$476 150 067. An increase in inventory figure of ZWL\$71 171 292 instead of ZWL\$80 511 262 was disclosed. An increase in receivables of ZWL\$36 077 037 was disclosed instead of ZWL\$398 736 111. An increase in payables of ZWL\$82 759 011 was disclosed instead of ZWL\$130 002 319. The note for property, plant and equipment had purchases for the year of ZWL\$54 488 132 whereas the cash flow statement had ZWL\$52 761 727. An unexplained cash and bank balance of ZWL\$121 464 332 was also included on the statement. These unexplained variances and unsupported amounts resulted in the cash and cash equivalent balance posted to the consolidated statement of financial position being grossly misstated.

Harare Polytechnic had foreign currency bank closing balances of US\$38 786 (ZWL\$4 214 719) as at December 31, 2021. This balance was not included in the statements

of financial position for both colleges and the consolidated financial statements in the Fund for the year.

Risks/Implications

The consolidated statements of cash flow were not useful for assessing the cash position of the Fund considering the nature of the errors.

The Cash and Cash Equivalents balance for both Harare Polytechnic and the consolidated financial statements was understated.

Recommendations

The Ministry should train its staff in preparation of consolidated statements of cash flow and resubmit corrected statements.

The Cash at bank in foreign currency should be included in the Cash and Cash Equivalents for Harare Polytechnic and the consolidated financial statements after conversion from the United States dollars into the reporting currency.

Management Response

The observation is noted. Investigations are in progress and disclosures will be done accordingly.

(v) Variances between Reported and System Balances

Findings

The balances in the Harare Polytechnic and Belvedere Technical Teachers' College financial statements were different from those in the Pastel Accounting System. For example, expenditure on goods and services for Harare Polytechnic disclosed in the statement of comprehensive income was ZWL\$28 001 671 whereas the pastel system had a balance of ZWL\$33 090 934 resulting in an unreconciled difference of ZWL\$5 089 263. Belvedere on the other hand had trade receivables of ZWL\$18 652 841 in statement of financial position whereas the pastel system had a balance of ZWL\$21 235 913 resulting in an unreconciled difference of ZWL\$2 587 072.

In the 2021 statement of financial position of Harare Polytechnic; property, plant and equipment had a balance of ZWL\$28 173 887 against ZWL\$27 405 194 in the pastel accounting system resulting in a difference of ZWL\$768 693. Trade receivables had a balance of ZWL\$191 055 584 compared to ZWL\$190 309 954 in the pastel accounting system resulting in a difference of ZWL\$745 630. Furthermore, revenue of ZWL\$240 835 372 was disclosed in the statement of comprehensive income against a figure of ZWL\$241 499 977 in the pastel system.

In its 2021 financial statements, Belvedere Technical Teachers college disclosed trade receivables of ZWL\$18 652 841 compared to a balance of ZWL\$21 235 913 in the pastel system resulting in a difference of ZWL\$2 587 072.

Risks/Implications

The mismatch between records in the system and the records used to produce financial statements may render the financial statements submitted for audit unreliable.

The financial statements may be materially misstated.

Recommendation

The Ministry should ensure that financial statements are produced using system generated records to avoid misstatements and unreliability of the financial statements.

Management Response

The observation is noted. The Ministry will ensure that all separate financial statements for tertiary institutions submitted for consolidation are as per the Pastel Accounting System.

(vi) Omission of Income and Expenditure from Harare Polytechnic

Findings

Income from School Fees and Other Income amounting to US\$54 187 (ZWL\$5 888 286) was collected at Harare Polytechnic and deposited into the Fund's foreign currency account during the financial year ended December 31, 2021. The income was processed outside the pastel accounting system and was not included in the college's financial statements submitted for consolidation.

In addition, Harare Polytechnic incurred expenditure on goods and services totalling US\$26 091 (ZWL\$2 835 205) for the financial year 2021 from its foreign currency account. This expenditure was incurred outside the pastel accounting system and was not included in the total expenditure disclosed.

Furthermore, Harare Polytechnic's pastel accounting system revealed that Income of ZWL\$25 597 095 and expenditure of ZWL\$19 540 267 from projects was generated and incurred respectively during the year resulting in a profit of ZWL\$6 056 828. Thirty percent (30%) of the profit amounting to ZWL\$1 817 048 which was supposed to be retained by the station was not disclosed in both the Station's financial statements and the consolidated financial statements. This was contrary to Circular R/19/1C on Production and Pricing Policy for Income Generating Projects in Tertiary Institutions which requires that thirty percent (30%) of the profits should be retained by Tertiary Institutions for capital development, maintenance, procurement and replacement of assets. The revenue reported was misstated.

Risks/Implications

Income in both the financial statements of Harare Polytechnic and the consolidated financial statements were understated.

Expenditure in the financial statements was understated.

Recommendation

All income collected and expenditure incurred should be accounted for and reported in the Fund's financial statements.

Management Response

The observation is noted. Internal auditors observed the same, disclosure of income collected in foreign currency will be made.

Accumulated figures will be adjusted accordingly and in future the thirty percent (30%) for Amenities Fund from project income will be transferred on conclusion of each project.

Disclosure of all expenditure will be done accordingly.

(vii) Inconsistencies in Accounting Policy

Findings

There was no consistency in the depreciation rates applied by tertiary institutions when depreciating assets and reporting in the financial statements for both 2020 and 2021 financial years. Depreciation rate for boreholes was 10% at United College of Education whereas Masvingo Polytechnic did not depreciate boreholes. Cellphone depreciation rate for JMN Nkomo Polytechnic was 33.3% whereas United College of Education used 25%. Depreciation rate for Construction Projects at United College of Education was 2% whereas Harare Polytechnic did not depreciate construction projects. I could therefore not confirm the accuracy of the amounts reported in the consolidated financial statements and this limited the scope of my audit.

Furthermore, notes to the consolidated financial statements for the 2019, 2020 and 2021 financial years revealed that the Fund depreciated projects still under construction. In 2019, accumulated depreciation was ZWL\$84 430. In 2020 accumulated depreciation increased to ZWL\$98 427 and in 2021 it increased further to ZWL\$131 228. This was contrary to good accounting practice which requires an asset under construction to be depreciated in the accounting period in which it is brought into use.

Risks/Implications

The consolidated financial statements may be materially misstated due to inconsistent accounting policies.

Depreciation of assets under construction results in an overstatement of expenditure incurred and understatement of surplus.

Recommendations

The Ministry should provide proper guidance to officials responsible for preparing financial statements.

The Ministry should train its staff on accounting for assets under construction and should correct the depreciation figure disclosed in the financial statements.

Management Response

A chart of accounts is now available and was operationalized from January 1, 2023.

(viii) Investments

Findings

The 2020 consolidated financial statements disclosed a 10% debenture investment of ZWL\$2 354 188 for Harare Polytechnic. The investment certificate indicated that the investment was made on April 1, 2015 and was to be redeemed on March 31, 2018. There was no explanation provided for the reporting of the investment three years after it reached

its maturity date. There was also no evidence that the investment being reported was earning interest.

In its 2021 financial statements, Harare Polytechnic reported the 10% debenture investment of ZWL\$2 354 188 without providing explanations for the status of this investment which was supposed to have matured on March 31, 2018 when it was to be redeemed. Furthermore, in the consolidated financial statements an amount of ZWL\$2 759 288 was reported as investments instead of the ZWL\$2 354 188 reported by the college resulting in a difference of ZWL\$405 100. This difference was an amount for biological assets for Masvingo Polytechnic which was erroneously added to investments at consolidation stage resulting in overstatement of investments and understatement of biological assets by the same amount.

Risks/Implications

Fraudulent activities could be perpetrated on investments made by Harare Polytechnic.

The financial statements of the Fund could be misstated.

If the investment was not redeemed, the amount invested has lost value due to inflation.

Recommendations

An investigation on investments at Harare Polytechnic should be carried out to establish what actually happened to the 10% debenture investment of ZWL\$2 354 188.

The consolidated financial statements should be corrected to reflect the correct position.

Management Response

Management has not yet responded.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Late submission of Financial Statements

Finding

The 2020 and 2021 financial statements were submitted late for audit on March 27, 2023 contrary to the provisions of Section 35 (6) (b) of the Public Finance Management Act [*Chapter 22:19*] which requires financial statements to be submitted within sixty days of the end of each year. The financial statements were therefore delayed by more than two years and more than one year respectively.

Risk/Implication

Audit findings and recommendations may be rendered irrelevant due to the late submission of the financial statements.

Recommendation

The Ministry should ensure that the financial statements of the Fund are submitted for audit in line with the requirements of Section 35 (6) (b) of the Public Finance Management Act [*Chapter 22:19*].

Management Response

Management did not respond.

1.2 Non-Servicing of Outstanding Creditors

The Funds financial statements disclosed cash and cash equivalents of ZWL\$51 915 796 in 2020 and ZWL\$314 812 130 in 2019 which could have been used to clear outstanding payables of ZWL\$19 576 574 and ZWL\$149 578 893 respectively.

Risk/Implication

Non servicing of amounts owing to creditors has a negative impact on the image of the Fund as it may face challenges in accessing goods and services on credit.

Recommendation

Creditors should be paid timeously for them to continue in business and to maintain good reputation with suppliers.

Management Response

The observation is noted.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Debt Recovery

Finding

There was poor recovery and servicing of debts by the Fund. During the 2019 financial year, trade receivables balance increased substantially from ZWL\$11 659 238 in 2018 to ZWL\$520 423 979 in 2021 representing an increase of 4 364%.

Risk/Implication

The poor recovery of debts may result in the Fund facing working capital management challenges thereby affecting its operations.

Recommendation

More effort should be put in recovering outstanding debts.

Management Response

The observation is noted. Steps will be taken to collect outstanding debts. The increase in receivables was caused by the Covid-19 pandemic. Students were not reporting for lectures therefore, they ended up not paying the fees. This led to debt collection challenges.

3 MANAGEMENT OF ASSETS

3.1 Property, Plant and Equipment

Findings

The 2021 figure for property, plant and equipment disclosed in the consolidated statement of financial position was ZWL\$59 932 481 whereas the total reflected in the notes was ZWL\$59 901 641 leaving an unexplained variance of ZWL\$30 840. I therefore could not place reliance on the statement of financial position submitted for audit.

Furthermore, Belvedere Technical Teachers' College had motor vehicles; Isuzu KB250 registration number ADY 9892 and Mazda BT50 registration number GHTE 340 which had nil book values. The vehicles were still in good working conditions 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.

Risks/Implications

A variation between the property, plant and equipment balances in the consolidated statement of financial position and the notes render the financial statements unreliable.

Having motor vehicles reflecting nil book values (carrying amounts) in the Institution's records would imply that the net worth of the Fund was not fairly stated.

Users of financial statements may make wrong decisions based on inaccurate financial statements.

Recommendations

The Ministry should explain the variance between the two financial records and make some correction to that effect.

The Ministry should engage the services of a professional valuer to have motor vehicles and other Property, Plant and Equipment revalued to enhance fair presentation of the financial statements.

Management Response

The Ministry has since requested CMED to assist in revaluing the motor vehicles.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of the seven (7) findings raised during the 2018 financial year, the Ministry did not make much progress in addressing the findings. Only two (2) findings were addressed while the rest remained outstanding as indicated below:

4.1 Absence of Chart of Accounts

The Ministry took steps to correct the anomaly by coming up with a chart of accounts.

4.2 Unsupported Figures

There was no corrective action taken to correct the 2018 take-on balances in the financial statements that were different from the closing figures in the 2017 financial statements by an amount of \$3 900 295.

4.3 Variances Between Pastel Accounting Ledger Balances and Financial Statements

The variances in accounting ledgers and balances in the financial statements were not reconciled and corrected and the issue recurred and was raised on paragraph (v) above.

4.4 Preparation of Statement of Cash Flows

The consolidated statement of cash flows for the 2020 and 2021 financial years were prepared.

4.5 Accounts Receivable

The variances in accounts receivable balances were not reconciled.

4.6 Variances in the Cash and Cash Equivalents Balances for Individual Institutions

There was no corrective action taken on the difference between the certificate of bank balance and the cash balance in the statement of cash flows for Msasa Industrial Training College.

4.7 Suspense Account Balances not Disclosed in Consolidated Financial Statements

The issue of the suspense account balances not disclosed in the consolidated financial statements remained uncorrected. Similar issues were raised on paragraph (iii) above.

NATIONAL EDUCATION AND TRAINING FUND 2020 AND 2021

Objective of the Fund

The objectives of the Fund are to enable eligible Zimbabwean students to access Tertiary Education, by providing them with grants and interest-bearing loans.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year 2021:

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|------------------------|
| Income | 42 124 880 |
| Expenditure | 107 731 |
| Surplus | ZWL\$42 017 149 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|------------------------|------------------------|
| Non-Current | 9 022 | - |
| Current | 91 478 762 | 22 092 642 |
| Accumulated Fund | - | 69 395 142 |
| Total | ZWL\$91 487 784 | ZWL\$91 487 784 |

I have audited the financial statements of the National Education and Training Fund for the years ended, December 31, 2020 and 2021 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Education and Training Fund as at December 31, 2021, its financial performance and its cash flows for the year then ended.

Basis for Qualified Opinion

(i) Accounting Records

Findings

The Ministry did not produce individual debtors' and creditors' ledgers for the outstanding amounts of ZWL\$2 014 224 and ZWL\$22 092 642 respectively reflected in the 2021 financial statements. Individual debtors' and creditors' ledgers for the outstanding amounts of ZWL\$2 729 964 and ZWL\$22 092 642 respectively reflected in the 2020 financial statements were also not availed for audit examination. I therefore, could not analyse or validate whether the outstanding amounts were accurate. The non-maintenance of individual ledgers was contrary to the requirements of Section 35(6)(a) of the Public Finance Management Act (Treasury Instructions), 2019 which requires Accounting Officers to keep or cause to be kept proper records of account.

Risk/Implication

Accountability for public funds may be compromised in the absence of individual ledgers for creditors and debtors.

Recommendation

The Ministry should ensure that individual creditors and debtors ledgers are maintained to enhance accountability.

Management Response

Individual creditors and debtors ledgers will be maintained and availed to audit from 2022.

(ii) Imbalance on the Statement of Financial Position

Finding

The statement of financial position for the 2020 and 2021 financial statements did not balance by an amount of ZWL\$1 881 685. The imbalance was a result of expenditure in respect of fees of students under the Cadetship Scheme which was not included in the total expenditure disclosed in the 2019 financial statements. No effort was made to correct the anomaly.

Risk/Implication

Financial statements may be misstated and misleading to users.

Recommendation

The financial statements should be adjusted to take into account the expenditure which was omitted.

Management Response

Management did not respond.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Irregular use of Funds

Finding

The Constitution of the Fund does not provide for acquisition of assets on behalf of other institutions. The Fund procured a motor vehicle (Toyota Rav 4) on behalf of Zimbabwe Centre for Higher Performance Computing (ZCHPC) on January 3, 2020 for an amount of ZWL\$1 315 740 using money from the Fund. This was not in line with the objectives of the Fund.

Risk/Implication

The Fund may fail to achieve its objectives as a result of financial resources being used for unintended purposes.

Recommendation

Management should ensure the Fund's resources are used to pursue the objectives for which it was established.

Management Response

The observation is noted. The Fund's resources will be used for the intended objectives.

1.2 Bank Reconciliations

Finding

The Fund did not prepare monthly bank reconciliations during the 2021 financial year. Bank reconciliations enable early detection of errors and omissions in accounting records as well as preventing occurrence of fraudulent transactions. This was contrary to the Accounting Officer's Instructions which states that bank reconciliations should be done monthly.

Risk/Implication

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

Recommendation

Management should carry out monthly reconciliations so that any possible misstatements or errors are detected and corrected timeously.

Management Response

Monthly reconciliations were being done using Pastel system.

Evaluation of Management Response

The reconciliations alluded to were an analysis of the bank statement, there was no relationship with the pastel cashbook.

1.3 Classification of Expenditure

Finding

The expenditure for 2020 was understated by ZWL\$35 843 being withholding tax on interest income incorrectly credited to Administration Expense General Ledger. There was no evidence that maintenance of books of accounts and the subsequent preparation of financial statements were adequately supervised, hence the anomaly.

Risk/Implication

Misstatement of financial statements.

Recommendation

Management should ensure accounting staff is supervised and financial records reviewed for accuracy.

Management Response

The observation is noted. Supervision will be done in future.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Outstanding Accounts Payable

Finding

During the 2020 and 2021 financial years, there was no effort made to clear amounts owing to institutions for Cadetship and Equatorial Guinea students amounting to ZWL\$22 092 642. In the 2021 statement of financial position, the Fund had cash and cash equivalents of ZWL\$68 524 676 which could have been used to settle the accounts payable.

Risks/Implications

Non servicing of amounts owing to institutions has a negative impact on the government.

Students may face challenges in accessing services from institutions.

Recommendation

Creditors should be paid timeously to maintain good reputation with suppliers.

Management Response

The observation is noted. Creditors will be paid timeously to maintain good reputation with suppliers.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Loan Recoveries

Findings

The Ministry did not make concerted efforts to recover outstanding loan amounts. The Fund's financial statements for the year 2021 indicated accounts receivable of ZWL\$1 986 820 (2020: ZWL\$1 986 820) in respect of unrecovered loans granted to scholarship students in earlier periods. The 2020 financial statements indicated accounts receivables of ZWL\$1 986 820 (2019: ZWL\$2 007 320) in respect of outstanding loans granted to scholarship students in earlier periods. The non-recovery of outstanding amounts was contrary to the provisions of Section 49 (2) of Public Finance Management (Treasury Instructions), 2019 which requires adequate steps to be taken to collect any sums due to Government.

Risks/Implications

The loan amounts will lose value due to lapse of time and may not be recovered if no concerted effort is made to recover. Other students may not benefit from the facility.

Recommendation

The Ministry should ensure that all outstanding amounts are recovered.

Management Response

Given the time frame which has lapsed since the money was advanced to Zimbabwean students based in foreign countries, it is unlikely that any recoveries will be made.

Evaluation of Management Response

The response is noted. However, according to Section 49(2) of the Public Finance Management Act (Treasury Instructions), 2019 outlines that on no account should a debt become extinguished through lapse of time.

3.2 Sundry Debtors

Finding

An amount of ZWL\$27 404 outstanding as at December 31, 2019 remained unrecovered as reflected in the 2020 and 2021 financial statements. There was no evidence that effort was made to recover it.

Risk/Implication

The outstanding amount have lost value due to lapse of time and may not be recovered if no concerted effort is made to recover it.

Recommendation

The Ministry should ensure that all outstanding amounts are recovered so that they are used to further objectives of the Fund.

Management Response

Management did not respond.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The 2021 and 2020 financial years were audited concurrently hence prior year issues relate to the 2019 financial year. Of the nine (9) audit findings raised in my previous report, two (2) findings were implemented, one (1) was partially implemented and six (6) findings were not addressed as indicated below.

4.1 Accounting Records

The finding was not addressed as ledgers were not availed for the current year audit.

4.2 Understatement of Expenditure

Corrective action was not taken as the ZWL\$1 881 685 was not brought into books of accounts.

4.3 Accounting for Grants

The variance of ZWL\$169 950 remained unreconciled hence the issue remained outstanding.

4.4 Constitution of the Fund

Approval for amendments made to the Constitution remained outstanding.

4.5 The Fund Management Committee

The finding was implemented as the committee is now in place.

4.6 Sundry Debtors

The finding was not addressed. The sundry debtors of ZWL\$27 404 remained outstanding.

4.7 Statement of Cash Flows

The finding was implemented as management used the correct method for preparation of the financial statement during the year under review.

4.8 Foreign Beneficiaries of the Fund

The finding was partially implemented as audit confirmed that the foreign students benefitted due to a Government-to-Government agreement. However, records of the students were not availed.

4.9 Loan Recoveries

Loans granted to scholarship students remained outstanding.

INDUSTRIAL TRAINING AND TRADE TESTING FUND 2019

Objective of the Fund

The objective of the Fund is to collect and administer fees to finance the development and maintenance of services, programmes and related activities for the Industrial Training and Trade Testing Fund to improve efficiency and service delivery.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-----------------------|
| Income | 5 573 011 |
| Expenditure | 4 088 995 |
| Surplus | ZWL\$1 484 016 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-----------------------|-----------------------|
| Non-Current | 1 666 110 | - |
| Current | 503 594 | 44 662 |
| Accumulated Fund | - | 2 125 042 |
| Total | ZWL\$2 169 704 | ZWL\$2 169 704 |

I am required to audit the financial statements of the Industrial Training and Trade Testing Fund for the year ended December 31, 2019 and I issued a disclaimer opinion.

Disclaimer of Opinion

I do not express an opinion on the financial statements of the Industrial Training and Trade Testing 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) Unsupported Financial Statement Balances

Finding

After initial submission, Harare Regional Office resubmitted revised financial statements with completely new balances which were subsequently used to adjust the consolidated financial statements. The Regional Office's financial statements constituted a significant component of the consolidated financial statements as its expenditure and income contributed 25% and 17% respectively. However, balances in the resubmitted financial statements of the Regional Office were not supported by journals and other documentary evidence explaining the new figures disclosed. As a result, I could not determine whether the consolidated financial statements of the Fund had been fairly stated.

Risk/Implication

The financial statements of the Fund could be materially misstated.

Recommendation

All adjustments made to financial statement balances should be adequately supported.

Management Response

Management did not respond.

(ii) Comparative Figures in the Financial Statements

Finding

The consolidated financial statements revealed differences between the comparative figures in the financial statements and the amounts as per financial statements for the financial year ended December 31, 2018. For example, revenue, grants, goods and services, other expenses had differences of ZWL\$40 508, ZWL\$40 000, ZWL\$71 194 and ZWL\$69 839 respectively. The differences were not reconciled. This reflects that the carried forward amounts could be inaccurate thereby misstating the financial statements.

Risk/Implication

The financial statements could be misstated and misleading to users.

Recommendations

The comparative figures on the financial statements should be corrected.

Any changes to prior year figures should be effected as prior year's adjustments.

Management Response

The observation has been noted.

(iii) Disclosure of Account Balances

Finding

In preparing notes to the account balances, the Ministry used a breakdown of regional offices which originated the balances instead of a breakdown of ledger balances making up the account balances in the financial statements. This made it difficult to validate the accuracy of the consolidated figures.

Risk/Implication

The consolidated financial statements could be materially misstated.

Recommendation

Notes to the account balances in the consolidated financial statements should be classified according to ledger account balances of the regional offices for the information to be useful.

Management Response

Management did not respond.

(iv) Misstatements in the Consolidated Financial Statements

Findings

The consolidated statement of financial position did not balance by an amount of ZWL\$23 747. Property, Plant and Equipment was disclosed as ZWL\$1 666 110 in the statement of financial position whereas the notes had a figure of ZWL\$1 674 810 resulting in an unreconciled variance of ZWL\$8 700. Depreciation for the year was disclosed in the statement of comprehensive income as ZWL\$102 216 whereas the notes had a figure of ZWL\$111 678 resulting in unreconciled figure of ZWL\$9 462.

Furthermore, the notes to the financial statements disclosed acquisition of property, plant and equipment of ZWL\$1 405 045 whereas the statement of cash flows disclosed acquisitions amounting to ZWL\$1 398 527 resulting in a variance of ZWL\$6 518 which was not explained.

The Consolidated Statement of Cash Flows disclosed opening balance for cash and cash equivalents of ZWL\$230 620 whereas the closing balance as at December 31, 2018 was ZWL\$229 561 resulting in an unreconciled variance of ZWL\$1 059. Furthermore, the closing balance of ZWL\$484 530 for the year was different from the cash and cash equivalents balance of ZWL\$479 071 disclosed in the statement of financial position by an amount of ZWL\$5 459.

Risk/Implication

The financial statements may be materially misstated.

Recommendations

The financial statements should be reviewed for errors before submission for audit.

The variances in the statement of cash flows and the statement of financial position should be investigated and corrective action taken.

Management Response

The observations have been noted. The errors are being attended to and action is being taken to correct the anomalies and new set of cash flow statements is being prepared for re-submission. The Fund also conducted in February 2022 a workshop on Chart of accounts to help in preparation of financial statements. The financial statements for 2022 are going to be prepared using the new chart of accounts.

Evaluation of Management Response

A new set of statement of cash flows had not been submitted for audit examination at the time of concluding the audit on April 9, 2024.

(v) Non-acquittal and Disclosure of Travel and Subsistence Advances

Findings

The Head Office and Harare Regional Office issued travel and subsistence advances amounting to ZWL\$12 315. The advances were not acquitted contrary to the provisions of Section 65 (15) of the Public Finance Management (Treasury Instructions), 2019 which requires advances to be acquitted within thirty (30) days upon return to home station. In

addition, the outstanding advances were not disclosed as receivables in the financial statements resulting in an understatement of receivables and overstatement of expenditure by the same amount.

Risk/Implication

The advances might have been used for other purposes.

Recommendations

Travel and Subsistence Advances should be acquitted within thirty (30) days upon Officers' return to their work stations and if not, deductions should be effected on the pay sheet.

Receivables and expenditure should be adjusted to reflect the outstanding advances.

Management Response

The observation has been noted. In future, the Fund shall ensure that advances given to officers are acquitted within thirty (30) days.

Harare Regional Office started opening ledger accounts for the members of staff in the system although the Department was using manual records for travelling and subsistence allowances.

(vi) Expenditure not Supported

Finding

Payment vouchers amounting to ZWL\$1 193 173 at Head Office and Harare Regional Office did not have supporting documents such as invoices, receipts, Delivery Notes, Goods Received Notes and Internal Requisitions. Therefore, the nature of the expenditure incurred and whether it was a proper charge to public financial resources could not be validated.

Risks/Implications

Fraudulent payments may be processed.

Expenditure may not have been incurred for the intended purposes.

Recommendation

The Ministry should ensure that there is adequate supervision in the processing of transactions and that all expenditure incurred is adequately supported.

Management Response

The observation has been noted. The Fund has gathered some of the invoices and delivery notes and are now ready for verification. The other remaining documents shall be availed to the auditors as soon as they are available.

In future the Fund will ensure that all supporting documents are attached to the payment vouchers.

Evaluation of Management Response

The invoices and delivery notes were not provided for audit verification at the time of concluding the audit on April 9, 2024.

(vii) Classification of Expenditure

Findings

There was inconsistent classification of expenditure by Regional Offices. Motor Vehicle Maintenance expenditure amounting to ZWL\$38 581 and ZWL\$177 487 for Mutare Regional Office and Masvingo Regional Office was included under Goods and Services. This was due to inadequate supervision and segregation of duties in the processing of transactions.

In addition, Mutare, Gweru and Bulawayo Regional Offices disclosed Other Expenses amounting to ZWL\$25 999, ZWL\$12 256 and ZWL\$123 947 respectively under Goods and Services.

Furthermore, Harare Regional Office incorrectly classified expenditure amounting to ZWL\$203 449 as it processed transactions in incorrect ledgers. Section 59 (19) of the Public Finance Management (Treasury Instructions), 2019 directs that expenditure be properly classified before being passed for payment. As a result, the accuracy of the consolidated financial statements was in doubt.

This was a result of the Fund's continued operation without an Accounting Officer's Instructions Manual and standard Chart of Accounts which made it difficult for Regional Offices to produce uniform financial statements.

Risk/Implication

Users of financial statements may make wrong decisions based on inaccurate financial statements.

Recommendations

The Ministry should facilitate the use of the Government chart of accounts by all Regional Offices to ensure consistency and enhance ease of the consolidation process.

The Ministry should ensure that an Accounting Officer's Instructions Manual is developed and used to provide guidance on accounting and preparation of financial statements.

Detailed templates should be developed to guide on the preparation of financial statements to enhance uniformity and consistency in reporting by all Regional Offices.

Management Response

The observation has been noted. The errors were corrected for Harare Regional Office misclassifications.

Evaluation of Management Response

Management did not respond on inconsistencies of expenditure classification by Regional Offices.

There were still issues of misclassification of expenditure in respect of Harare Regional Office based on the resubmitted financial statements and the supporting ledgers provided for audit.

(viii) Property, Plant and Equipment

Findings

The existence of Property, Plant and Equipment with a carrying amount of ZWL\$102 781 disclosed in the statement of financial position for Harare Regional Office could not be verified. No accounting ledgers were provided in respect of the individual items of Property, Plant and Equipment. Furthermore, furniture, equipment, fixtures and fittings could not be traced to the Master Asset Register at the station.

During my review of the separate financial statements for Harare Regional Office for the period under review, I noted that the station had equipment with a total cost of ZWL\$100 355 which was to be depreciated at ten percent using the straight-line method and the depreciation charge was supposed to be ZWL\$10 036. However, an amount of ZWL\$1 036 was provided for depreciation for the year resulting in understatement of the depreciation charge for both Harare Regional Office and the consolidated financial statements by an amount of ZWL\$9 000.

Risks/Implications

Property, Plant and Equipment may not be properly accounted for.

Financial statements may be materially misstated.

Recommendations

Accounting ledgers in respect of Property, Plant and Equipment at cost should be put in place to help enhance accountability of assets.

The Ministry should ensure that the financial statements from stations are verified for accuracy before the consolidation process.

Management Response

The observations have been noted. The Ministry is investigating the error.

Evaluation of Management Response

The Fund had not yet responded to the issue on misstatement of the depreciation expenditure for Harare Regional Office which was understated.

(ix) Suspense Account Balance

Finding

The Fund's consolidated financial statements had a suspense account balance amounting to ZWL\$7 844. The suspense account was not investigated and cleared. As a result, the financial statements of the Fund were not fairly stated.

Risks/Implications

Financial statements may be misstated.

Users of financial statements may make incorrect decisions based on inaccurate financial statements.

Recommendation

The Ministry should investigate the suspense account balance and make the necessary adjustments to ensure that the financial statements are fairly stated.

Management Response

The observation has been noted. The Fund is in the process of investigating the suspense figure and making the necessary adjustments.

Below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Constitution of the Fund

Finding

The Ministry did not avail evidence which authorized the change of the name of the Fund from “Skilled Manpower, Trade Testing and Certification Fund” to the current name. Records availed show that an attempt to have the new name included in a proposed new Constitution was made but without success. Section 18(4) of the Public Finance Management Act [*Chapter 22:19*], provides that a copy of any replaced or amended Constitution should be laid before the House of Assembly on one of the ten days on which the House of Assembly sits next after that constitution is replaced.

Risk/Implication

The operations of the Fund may be conducted outside the provisions of the Public Finance Management Act [*Chapter 22:19*].

Recommendation

The Ministry should ensure that the Fund maintain the old name until the changes are approved.

Management Response

The observation has been noted. The Ministry is in the process of regularizing the Fund’s Constitution.

1.2 Accounting Officer’s Instruction/Procedures Manual

Finding

The Fund operated without an Accounting Officer’s Instructions/Procedures Manual to provide guidance on maintenance of accounting records and preparation of financial statements. I raised the same issue in my prior year audit report.

Risk/Implication

Public resources may not be properly accounted for in the absence of an Accounting Officer's Instructions/Procedures Manual.

Recommendation

The Ministry should come up with an Accounting Officer's Instructions/Procedures Manual to enhance proper accountability of public resources.

Management Response

Management did not respond.

1.3 Service Delivery

Findings

Harare Regional Office did not assess apprentices in the aviation industry during their training as the department's organizational structure did not provide for a Human Capital Planning and Skills Development Officer responsible for the assessments in the aviation industry.

At the time of audit, 1 504 apprentices in other fields had gone for more than one (1) year without being assessed and trade tested due to shortage of staff arising from unfilled vacant posts. According to the Department's client charter, candidates should be trade tested within three (3) months after payment of trade test fees.

Risk/Implication

Service delivery may be compromised if critical posts are not provided for on the organizational structure and vacant posts are not filled.

Recommendations

The Public Service Commission should be engaged with a view of filling vacant posts at the Station so that service delivery is not compromised.

The Ministry should lobby with the Public Service Commission to have the post of Human Capital Planning and Skills Development Officer for the aviation industry.

Management Response

The observation has been noted. The Fund has since written to Head Office for filling of the vacant posts and are still waiting for a response.

1.4 Funding of Appropriation Account Expenses

Findings

Expenditure amounting to ZWL\$5 250 at Head Office was incurred by the Fund during the financial year under review to fund Appropriation Account activities of the Ministry. Section 116 (9) of the Public Finance Management (Treasury Instructions), 2019 prohibits Accounting Officers to borrow money from Funds within their Ministries without Treasury authority.

Furthermore, the amount in question was not disclosed as debtors in the financial statements of the Fund for the financial year under review since the Fund had not yet been reimbursed the amount.

Risks/Implications

Funds set up in terms of Section 18 of the Public Finance Management Act [*Chapter 22:19*] may be used to conceal over expenditure on Voted Funds.

Outstanding amounts may not be recovered.

Debtors were understated by the amount of ZWL\$5 250 which was not disclosed.

Recommendations

Treasury authority should be sought for any borrowing of funds from the Industrial Training and Trade Testing Fund to finance the Appropriation budget of the Ministry.

The debtors' figure should be adjusted to reflect the correct position.

Management Response

The observation has been noted. In future, the Department shall ensure that the expenditures incurred on behalf of the Appropriation account is re-imbursed in the same financial period.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Non-receipting of Direct Deposits

Finding

Direct deposits for Grants from the Zimbabwe Manpower Development Fund and bank interest received at Head Office and Harare Regional Office amounting to ZWL\$347 374 were not receipted, and neither were journals passed to introduce the deposits as required by Section 46 (27) of the Public Finance Management (Treasury Instructions), 2019. Affected ledger accounts were updated directly from the bank statements.

Risk/Implication

Public funds may not be properly accounted for.

Recommendations

The Ministry should ensure that all direct deposits are receipted or are introduced by way of journals as per the provisions of Section 46 (27) of the Public Finance Management (Treasury Instructions), 2019.

The Ministry should ensure that the Station Accountants are made aware of the provisions of the Public Finance Management (Treasury Instructions), 2019.

Management Response

The observation has been noted. Bank interests were consistently receipted and allocated to interest general ledger account in the cashbook the same way bank

charges were recognised in the cashbook and were treated as unvouched expenditures. Unreceipted direct deposits were under investigation and were receipted in the 2020 financial year.

Harare Regional Office, is now receiving bank statements on a daily basis and receipting all direct deposits on a daily basis.

Evaluation of Management Response

No evidence was provided in respect of the direct deposits receipted.

3. PROCUREMENT OF GOODS AND SERVICES

3.1 Service Level Agreement

Finding

The Harare Regional Office engaged a service provider for the provision of a Pastel Accounting package without entering into a contract or service level agreement. This was contrary to Section 81 (1) of the Public Finance Management (Treasury Instructions), 2019 which states that the responsibility for signing contracts lies with the Accounting Officers or persons delegated by them in writing. A total of ZWL\$26 890 was paid for license renewal and services rendered during the year under review to the service provider.

Risk/Implication

It will be difficult to monitor or enforce performance in the absence of valid service level agreements.

Recommendation

The Fund should have documented contracts with its service providers to enhance monitoring and enforcement of performance.

Management Response

The observation has been noted. In future the Fund will make sure that there is a signed service level agreement between Harare Industrial Training and Trade Testing Department and service providers.

4. MANAGEMENT OF ASSETS

4.1 Management of Motor Vehicles

Findings

The Fund acquired a motor vehicle, a Toyota Land Cruiser, registration number ADX 6387 on September 9, 2015 at a total cost of ZWL\$100 449. I was unable to verify the existence of the motor vehicle as it was not availed for my inspection. The motor vehicle was in the Fund's assets records and included in the financial statements of the Fund.

A Toyota Hilux 310 D4D, registration number ADY 7351 was acquired on January 6, 2016 at a cost of ZWL\$39 641 and was allocated to a senior official in the Ministry although it was a pool vehicle. The senior official was eventually transferred to the Zimbabwe Manpower Development Fund and moved with the vehicle. At the time of concluding my audit the motor

vehicle was still in the custody of the senior official. I was not provided with any evidence as to whether the vehicle had been converted to a personal issue or condition of service vehicle as it was still in the Fund's records.

The vehicle registration number ADY 7352 was involved in an accident on May 1, 2016. Although a board of inquiry for an accident was said to have been convened, the minutes of the board of inquiry were not availed for audit examination. The vehicle is parked at Harare Polytechnic College and had been bought for ZWL\$39 642 and was still in the Fund's records.

Risks/Implications

The vehicle ADY 7352 may be cannibalized.

The financial statements of the Fund could be misstated and users may make wrong decisions based on inaccurate financial statements.

Recommendations

The Ministry should institute an investigation to determine the circumstances surrounding the whereabouts of motor vehicle with registration ADX 6387 and corrective action taken so that it is properly accounted for.

The Ministry should recover the motor vehicle, registration number ADY 7351, in the absence of authority indicating that the motor vehicle had been converted to a personal issue or condition of service vehicle.

Minutes of the board of inquiry for accident damaged vehicle ADY 7352 should be made available for audit examination and recommendations made should also be implemented.

Management Response

The observation has been noted. The Toyota Land Cruiser registration number ADX 6387 was withdrawn by CMED from the former Minister and allocated to another serving Minister. The Fund got to know the information this current year 2022 and are therefore taking action to remove it from our books.

For the vehicle with registration number ADY 7351, authority was granted by the Public Service Commission for conversion of official vehicle to personal issue.

A board of inquiry for an accident damaged vehicle registration number ADY 7352 was convened this current year 2022. The vehicle had to remain in our books until authority to remove it from our books was granted. Now that minutes for the board are available, action is being taken to remove it from our books.

5. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make much progress in addressing raised in my previous report for 2018. Out of the ten (10) findings, one (1) finding was partially addressed and nine (9) were not addressed as indicated below:

5.1 Classification of Financial Transactions

The issue of differences in the classification of accounting items in the financial statements presented by Regional Offices was not addressed.

5.2 Unvouched Expenditure

Supporting documents such as invoices, receipts, delivery and goods received notes for payment vouchers worth ZWL\$310 202 were not availed hence the issue remained outstanding.

5.3 Constitution of the Fund

The Fund continued using its new name without approval as per Section 18 (4) of the Public Finance Management Act [*Chapter 22:19*].

5.4 Redemption of Debentures

The issue of a redemption of debentures worth ZWL\$34 110 erroneously reported as other income in the Statement of Comprehensive Income when it should have been reported as a cash receipt from investments remained uncorrected.

5.5 Installation of Pastel Accounting Software

The issue of an unsigned Service Level Agreement for Bulawayo Regional Office remained outstanding.

5.6 Statement of Cash Flows

There was no progress as the consolidated statement of cash flows submitted for audit was prepared using the direct method instead of the indirect method.

5.7 Donations

Treasury authority for accepting cash donations amounting to ZWL\$34 500 by the Fund's Head Office was not subsequently obtained.

5.8 Property, Plant and Equipment

The issue was partially addressed since Masvingo Regional Office effected prior year adjustments amounting to ZWL\$9 995. Property, Plant and Equipment for Bulawayo and Gweru Regional Offices remained uncorrected.

5.9 Management of Motor Vehicles

The issue of a Toyota Landcruiser, registration ADX 6387 remained outstanding as the vehicles was not availed for my inspection.

The issue of a senior official who was transferred to the Zimbabwe Manpower Development Fund and moved with a pool vehicle, a Toyota Hilux 310 D4D registration ADY 7351 was not regularised.

5.10 Recording of Assets

There was no progress as the assets amounting to ZWL\$47 222 were still not recorded in the assets register.

SKILLED MANPOWER TRADE TESTING AND CERTIFICATION FUND 2020 AND 2021

Objective of the Fund

The objective of the Fund shall be to collect and administer fees to finance the development and maintenance of services, programmes and related activities at Industrial Training and Trade Testing offices.

Below is a summary of the Statement of Comprehensive Income and Statement of Financial Position for the 2021 year:

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|------------------------|
| Income | 138 872 236 |
| Expenditure | 100 060 850 |
| Surplus | ZWL\$38 811 386 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|------------------------|------------------------|
| Non-Current | 2 479 769 | - |
| Current | 63 057 859 | 24 919 188 |
| Accumulated Fund | - | 40 618 440 |
| Total | ZWL\$65 537 628 | ZWL\$65 537 628 |

I am required to audit the financial statements of the Skilled Manpower Trade Testing and Certification Fund for the years ended December 31, 2020 and 2021 and I issued a disclaimer opinion.

Disclaimer of Opinion

I do not express an opinion on the financial statements of the Skilled Manpower Trade Testing and Certification 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) Misstatement of Reported Balances

Findings

The balances in the Fund's Head Office financial statements submitted for consolidation were different from those in the Pastel Accounting System which was supposed to be the source of balances in the financial statements. In the statement of financial position; property, plant and equipment had a difference of ZWL\$554 394 (2020: ZWL\$309 597), cash and cash equivalents, ZWL\$20 917 868 (2020: ZWL\$3 460 672), accounts receivable, ZWL\$71 706, Accumulated Fund, ZWL\$542 630 and current liabilities ZWL\$20 977 909. The variances between the source records and reported amounts had an effect of misstating the final consolidated financial statements.

Furthermore, accounts payable and depreciation expense in the 2020 financial statements had differences of ZWL\$5 011 071 and ZWL\$97 710 respectively which were not reconciled.

Risk/Implication

The unexplained variances result in the consolidated financial statements being misstated.

Recommendations

The Ministry should ensure that accurate records are maintained and that due care is taken when preparing financial statements.

Any anomalies noted should be investigated and corrected.

Management Response

The observation is noted. The Ministry's Pastel Accounting System is not yet fully integrated. There are two (2) additional modules to be activated or customized which are the Fixed Assets module and the Voucher Management module. Management is in the process of engaging the relevant authorities to upload the modules.

(ii) Disclosure of Notes to the Financial Statements

Finding

The amounts in the notes to the consolidated financial statements were extracted from the regional offices' individual statement of comprehensive income and statement of financial position instead of the notes to the financial statements of each regional office. For example, notes to each individual regional office financial statements showed that revenue was made up of service fees, qualification verification fees, practical fees, certificate search and reprints fees and registration of apprenticeship fees. However, these details meant to explain the basis behind reported amounts were not reflected in the notes to the consolidated financial statements. This made it difficult to validate the accuracy, classification and completeness of the amounts in the consolidated financial statements.

Risk/Implication

The consolidated financial statements may be materially misstated and hence not informative.

Recommendation

Notes to the balances in the consolidated financial statements should help in understanding the amounts reported, hence the make-up of the amounts should be explained fully by classifying according to ledger account balances of the regional offices.

Management Response

Management did not respond.

(iii) Non-disclosure of Travel and Subsistence Advances

Findings

The Fund's expenditure on travelling and subsistence advances of ZWL\$3 360 722 for Head Office could not be verified as relevant records were not availed for audit examination. A further amount of ZWL\$588 020 was not acquitted and not disclosed as receivables in the Fund's financial statements resulting in the consolidated financial statements being

understated by the same amounts. Section 65 (15) of the Public Finance Management (Treasury Instructions), 2019 requires acquittals to be made within 30 days of return to home station.

Risks/Implications

Travel and subsistence advances may not be properly accounted for.

Receivables in the consolidated financial statements may be understated.

Recommendations

Travel and subsistence advances should be acquitted within thirty (30) days upon Officers' return to their work stations, if not deductions should be effected on the pay sheet.

Receivables and expenditure in consolidated financial statements should be adjusted to reflect the outstanding amounts.

Management Response

Pastel is being configured to print an Age Analysis which will show all negative accounts. The Age Analysis will be printed every month for the Head of Office to identify all due advance acquittals. Additional measures have been put in place to ensure there is effective supervision of subordinates by the Head of Department, Finance, Personnel and Administration. Checks will be made to ensure compliance and filing and/or attachment of all documents will be done.

(iv) Trade Receivables Supporting Ledgers

Finding

The Head Office financial statements had trade receivables of ZWL\$1 510 731. Supporting Ledgers for the trade receivables were not availed for audit examination. I was therefore, not able to verify the accuracy of the trade receivables amount included in the consolidated financial statements.

Risk/Implication

The receivables figure in the consolidated financial statements could be misstated.

Recommendation

Trade receivables ledgers should be availed for audit examination and balances therein should be used for consolidation.

Management Response

Trade receivables Ledgers will be put in place to support the balance in the Statement of Financial Position. However, the list of trade receivables/direct deposits is always attached to the reconciliation statement of each month.

(v) Trade Payables Supporting Ledgers

Finding

The Head Office financial statements had trade payables of ZWL\$20 989 674 (2020: ZWL\$5 022 251). Supporting ledgers for the trade payables were not availed for audit examination. I was therefore, not able to verify the accuracy of the trade payables amount included in the consolidated financial statements.

Risk/Implication

The payables figure in the consolidated financial statements may be misstated.

Recommendation

The Ministry should ensure that Trade payables ledgers/records should be availed for audit examination to support the consolidated financial statements.

Management Response

Trade Payables Ledgers will be put in place to support the balance in the Statement of Financial Position. However, the list of trade payables is always attached to the reconciliation statement of each month.

(vi) Non-receipting of Direct Deposits

Finding

Total direct deposits to the bank of ZWL\$21 958 751 (2020: ZWL\$5 022 577) were not receipted and accounted for in the Fund's books of accounts and financial statements. This rendered the financial statements incomplete and inaccurate. This was contrary to the provisions of Section 46 (27) of the Public Finance Management (Treasury Instructions), 2019 which directs that all money received by direct deposit into an official banking account should be introduced into books of accounts.

Risk/Implication

Public funds may not be properly accounted for and consolidated financial statements could be materially misstated.

Recommendation

All direct deposits should be receipted and brought into books of accounts for proper accountability and disclosure.

Management Response

The observation is noted. In future the Ministry will ensure that direct deposits are receipted promptly. However, bank interest income was introduced in the cash book, in the month in which it was received and treated consistently the same way like bank charges.

(vii) Misstatement of Grants

Findings

Grants of ZWL\$21 451 220 (2020: ZWL\$4 916 600) deposited directly into the bank account by the Zimbabwe Manpower Development Fund (ZIMDEF) were not receipted and brought into books of accounts thereby understating the total of grants received. Furthermore, grants of ZWL\$2 500 000 received in 2020 and not receipted in that year were receipted in the year 2021 and accounted for as a current year receipt thereby overstating the grant figure for the year.

A comparison of the Fund's and ZIMDEF's financial statements revealed differences in amounts disbursed. In 2021, ZIMDEF disbursements to the Fund amounted to ZWL\$65 934 320 against the Fund's disclosed figure of ZWL\$109 353 420 resulting in a variance of ZWL\$43 419 100 that was not reconciled. The revenue for the fund was therefore understated.

Risk/Implication

Users of the consolidated financial statements may make incorrect decisions based on inaccurate financial statements.

Recommendations

The Ministry should correct the misstatements noted and ensure that there is adequate checks and balances in the preparation of financial statements to eliminate errors.

The differences in ZIMDEF grants should be reconciled.

Management Response

The observation is noted. The Ministry will ensure that there is adequate supervision in the preparation of the financial statements of the Fund.

Evaluation of Management Response

The issues on ZIMDEF imbalances and reconciliations were not responded to.

(viii) Classification of Expenditure

Findings

Expenditure in respect of Goods and Services amounting to ZWL\$1 175 771 for the 2020 financial year was included in the other expenses in the consolidated statement of comprehensive income. These misallocated expenses were for Head Office ZWL\$169 976; Harare Regional Office ZWL\$368 400; Bulawayo Regional Office ZWL\$95 265; Masvingo Regional Office ZWL\$459 354 and Mutare Regional Office ZWL\$82 778. This resulted in the amount for goods and services in the consolidated statement of comprehensive income being understated by ZWL\$1 175 771 and other expenses overstated by the same amount.

Also included in goods and services balance disclosed in the consolidated financial statements were employment costs of ZWL\$119 701 for Bulawayo Regional Office. This had the effect of overstating goods and services by the same amount and non-disclosure of employment costs for the region in the consolidated statement of comprehensive income.

During the 2021 financial year, goods and services expenditure disclosed in the consolidated statement of comprehensive income was overstated by a total of ZWL\$7 210 777 being employment costs of ZWL\$4 677 806 for Gweru, Masvingo and Bulawayo Regional Offices and ZWL\$2 532 971 misallocations of other expenses for Harare, Gweru, Masvingo and Mutare Regional Offices of ZWL\$1 158 230 and repairs and maintenance expenses for Harare Regional Office of ZWL\$1 374 741. Repairs and maintenance and other expenses were understated while employment costs were not disclosed in the consolidated statement of comprehensive income.

Risk/Implication

Users of financial statements may make incorrect decisions based on inaccurate financial statements.

Recommendations

The Ministry should facilitate the use of the Government chart of accounts by all Regional Offices to ensure consistency and facilitate ease consolidation process.

The Ministry should also ensure that an Accounting Officer's Instructions Manual is developed and used to provide guidance on accounting and preparation of the financial statements.

Detailed templates should be developed to guide on the preparation of financial statements to enhance uniformity and consistency in reporting by all Regional Offices.

Management Response

Head Office

The observation is noted. The Ministry has since adopted the Government Chart of Accounts as required by Section 12 of the Public Finance Management (Treasury Instructions), 2019 which requires all Government Ministries, Agencies, statutory and other funds to adopt the International Monetary Fund Government Finance Statistics (GFS) Chart of Accounts. The Accounting Officer's Instructions Manual for the Fund is still work in progress.

Harare Regional Office

The observation is noted. The Office has the Financial and Accounting Manual of December 1998. An up to date Accounting Officer's Instructions Manual will provide the much needed guidance to the Office. The Office will address all the mispostings. The Office will check the Pastel codes and correct any errors to address the mispostings being done in the System.

The Head of Department has been instructed to ensure that all expenditure items have correct GL codes before passing for payment. The Head of Office will request for a print out of Ledgers at random to check for wrong classification.

(ix) Expenditure not Supported

Findings

During the 2020 financial year, expenditure on goods and services amounting to ZWL\$4 962 897 and ZWL\$940 050 processed at the Fund's Head Office and the Harare Regional Office respectively, had no supporting documents such as invoices, receipts,

delivery notes and goods received notes. Expenditure on repairs and maintenance amounting to ZWL\$435 902 processed at the Fund's Harare Regional Office also had no supporting documents. Therefore, the nature of the expenditure incurred and whether it was a proper charge against public funds could not be validated in the absence of the supportive information.

In 2021 the Fund incurred expenditure at head office on goods and services and repairs and maintenance amounting to ZWL\$4 788 300 and ZWL\$1 365 403 respectively, that was not supported by documents such as invoices, receipts, delivery notes and goods received notes. In addition, Harare Regional Office also had expenditure on goods and services of ZWL\$1 573 393 and on repairs and maintenance of ZWL\$1 781 427 which had no supporting documents. Therefore, the expenditure incurred could not be validated whether it was a proper charge against public funds.

Processing of expenditure was therefore done contrary to provisions of Section 59 (2) and (3) (c) of the Public Finance Management (Treasury Instructions), 2019 which requires payment vouchers to be adequately supported.

Risk/Implication

In the absence of adequate supporting documents, payments may be made for services not provided resulting in wasteful expenditure and the accuracy and validity of expenditure incurred may be questionable.

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

Head Office

In respect of the financial year ended December 31, 2020, after all documents are secured, they will be availed for audit examination.

In respect of the financial year ended December 31, 2021, in future, the Ministry will ensure that relevant documents are attached to the payment vouchers.

Harare Regional Office

Most of the missing documentation were found in the Accounts Section and attached to the payment vouchers. The Office will ensure that all missing documentation are requested from the supplier or service provider and attached. Measures have been put in place to ensure that all future payments comply with the provisions of the Public Finance Management (Treasury Instructions), 2019.

Evaluation of Management Response

The supporting documents were not provided for audit examination.

(x) Non-Disclosure of Amounts Owed by the Ministry

Finding

Expenditure amounting to ZWL\$2 123 558 was incurred by the Fund at head office in 2020 in support of Appropriation Account activities. This was contrary to the provisions of Section 116 (9) of the Public Finance Management (Treasury Instructions), 2019 which provides that, "Accounting Officers shall not borrow money from Funds within their Ministries in order to finance Appropriation budgets unless authorized by Treasury in writing". The expenditure was not disclosed as accounts receivable under the fund resulting in misstatement of the financial statements.

Risks/Implications

Funds set up in terms of Section 18 of the Public Finance Management Act [*Chapter 22:19*] may be used to conceal over expenditure on Voted Funds.

Outstanding amounts may not be recovered.

Accounts Receivable were understated by the amount of ZWL\$2 123 558 for the financial years 2020.

Recommendations

Treasury authority should be sought for advancing funds to finance the Appropriation budget of the Ministry.

The accounts receivable should be adjusted to reflect the correct position.

Management Response

In future, Treasury authority will be sought for any borrowing of funds from the Skilled Manpower Trade Testing Fund to finance the Appropriation budget of the Ministry.

Any funds borrowed on behalf of the Appropriation Account will be reimbursed during the same financial period.

(xi) Unvouched Expenditure

Finding

Payment vouchers worth ZWL\$6 376 038 (2020: ZWL\$91 880) were not availed for audit examination. This limited the scope of my audit as I could not validate the expenditure.

Risks/Implications

Fraudulent payments may be processed if documentation is not available for verification.

Misstatement of the consolidated financial statements may occur if vouchers are not validated.

Recommendations

The Ministry should ensure that there are adequate controls in the maintenance of accounting records.

The payment vouchers should be availed for audit examination.

Management Response

Adequate supervision in the maintenance of accounting records and assurance that the payment vouchers are availed for audit examination is guaranteed in future. However, most of the documents are there for your verification.

Evaluation of Management Response

No documents were provided for my verification.

(xii) Inconsistencies in Accounting Policy

Finding

There was no consistence in the depreciation rates used for computers and cell phones by regional offices. The rate for computers and cell phones disclosed in the consolidated financial statements was 33.33% on a straight-line basis. However, Harare, Mutare and Bulawayo Regional Offices used 25%, 33% and 33% respectively for depreciation of Computers. Bulawayo, Masvingo and Gweru Regional Offices used 10%, 25% and 25% respectively for depreciation of cell phones. Therefore, the amounts reported in the consolidated financial statements could not be relied upon.

Risks/Implication

The consolidated financial statements may be materially misstated due to inconsistency of the accounting policy.

Recommendation

The Ministry should provide proper guidance to officials responsible for preparing financial statements.

Management Response

Management did not respond.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Accounting Officer's Instructions/Procedures Manual

Finding

As raised in my previous audit reports, the Fund continued operating without an Accounting Officer's Instructions/Procedures Manual to provide guidance on maintenance of accounting records and preparation of financial statements.

Risk/Implication

Public resources may not be properly accounted for in the absence of an Accounting Officer's Instructions/Procedures Manual for the Fund giving specific guidelines.

Recommendation

The Ministry should come up with an Accounting Officer's Instructions/Procedures Manual to enhance proper accountability of public resources.

Management Response

The Accounting Officer's Instructions/Manual for the Fund is still work in progress.

1.2 Misstatements in the Statement of Cash Flows

Findings

The prior year comparative figures of the consolidated statement of cash flows were presented as a combination of the direct and indirect method instead of being converted to the indirect method used in the 2020 financial year, thus making comparisons of the cash flows from operating activities difficult. The opening cash and cash equivalents for the 2020 financial year which is supposed to be the closing cash and cash equivalents for the year 2019 was also disclosed as ZWL\$479 071 instead of the ZWL\$428 616 disclosed in the comparative period.

The 2020 misstated closing cash and cash equivalents of ZWL\$4 854 463 as reflected in the comparative period was not corrected. Further, the opening cash and cash equivalents for the 2021 year which is supposed to be the closing cash and cash equivalents for the year 2020 was also disclosed as a different figure of ZWL\$4 916 073.

Risk/Implication

The financial statements of the Fund may be materially misstated.

Recommendations

The financial statements should be checked for errors before submission for audit.

The Ministry should make every effort to have the preparation of financial statements given due attention to eliminate errors.

Management Response

Management did not respond.

1.3 Wasteful Expenditure

Finding

On September 16, 2021, Head Office incurred expenditure of ZWL\$535 860 paid to the School of Tourism and Hospitality in Bulawayo for accommodation during the Trade Fair period. This amount was paid for three (3) officers who were supposed to attend the Zimbabwe International Trade Fair (ZITF). However, the three (3) Officers did not attend the event. Two (2) of the officers travelled to Poland during the Trade Fair period.

Risk/Implication

Wasteful expenditure may be incurred.

Recommendation

The Ministry should ensure that the amounts are recovered from the service provider.

Management Response

The observation is noted. Investigations are in progress.

1.4 Late Submission of Financial Statements

Finding

The 2020 and 2021 financial statements were submitted on June 6, 2023 contrary to the provisions of Treasury Circular on submission of financial statements. The circular provides that the financial statements should have been submitted for audit on March 31, 2021 and March 31, 2022. The financial statements were therefore delayed by more than two years and more than one year respectively.

Risk/Implication

Audit findings and recommendations may be rendered irrelevant due to the late submission and subsequent audit of the financial statements.

Recommendation

The Ministry should ensure that the financial statements are submitted for audit in line with the requirements of Treasury Circular Number on submission of financial statements of each year.

Management Response

The observation is noted. The Ministry will ensure that the financial statements of the Fund are submitted for audit in time, in line with the requirements of Treasury Circular Number on submission of financial statements in future.

1.5 Pastel Account System Bank Reconciliations

Finding

Harare Regional Office's year 2020 and 2021 pastel account system general ledger bank reconciliations revealed that an amount of ZWL\$167 473 482 was consistently disclosed every month as balance per bank statement and compared with a computer calculated bank balance. In each monthly reconciliation statement, the differences noted were never reconciled. This defeated the purpose of a bank reconciliation. There was no evidence that reconciliation statements were ever verified for accuracy by a senior officer in the Ministry.

Risks/Implications

Fraud or errors may go undetected if bank reconciliations are not done properly.

It may be difficult for users to rely on the financial statements.

Recommendations

The Ministry should ensure that bank reconciliation statements are checked by the Head of Office or any delegated official.

Management Response

The observation is noted. Supervision will be done every month.

1.6 Service Delivery

Findings

As raised in my audit of the 2019 financial year, Harare Regional Office did not assess apprentices in the aviation industry during their training as the department's organizational structure did not provide for a Human Capital Planning and Skills Development Officer responsible for the assessments in the aviation industry.

At the time of audit of the 2020 and 2021 financial years, 2 103 apprentices in other fields had gone for more than one (1) year without being assessed and trade tested due to shortage of staff. According to the Department's client charter, candidates should be trade tested within three (3) months after payment of trade test fees.

Risk/Implication

Service delivery may be compromised if critical posts are not provided for on the organizational structure and vacant posts are filled.

Recommendations

The Ministry should engage Public Service Commission to have the post of Human Capital Planning and Skills Development Officer for the aviation industry established.

Management should engage the Public Service Commission with a view of filling vacant posts at the Station so that service delivery is not compromised.

Management Response

Management did not respond.

2 MANAGEMENT OF ASSETS

2.1 Property, Plant and Equipment

Findings

In the 2020 consolidated statement of financial position, property, plant and equipment was disclosed as ZWL\$1 729 157 whereas the total reflected in the notes was ZWL\$1 719 597 leaving an unexplained variance of ZWL\$9 560 (2019: ZWL\$8 699). I therefore could not place reliance on the balances reported in the statement of financial position submitted for audit.

The 2021 consolidated statement of financial position disclosed property, plant and equipment of ZWL\$2 479 769 whereas the total reflected in the notes was ZWL\$2 470 210 leaving an unexplained variance of ZWL\$9 559. I therefore could not place reliance in the balances reported.

I could not verify the existence of Property, Plant and Equipment with a total cost of ZWL\$143 302 disclosed in the 2021 financial statements for Harare Regional Office. No accounting ledgers were provided in respect of the individual items of Property, Plant and Equipment. Furthermore, the assets could not be traced to the Master Asset Register at the station. The assets in question were Furniture, Equipment, Fixtures and Fittings. I also noted that the asset module in the pastel accounting system had not been activated hence the absence of asset records.

Risks/Implications

Property, Plant and Equipment may not be properly accounted for.

The consolidated financial statements may be materially misstated.

Recommendations

The Ministry should explain the variance between the two financial records and effect corrections.

Accounting ledgers in respect of Property, Plant and Equipment at cost should be put in place to help enhance accountability of assets.

Management Response

The Pastel System did not have the Asset Module. This has since been procured and awaiting installation by the consultant. The Head of Office will ensure full installation is done and all information captured.

2.2 Management of Motor Vehicles

Findings

As highlighted in my 2019 report, a Toyota Landcruiser registration number ADX 6387 acquired on September 9, 2015 at a total cost of ZW\$100 449 was not produced for audit examination. I was unable to verify the existence and ownership of the motor vehicle. The motor vehicle was in the Fund's assets records and included in the financial statements.

A Toyota Hilux 310 D4D, registration number ADY 7351 was acquired on January 6, 2016 at a cost of ZWL\$39 641 and was allocated to a senior official in the Ministry although it was a pool vehicle. The senior official was eventually transferred to the Zimbabwe Manpower Development Fund and moved with the vehicle. At the time of concluding my audit the motor vehicle was still in the custody of the senior official. I was not provided with any evidence as to whether the vehicle had been converted to a personal issue or condition of service vehicle as it was still in the Fund's records.

The vehicle registration number ADY 7352 was involved in an accident on May 01, 2016. Although a board of inquiry was said to have been convened, the minutes of the board of inquiry were not availed for audit examination. The vehicle was parked at Harare Polytechnic College and was bought for ZWL\$39 642 and was still in the Fund's records.

Risks/Implications

The Fund may not fulfil its mandate if its assets are not utilized for purposes for which they were acquired.

The financial statements may not be fairly stated and users may make wrong decisions based on inaccurate information.

The vehicle ADY 7352 may be cannibalized.

Recommendations

The Ministry should institute an investigation to determine the circumstances surrounding the whereabouts of motor vehicle with registration ADX 6387 and corrective action taken so that it is properly accounted for.

The Ministry should recover the motor vehicle, registration number ADY 7351, in the absence of authority indicating that the motor vehicle had been converted to a personal issue or condition of service vehicle.

Minutes of the board of inquiry for accident damaged vehicle ADY 7352 should be made available for audit examination.

Management Response

The observation is noted. In the 2020 and 2021 financial years there was no written correspondence to deal with these vehicles. All the above mentioned vehicles were dealt with in 2023.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The 2020 and 2021 financial years were audited concurrently. Prior year issues therefore relate to the 2019 financial year.

Out of the sixteen (16) findings raised during the 2019 financial year, the Ministry did not make much progress in addressing the issues. Only one (1) item was addressed while the rest remained outstanding as indicated below:

3.1 Unsupported Financial Statement Balances

The issue remained outstanding as supporting documents for the re-submitted Harare Regional Office financial statements were not provided.

3.2 Comparative Figures in the Financial Statements

The issue was not resolved as differences in comparative figures were not supported by any documentary evidence.

3.3 Disclosure of Account Balances

The issue of notes supporting disclosed account balances in the financial statements recurred and was reported on paragraph (ii) above.

3.4 Misstatements in the Consolidated Financial Statements

Errors in the consolidated financial statements were not corrected and the issue recurred during the financial years under review and is reported on paragraphs (i) and (1.2) above.

3.5 Non-Acquittal and Disclosure of Travel and Subsistence Advances

The advances remained unacquitted and not disclosed as receivables in the financial statements. The issue was raised again on paragraph (iii) above.

3.6 Unsupported Expenditure

The issue of payment vouchers without supporting documents remained outstanding and similar issues occurred during the periods under review as indicated on paragraph (ix) above.

3.7 Classification of Expenditure

Differences in the classification of accounting items in the financial statements were not addressed and the issue was raised on paragraph (viii) above.

3.8 Property, Plant and Equipment

The issue of the property, plant and equipment which could not be physically verified remained outstanding. Errors in depreciation calculations were also raised on paragraph (2.1) above.

3.9 Suspense Account Balance

The suspense account balance was not investigated and cleared.

3.10 Constitution of the Fund

The change in name of the Fund was not regularized.

3.11 Accounting Officer's Instruction/Procedures Manual

The issue was not addressed as the Accounting Officer's Instructions/Procedures Manual was not put in place and was raised on paragraph (1.1) above.

3.12 Service Delivery

There was no progress made as the apprentices had not been assessed and the shortage of staff persisted as raised on paragraph (1.6) above.

3.13 Funding of Appropriation Account Expenses

The Ministry continued borrowing from the Fund without Treasury Authority as observed in paragraph (x) above.

3.14 Non-Receipting of Direct Deposits

There was no progress made as the direct deposits were not receipted and the issue was raised on paragraph (vi) above.

3.15 Service Level Agreement

The station now has a Service Level Agreement with Microsave.

3.16 Management of Motor Vehicles

The findings were not addressed as the motor vehicle was not availed for inspection, boards of inquiries were not convened and the unauthorized transfer of a vehicle remained outstanding as raised on paragraph (2.2) above.

VOTE 17.- WOMEN AFFAIRS, COMMUNITY, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

APPROPRIATION ACCOUNT 2023

Mandate

The mandate of the Ministry is to promote women empowerment, gender equality and equity, community and cooperative development as well as promote small and medium enterprises development.

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

| Original Budget ZWL\$ | Unallocated Reserve Transfers ZWL\$ | Total Budget ZWL\$ | Expenditure ZWL\$ | Net Under spending ZWL\$ |
|--------------------------|--|-----------------------|----------------------|-----------------------------|
| \$18 541 814 000 | \$45 364 146 396 | \$63 905 960 396 | \$57 307 316 868 | \$6 598 643 528 |

I have audited the financial statements of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development for the year ended December 31, 2023 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of the Ministry of Women Affairs, Community, Small and Medium Enterprises Development for the year ended December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Risk Assessment

Finding

During the year under review, the Ministry did not carry out risk assessments as well as providing the risk profile report for audit. This was in contravention of Section 162 (1) and (3) of the Public Finance Management (Treasury Instructions), 2019 which require Accounting Officers to carry out risk assessment and also submit a copy of the risk profile report to the Auditor-General annually.

Risks/Implications

The Ministry may not identify potential risks and therefore not be able to take steps to mitigate them.

Without a risk profile report the Ministry may fail to prioritize risks and allocate resources appropriately.

Recommendation

The Ministry should establish clear accountability for risk management at all management levels as well as ensuring that risk assessment is integrated into all aspects of operations.

Management Response

The observation is noted. The internal audit carried out about four routine audits where risk was assessed. In line with regulations and going forward the Ministry shall maintain risk registers so that all risks are identified and mitigated. The ministry has approved audit assessment guidelines and already identified the Risk Coordinator who shall spearhead the risk assessment process.

2 GENDER ISSUE

2.1 Gender Policy

The Ministry is mandated to spear head the crafting of the National Gender Policy which will be used by all sectors of the Zimbabwean society. Currently Zimbabwe is using a Revised National Gender Policy (2017) that places strong emphasis on gender equality and equity. However, the Ministry is working on a new policy

Risk/ Implication

An outdated policy may fail to comply with new laws and regulations.

Recommendation

The Ministry should expedite the crafting of national gender policy.

Management Response

A Gender Policy (2023 – 2030) has been crafted and is currently being reviewed by a consultant.

3 MANAGEMENT OF ASSETS

3.1 Losses and Damages to Government Property

Finding

The Ministry did not convene boards of inquiry for four stolen assets and one accident damaged motor bike as revealed by the return for Losses and Damages to Government Property for the year under review. This was contrary to the provisions of Section 103 (15) of the Public Finance Management (Treasury Instructions) 2019, which stipulates that, the process of carrying out a board of inquiry in accordance the provisions of the PFM Act shall be instituted within five weeks.

Risk/Implication

Execution of corrective measures may be fruitless if boards of inquiry are not timeously convened.

Recommendation

The Ministry should adhere to the provisions of Section 103 (15) of the Public Finance Management (Treasury Instructions), 2019 by convening Boards of Inquiry within five weeks from the date of occurrence of the incident concerned.

Management Response

The reason for the delay was that the nominated board members were constantly changing and others were not available to convene the board. Going forward, we are going to improve on abiding by the statutory time frames for finalization of the Board of Inquiries.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

4.1 Outstanding Arrears

The Ministry has made progress in clearing outstanding arrears.

4.2 Key Vacant Posts

Most of the key vacant posts were filled during the year, with the recruitment being in progress for the few posts still outstanding.

4.3 Segregation of Duties

The segregation of duties has greatly improved as a result of the filling of most posts in Provinces.

4.4 Price Variations

The issue was addressed as there were no variations noted during the year, prices are now pegged using the United States dollars and payments are then made using the prevailing interbank rate.

WOMEN'S DEVELOPMENT FUND 2021 and 2022

Objectives of the Fund

The Fund was established to provide interest bearing loans to women's groups for developmental projects such as bakeries, uniform making, crafts, agriculture, mining, trading and training and enterprise programs.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year ended December 31, 2022.

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 195 570 114 |
| Expenditure | 19 356 162 |
| Surplus | ZWL\$176 213 952 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|-------------------------|-------------------------|-------------------------|
| Non-Current | 7 162 409 | - |
| Investment in Associate | 325 760 | - |
| Accumulated Fund | - | 264 429 009 |
| Current | 256 940 840 | - |
| Total | ZWL\$264 429 009 | ZWL\$264 429 009 |

I have audited the financial statements of the Women's Development Fund for the year ended December 31, 2021 and 2022, and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly in all material respects, the financial position of the Women's Development Fund as at December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

Unsupported Journal Entries

Finding

During the year ended December 31, 2021 the Ministry provided two Journals (not numbered) cancelling the previously recognized external debt of ZWL\$1 246 149 and a revaluation reserve of ZWL\$39 400. The journals had no supporting information explaining the cancellations. Therefore, I was not able to establish the completeness and accuracy of the financial statements submitted for audit.

Risk/Implication

Financial statements may be misstated.

Recommendation

The Fund managers should provide the supporting documents for the two journals.

Management Response

The observation is noted. The journals were meant to correct anomalies as they relate to accounting. The actual documents are not available owing to change of staff and other movements that happened before. As a way forward all source documents for the Fund are retained for any other purposes as per procedure.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Loans Written-off

Finding

The Ministry signed a Memorandum of Understanding (MOU) with a bank where Article 4.7 of the MOU provides that the bank shall recover defaulting outstanding loans against the Ministry's Corporate Investment Account held with the bank. The amount of ZWL\$5 541 056 for 2022 and ZWL\$1 246 149 for 2021 were written off without Treasury authority. This was contrary to paragraph 6 (b) of the Constitution for the Fund.

Risk/Implication

Loans written off may deplete the fund's resources, threatening its financial sustainability.

Recommendation

The Ministry should not write-off loans without Treasury authority and should seek condonation on ZWL\$5 541 056 written-off during the period.

Management Response

The Ministry notes the observation, however, the Ministry formally wrote and engaged Treasury requesting ratification of the write off. The Ministry is awaiting formal response on the matter.

1.2 Advances to the Appropriation Account

Finding

For the third year running, the Fund used an amount of ZWL\$4 911 960 (ZWL\$2 241 460 on vehicle services and ZWL\$2 670 500 to buy accessories for personal issue vehicles respectively), to meet Appropriation Account expenses without Treasury authority. This contravened the requirements of Section 116(6) of the Public Finance Management (Treasury Instructions), 2019.

Risk/Implication

The Fund's objectives might not be met if resources are used to fund other operations not in line with the fund's constitution.

Recommendations

The Fund should get refund of the monies used to fund appropriation account activities.

Treasury authority should be sought when there is need to incur appropriation expenses using monies from the Fund.

Management Response

The expenditure was for a canopy that was bought for a Ministry vehicle that was once dedicated to Fund business, however, the same vehicle was recommended for conversion to personal issue from PSC. The rest of the funds were used to meet administration expenses of the Fund as provided for in the Fund's Constitution and fundamentals of Programme Based Budgeting.

Evaluation of Management Response

The Ministry did not provide the documentation in support of the administration expenses incurred.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Investment in Associate

The Ministry paid for a 30% shareholding in a private company on October 10, 2020. An amount of ZWL\$325 760 was disclosed in the financial statements as return on investment. There were no supporting documents for the amount disclosed. There was also no evidence that dividends had been received from the investment over the years. The Ministry had not made any assessment to evaluate the status of the investment. Therefore, I was not able to evaluate the accuracy and completeness of the value of the investment recognised during the period.

Risk/Implication

Existence and fair valuation of the investment can be compromised without up-to-date information.

Recommendation

The Fund Management should establish whether the company still exists and assess whether the investment is fairly valued.

Management Response

The Ministry takes note of the observation. However, the investment was done in 2020 and unfortunately the entity was not spared by the economic effects of COVID-19. To date the entity has not found itself stable as such there are no financial statements to enable valuation of the investment. As a way forward, the Ministry is engaging the entity's executive to map the way forward.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

3.1 Maintenance of Accounting Records

Counter books have been purchased to be used as the journal book, asset register and the General ledger.

3.2 Advances to Appropriation Account

No recoveries were made for the monies used to meet appropriation expenditure in the previous period.

VOTE 18.- HOME AFFAIRS AND CULTURAL HERITAGE

APPROPRIATION ACCOUNT 2023

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.

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

| Original Budget ZWL\$ | Unallocated Reserve Transfers ZWL\$ | Total Budget ZWL\$ | Expenditure ZWL\$ | Net Under Spending ZWL\$ |
|--------------------------|--|-----------------------|----------------------|-----------------------------|
| \$293 009 806 000 | \$1 056 356 952 020 | \$1 349 366 758 020 | \$1 134 455 527 929 | \$212 929 285 057 |

I have audited the financial statements for the Ministry of Home Affairs and Cultural Heritage for the financial year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements fairly present the state of affairs of the Ministry of Home Affairs and Cultural Heritage as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Variance Between the Appropriation Account and Sub-Paymaster General Account

Finding

The Statement of Reconciliation between the Appropriation Account and the Sub-Paymaster General's Account revealed transfers from Treasury of ZWL\$1 221 184 098 592, while total expenditure as per submitted Appropriation Account was ZWL\$1 134 455 527 929 leaving an unreconciled variance of ZWL\$86 728 570 663. The variance emanated from exchange rate fluctuations due to timing differences between the Ministry and Treasury payment dates for the US\$ component of compensation of employees and direct payments made to foreign companies. These variances arising from exchange rate fluctuations pertain to transactions that were yet to be captured in the system by the Ministry of Home Affairs and Cultural Heritage, hence an overstatement of the reported expenditure.

Risks/Implications

The Appropriation Account could be materially misstated.

The effect of exchange rate fluctuations has budgetary constraints and the Ministry may end up failing to achieve its set targets.

Recommendation

The Ministry should liaise with Treasury so that all expenditure is disclosed in the year incurred.

Management Response

The Ministry is going to engage Treasury on the issue, so that Budget releases equate cash disbursements to minimise variances emanating from timing differences.

(ii) Sub-Exchequer Reconciliation

The consolidated receipts and disbursements statement had collections totaling ZWL\$87 668 786 498 whilst the statement of reconciliation between the sub-exchequer account and consolidated revenue fund had ZWL\$82 261 005 007, resulting in an unexplained variance of ZWL\$5 407 781 491. I could not ascertain the completeness of the collections disclosed in the receipts and disbursements statement.

Risk/Implication

The Exchequer account could be misstated.

Recommendation

The Ministry should ensure that all revenue transactions have been reconciled.

Management Response

Management did not respond.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Computerised Master Assets Register

Finding

In my previous reports, I observed that the Ministry had not captured assets in the Public Finance Management System (PFMS). During the year under review, the Ministry had still not complied with the provisions of Section 100 (1) of the Public Finance Management (Treasury Instructions), 2019, which requires Accounting Officers to ensure that all public assets are recorded promptly.

Risk/Implication

Failure to capture the Ministry's assets in the Public Finance Management (PFM) system compromises full accountability for assets as they may be exposed to misappropriation.

Recommendation

Management should ensure that all assets are captured in the PFM system in compliance with Public Finance Management (Treasury Instructions), 2019.

Management Response

Ministry officials went for coding of assets as previously recommended by your office. During the said training it was noted that assets procured during the period were not itemised This had contributed to the non-availability of Computerised Master Assets Register in the Ministry. Ministry of Finance is going to assist in uploading assets onto the system upon completion of the ongoing IPSAS asset valuation exercise.

1.2 Citizenship and Immigration Board

Findings

Programme 5 Migration Management did not facilitate the establishment of the Citizenship and Immigration Board to regulate the entry and exit of non-Zimbabwean nationals. In the absence of the Board, it was not clear whether the granting and revoking of citizenship and work permits was being done. This was contrary to Section 41 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013.

Furthermore, the Citizens of Zimbabwe Act [*Chapter 4:01*], gave the same mandate to regulate the entry and exit of non-Zimbabwean nationals to the Minister and the Registrar-General. The Citizens of Zimbabwe Act [*Chapter 4:01*] was not aligned to Section 41 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013.

Risks/Implications

Non-Zimbabwean nationals may come into the country without following proper authority.

In the absence of an alignment of the Citizens of Zimbabwe Act [*Chapter 4:01*] to the Constitution of Zimbabwe, there would be conflict between the two Acts.

Recommendation

The Ministry should expedite the establishment of the Board to ensure compliance with the Constitution and to improve service delivery as the Board will be responsible for the entry and exit of non-Zimbabwean nationals into the country timeously.

Management Response

The Ministry has done all that could be done and forwarded the documents to the Attorney-General for drafting of the law.

The Ministry has made progress in identifying the areas of the Immigration Act [*Chapter 4:02*] which need alignment to the Constitution and has since submitted to the relevant authorities for onward alignment of the statutes to the Constitution.

1.3 Creation of a Special Purpose Vehicle (SPV) for ZRP Hatcliffe Housing Project

Findings

ZRP was allocated land for institutional housing development by the Ministry of Local Government. An application was then made to the Ministry to change the purpose of the allocated land from institutional housing to individual title-holding home ownership scheme. A Memorandum of Agreement was then entered into between the ZRP, CABS and Old Mutual who were identified as providers of the loan, pursuant to which CABS provided loan funding for servicing the project which had residential stands. The engagement of CABS and Old Mutual was done without Treasury authority. This was in contravention of Section 65 (1) of Public Finance Management Act [*Chapter 22:19*].

The Secretary for Finance, Economic Development and Investment Promotion requested for an update on the project on July 18, 2022 on various areas including issues of land use change, process of engaging CABS/Old Mutual to partner the ZRP on the project; the authority for the ZRP to contract debt financing for servicing the project; recoveries from the project stands that were disposed of; and market value of remaining 624 stands. There was

no evidence that the Ministry availed the required information to the Secretary for Finance, Economic Development and Investment Promotion.

Section 65 (1) of Public Finance Management Act [*Chapter 22:19*] states that a public entity that is designated or specified in terms of Section 39 shall not among other things issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that entity or the Consolidated Revenue Fund to any future financial commitment.

Risks/Implications

There may be lack of transparency and accountability in the management of the stands.

Service delivery to the rightful beneficiaries may be compromised.

Loss of state funds through possible litigation may occur.

Recommendation

The Ministry should provide the requested information to the Secretary for Finance, Economic Development and Investment Promotion highlighting the current Ministry's position on the project to enable informed decisions to be made.

Management Response

The observations are noted. Upon perusal of our records the Ministry noted that there was scarce information and could no longer locate some of the requested information due to transition from the Old Dispensation to the New Dispensation. From the information available the responses are as follows:

Details on justification for changing land use were sent to the Secretary for Local Government and Urban Development dated September 30, 2010 and October 4, 2010. Hatcliffe Housing Project office does not have records which show the process used in selection of CABS/Old Mutual to partner ZRP. Further, there is no information showing authority for the ZRP to contract debt financing for servicing the project.

Zimbabwe Republic Police had engaged Ministry of Local Government and Public Works, Department of Valuations and Estate Management to determine the market value for the 624 stands for onward transmission to Treasury. The land is serviced with tarred roads. Water and sewer reticulation and servicing of the stands was completed in June 2014.

1.4 Boards of Inquiry

Findings

Boards of inquiries on vehicles involved in accidents were taking long to be convened resulting in delays in concluding the cases and making determinations against the concerned officials. The causes for delays ranged from lack of police reports, pending court issues and mere Board postponements. Section 103 (15) of the Public Finance Management (Treasury Instructions), 2019 requires that upon receipt of the written reports from the member involved, a Board of Inquiry convening order is issued within 14 working days. The process of carrying out a board of inquiry shall also be instituted within five weeks.

Furthermore, the Ministry went on to repair a Heritage Preservation and Presentation vehicle with registration number AGA 1257 that was involved in a road traffic accident before a

Board of Inquiry was convened. The cost of the repair carried by Faramatsi Motors amounted to ZWL\$5 079 564. The Police report submitted for audit inspection indicated that the case was still under investigation.

Risk/Implication

The members involved may be discharged or may terminate employment before the cases are finalised.

Recommendations

The Ministry should expedite the convening of Boards of Inquiry in order to determine responsibility to enable Government to have the assets repaired/replaced and ensure continuity of service delivery.

The Ministry should also urgently institute a Board of Inquiry to investigate circumstances surrounding vehicle No. AGA 1257 involved in an accident at Tongogara in Shurugwi in order to determine responsibility.

Management Response

The Boards of Inquiries have been constituted and approved by the Accounting Officer. The Ministry is now waiting for those chairing the Boards of Inquiries to set dates for convening the same. Letters for appointments of the Boards are available for audit inspection.

On the issue of a Heritage Preservation and Presentation/Programme IV vehicle with registration number AGA 1257, the engine was not damaged. During that particular time of the accident, the vehicle was still on warranty. A request for waiver was then forwarded to the Secretary to waive the driver's suspension. At the same time court processes were still going on and the last appearance happened on April 9, 2024. The driver was scheduled to collect clearance letter from the court on May 17, 2024. Thereafter, a Board of Inquiry will be constituted as a matter of urgency.

1.5 Direct Payments

Finding

Payment vouchers worth ZWL\$894 131 565 118 were inadequately supported as they did not have receipts as confirmation that the service providers or suppliers received the money. These were in respect of direct and foreign payments made by Treasury on behalf of the Ministry. I therefore, could not confirm whether the payments were received by the service providers.

Risks/Implications

Improper payments may not be detected due to the absence of adequately supported payment vouchers.

The Appropriation Account may be materially misstated.

Recommendation

The Ministry should ensure that expenditure is supported by all necessary documents and all receipts for the direct payments made on its behalf by Treasury should be obtained.

Management Response

The observation is noted. The Departments concerned are liaising with the suppliers to avail the receipts.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Non-Delivery of Motor Vehicles

Findings

In my report for the year ended December 31, 2022, I noted that the Ministry entered into a contract with Faramatsi Motors for the supply of thirty-five (35) vehicles. The contract price was ZWL\$182 621 960. The Ministry was supposed to pay 50% of the contract price before Faramatsi Motors could supply the vehicles within four weeks. The Ministry instead paid ZWL\$175 000 000 before the supply of the said vehicles. The contractor supplied eleven (11) vehicles leaving a balance of twenty-four (24). The remaining vehicles had not been supplied at the time of concluding the audit in May 2024.

The Ministry had not enforced the remedy for unjustifiable delay by the Contractor in the performance of its delivery obligation as stated in Clause 5.2 of the contract which has the following sanctions; forfeiture of performance security, imposition of liquidated damages or termination of the contract. Management wrote to the supplier advising him of its intention to initiate the debarment process following some empty promises made by the supplier and was committed to invoke clause 5.2 of the contract if the supplier failed to perform his obligation.

Risk/Implication

The Ministry may not realise value for money should the supplier fail to fulfil the terms of the contract.

Recommendation

The Ministry should enforce the requirements of clause 5.2 of the contract and also possibly engage legal counsel for further guidance.

Management Response

The Ministry met with the Supplier (Faramatsi Motors) on March 1, 2024 and a due diligence exercise on the value of the contract price was done. Payments made to the Supplier were also verified to check whether they were enough for the required number of vehicles.

The bid document submitted by Faramatsi Motors was examined and the payments and deliveries made to date were as follows;

- a) The company was awarded to supply thirty-five (35) vehicles to the Ministry for ZWL\$182 621 960.22. At the time of submission on November 15, 2021 the value of ZWL\$182 621 960.22 was almost equivalent to US\$1 842 180.00.**
- b) Payments made on March 11, and on June 29, 2022 totalling ZWL\$182 million were now worth US\$888 874 against the required S\$1 842 180.**
- c) The US\$888 874.58 was now enough to purchase seventeen (17) units.**
- d) To date Faramatsi Motors has delivered fifteen (15) units and two (2) were outstanding.**

- e) **The meeting discussed and concluded that the Ministry is now expected to source funding from Treasury for the remainder eighteen (18) vehicles to complete the purchase of the vehicles in the contract.**

Evaluation of Management Response

There was no evidence that the Ministry enforced the remedy for unjustifiable delay by the Contractor in the performance of its delivery obligation as stated in Clause 5.2. highlighted above.

Furthermore, there was no evidence that the Ministry involved PRAZ and Treasury when they held the meeting dated March 1, 2024 with the supplier to discuss amendment of the contract.

2.2 Use of the Pre-Loaded Purchase Card (OK Mart Card)

Findings

I reported during the 2022 audit that the Ministry preloaded money into an OK Mart ATM card but did not put controls in place to ensure that the card was used for the intended purpose. It was recommended that a committee be set up to investigate the items which were purchased using the pre-loaded card. An investigation Committee was appointed to verify whether any public funds were misappropriated and to identify the responsible officials in order to take corrective measures.

The Investigation Report noted that no evidence of proper procedures were followed before loading the Ok Mart Card with money, items bought were not for use at the Ministry office, the official under investigation admitted that he had purchased/used the same card to purchase items for himself and his family.

Through the Public Service Commission Minute Ref: D/145/145 dated February 15, 2023 the Commission directed that the Investigation Committee recommendations be implemented whereby the Official under investigation was to be put to his defence while the then Director Finance and Administration and Human Resources Department in the Ministry of Home Affairs and Cultural Heritage were to offer explanations on their shortcomings.

The Ministry was also directed to advise the Commission on the progress of the matter. However, at the date of my audit on May 7, 2024 there was no evidence that the recommended course of action had been implemented.

Risk/Implication

Evidence may be lost if the case takes too long to be concluded

Recommendation

The Ministry should expedite the implementation of the recommendations as directed by the Commission Secretary and advise the Commission accordingly.

Management Response

The officer has since been charged with misconduct and his written response to the charge has been forwarded to the relevant authorities. The Ministry has written to the

former Directors of Finance and Human Resources to offer explanations on their shortcomings.

Evaluation of Management Response

There was no evidence that the former Directors of Finance and Human Resources had received and acknowledged the Ministry's communication and provide a response in compliance with the Public Service Commission Minute.

2.3 Visas and Permits

Findings

The Migration Management Department collected administrative fees for visas and permits amounting to ZWL\$86 067 266 035 during the year under review. However, fees amounting to ZWL\$487 627 760 had not been deposited in the Ministry's sub-exchequer account as at May 4, 2024. This amount was deposited directly into the Consolidated Revenue Fund at Treasury. This amount was for the fees collected at Plumtree Border Post and the signatories were with the Ministry of Finance officials. The account was supposed to be given back to the Ministry of Home Affairs upon handover takeover procedures between the two parties involved. I observed this issue in my previous years audit reports and no action has been taken to date.

I also noted that the Migration Programme was uploading visas and permits fees into the general ledger for capital transfers for non-profit organisations since 2021 which was a misposting. The revenue was supposed to be deposited and uploaded in a specific general ledger account for visas and permits or at least the other fees ledger being used by the Ministry. The Ministry/Department had not taken any action to ensure the balances are posted in the correct general ledger account.

Risk/Implication

The Revenue Received may be materially misstated due to errors and omissions.

Recommendations

The Ministry should ensure that a new account for the Plumtree Border Post has been opened whilst ensuring that the old one has been audited and closed.

The Department should ensure that the correct general ledger for visas and permits has been created and transactions posted to the correct general ledger account.

Management Response

Management did not respond.

2.4 Contract Management - Delivery of Assets

Findings

A tender with reference MOHACH 16/2021 valued at US\$422 487 for the delivery of twenty-six (26) printers, sixty-seven (67) laptops, fifty-five (55) desktops and twenty-two (22) printers was fully paid for on April 14, 2023. However, twenty-two (22) printers had not been delivered as at the date of audit on May 10, 2024, despite that the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] prescribes that a procuring entity can terminate a contract in case of default on the part of the contractor in performance under the contract, in the public interest and when there is supervening impossibility of performance.

The breach in the performance of the contract was in contravention of Sections 82 (1), 87 and 89 of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

On the other hand, I observed that all procurement stages for tender CR02/22 valued at US\$474 750 were done according to the law including due diligence. However, the supplier Vital Computers did not fulfil the Special Conditions of Contract GCC21, which stated that the Contractor shall deliver one hundred and fifty (150) laptops original core i7 to the procuring entity address within two weeks of the signing of the contract by both parties. Both parties had signed the contract by May 3, 2023, however, at the date of concluding the audit on May 10, 2024, the supplier had only supplied 26 laptops out of 150 laptops.

I also noted that there was no evidence of urgency in concluding the tender as it began on May 11, 2022 and the last person to sign the contract (the Chief Accountant) signed on May 3, 2023. As a result of the one (1) year delay, the Ministry was now paying an exorbitant price for the laptops which were once at a premium of US\$3 165.

It is important to note that ICT changes quickly as new versions are introduced in the market. The ordered laptops may end up being delivered when they are about to become obsolete.

On May 13, 2024 a market survey which was conducted by audit revealed that two quotations sourced from other reputable suppliers Fusertech and Craig Computers were costing US\$807 and US\$960 respectively at the time of bidding for same items and specifications. Therefore, the Ministry may have been overcharged.

On another tender, IMM/T003/10/2023 awarded to Aganang Furniture for the supply of office furniture to the Department of Immigration the supplier had not delivered the furniture on the date of audit on May 14, 2024. Table below refers. That was a breach of contract on delivery period under sub- paragraph GCC30 which states that delivery of office furniture shall be within two (2) weeks after signing of contract. The contract was signed by both parties on December 18, 2023. No remedial action was taken for non-delivery.

Procured assets that were not delivered

| Tender number | Total tender amount US\$ | Total quantity as per tender | Amount paid so far US\$ | Outstanding items | Total price value for outstanding items |
|----------------|-----------------------------|------------------------------|----------------------------|--------------------------|---|
| CR02/2022 | \$474 750 | 150 laptops | \$82 290 | 124 laptops (@US\$3 165) | \$386 130 |
| MOHACH 16/2021 | \$422 487 | ICT Equipment (various) | \$422 487 | 22 printers (@US\$5 283) | \$116 218 |
| IMM/T003/10/23 | \$439 585 | Office Furniture | Nil | All | \$439 585 |
| TOTAL | US\$1 336 822 | | | | US\$941 933 |

Source: Contract documents

Risk/Implication

The Ministry may not realise value for money should the Contractors fail to perform their part of the contract especially where full payments has been made.

Recommendation

The Ministry's legal department should ensure that all contracts entered into are closely monitored and action is taken on time where there is breach of contract.

Management Response

Management did not respond.

2.5 Annual Procurement Plan

Findings

Section 22(1) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] requires the procuring entity to prepare an Annual Procurement Plan in accordance with the approved guidelines for uploading in the PFMS. The Ministry's Annual Procurement Plan for the year 2023 was approved by PRAZ, however, it was not uploaded in the Public Finance Management System. This was due to lack of enforcement by the entity to upload the same into the PFMS.

I also noted that the entity procured goods which were not on the procurement plan. Programme 1 (Policy and Administration) procured office equipment which was not on the procurement plan (MOHACH 02/23, MOHACH 05/23). Programme 5 (Migration Management) also procured 20 Toyota Land Cruiser Double Cab vehicles and entered into a contract for the supply of two (2) rigid closed lorries which were not on their procurement plan (IMM/T004/10/2023 and IMM/T003/10/2023 respectively), Programme 3 also entered into a contract for the construction of temporary field accommodation at Tengwe Police Station.

Risks/Implications

There may be procurements outside the procurement plan if the plan is not uploaded onto the PFMS.

Monitoring by PRAZ may be compromised.

Recommendations

The Ministry should upload the Annual Procurement Plan to enable monitoring including monitoring by PRAZ and Ministry of Finance and Economic Development.

The uploading would enable you to purchase as per plan and avoid unplanned procurements.

Management Response

Management did not respond.

3 REVENUE COLLECTION AND DEBT MANAGEMENT

3.1 Travelling and Subsistence Advances and Disallowances

Findings

Advances amounting to ZWL\$91 277 732 were issued as far back as January 2023 and were said to be still awaiting submission of claim forms by the respective individuals as at May 2024. The delay in acquittal of the advances was contrary to section 65(15) of the Public Finance Management (Treasury Instructions), 2019, which requires travelling and subsistence advances to be acquitted within thirty (30) working days of the completion of travel.

Furthermore, the Police Services had long outstanding disallowances amounting to ZWL\$14 852 624 (2022: ZWL \$3 528 769) which were owed by former members or officers and these had not been recovered from terminal benefits. The disallowances were as a result of late notification to SSB of termination of employment for cessation of salaries. Some of the disallowances were dating as far back as 2015. Section 66 (1) -(10) of the Public Finance Management (Treasury Instructions), 2019 stipulates that accounting officers are responsible for the recovery of and adjustment of disallowances and shall ensure that this is done as soon as possible. The delay in recovery results in the amounts being eroded by inflation and it becomes costly to pursue recovery.

Risks/Implications

Expenditure remains unallocated if the advances are not acquitted.

Financial prejudice to the State if monies advanced are not accounted for through acquittals showing how the money was used. 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 looks at alternative ways of recovering the money.

Management Response

The Ministry will, in the future comply with Treasury Instructions by effecting deductions on pay sheets. The Ministry has also written a circular to remind officials of the requirements of Treasury Instructions on submission of claim forms after completion of travel.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

ADMINISTRATION AND GENERAL

Out of the twelve (12) issues raised, the Ministry partially addressed one (1) while the remaining eleven (11) were not addressed as indicated below:

4.1 Direct Payments

The finding on Direct payments worth ZWL\$60 039 859 948 that were inadequately supported was not addressed. The matter was raised on paragraph (i) above.

4.2 Expenditure Variances

The variance of ZWL\$4 282 909 896 between the Statement of Reconciliation between the Consolidated Revenue Fund and the Sub-Paymaster General Account was not addressed. The matter was again raised on paragraph (ii) above.

4.3 Unallocated Reserve Transfers

The finding was not addressed as the issue of Unallocated Reserve Transfers not supported with Treasury release letters was not resolved.

4.4 Computerised Master Assets Register

The Ministry's assets were still not captured in the PFM system.

4.5 Travelling and Subsistence Advances and Disallowances

The Ministry did not address the issue of recovering outstanding advances as the Advances increased as indicated on paragraph 3.1 above.

The Police Services long outstanding disallowances amounting to ZWL\$275 466 845 owed by former members or officers and were not recovered.

4.6 Vehicle Procurement Contract

The issue of suppliers who were failing to fulfil contract terms remained outstanding.

4.7 Possible misuse of the Pre-Loaded Purchase Card (OK Mart Card)

The issue was partially addressed as the Ministry only implemented one directive from the PSC.

4.8 Annual Procurement Plan

The Ministry did not address the finding as the Annual Procurement Plan was not uploaded in the PFMS. The matter was again raised on paragraph 2.5 above.

4.9 Outstanding Revenue

The Ministry had outstanding revenue of ZWL\$55 500 122. The finding was not addressed.

4.10 Revenue Received

The variances between the Ministry, Consolidated Revenue Received return and revenue disclosed per Programme was not addressed.

4.11 E-Passport Fees

The Ministry was not properly accounting for passport fees and the issue was not addressed during the year review.

4.12 Visas and Permits

Fees amounting to ZWL\$49 991 206 collected at Plumtree Border Post was banked in an account that does not belong to the Ministry was not addressed as the finding recurred.

NATIONAL ARCHIVES RETENTION FUND 2018-2020

Objective of the Fund

The Fund was established to provide resources to vital archival exercises, staff training, staff welfare, sponsoring of service awards, provision of information and procurement of furniture and office equipment.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------|
| Income | 29 207 |
| Expenditure | 23 686 |
| Surplus | ZWL\$5 521 |

Statement of Financial Position

| Item | Assets ZWL\$ | Reserves ZWL\$ |
|------------------|--------------------|--------------------|
| Current | 43 721 | - |
| Accumulated Fund | - | 43 721 |
| Total | ZWL\$43 721 | ZWL\$43 721 |

I have audited the financial statements of the National Archives Retention Fund for the years ended December 31, 2018 to 2020 and I issued an adverse opinion.

Adverse Opinion

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

Basis for Adverse Opinion

Accounting Records

Findings

The Fund did not maintain ledgers supporting the amounts presented in the financial statements. The financial statements were prepared on cash basis using bank statements. I therefore, could not satisfy myself whether the expenditure and revenue were properly classified and accounted for as the financial records were incomplete. This was contrary to Section 35 (6) of the Public Finance Management Act [*Chapter 22:19*] which provides that every Accounting Officer of the Ministry shall keep or cause to be kept proper records of account.

Furthermore, the account opening balances for the year under review were misstated due to errors noted in 2017, resulting in a Suspense Account balance of ZWL\$15 811. The errors related to missing bank statements for the period January 1 to June 25, 2017, that remained uncorrected thus affecting the carried forward balances. The amounts disclosed in the financial statements were therefore misstated.

Risks/Implications

Failure to maintain complete financial records exposes the Fund to fraud.

The financial statements could be inaccurate due to misstated opening balances.

Recommendations

The Fund should ensure that all accounting records are prepared so that all processed transactions are recorded and traced easily.

The Fund should ensure that the opening balances are corrected.

Management Response

The observation was noted. The cash book was the only book of account that was maintained. Considering the timeframe/deadline that was involved for the preparation and submission of the financial statements, the Fund had to make use of the resources that were readily available. The Fund will certainly improve on record keeping.

Other accounting records which were used in the past year were kept in soft copy format. However, the laptop malfunctioned and lost data in 2018. Nothing was retrieved since there were no back up devices.

The Fund will adhere to the provisions of the Public Finance Management Act [Chapter 22:19] regarding the preparation and submission of annual returns and financial statements.

Below is another issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Accounting Officer's Instructions

Finding

The Fund continued to operate without Accounting Officer's Instructions. This was contrary to Section 3(a) of the Fund's Constitution which requires the Director to issue detailed instructions on Accounting and Administrative procedures in accordance with Treasury Instructions.

Risk/Implication

The absence of the Accounting Officer's Instructions may result in unclear guidelines to key accounting processes.

Recommendation

The Management should put in place Accounting Officer's Instructions to provide guidance in the operations of the Fund.

Management Response

The Department is in possession of the Accounting Procedures Manual, Public Finance Management Act [Chapter 22:19] and the Public Finance Management (Treasury Instructions), 2019. The Department will make sure that the Accounting

Officer's Instructions and other regulations are always adhered to in day-to-day deliberations of duties.

Evaluation of Management Response

The management response is noted, however, the Accounting Officer's Instructions was not availed for audit examination.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made no progress in addressing audit findings raised in my previous audit report. All the three (3) findings were not addressed as indicated below:

2.1 Accounting Records

The issue of the suspense account balance of ZWL\$15 811, had not been cleared by the end of the year.

2.2 Late Submission of Financial Statements

The Fund has not addressed the issue of submitting the financial statements in time as the problem continued recurring.

2.3 Accounting Officer's Instructions

The Fund continued to operate without Accounting Officer's Instructions as indicated on paragraph 1.1 above.

VOTE 19.- JUSTICE, LEGAL AND PARLIAMENTARY AFFAIRS

APPROPRIATION ACCOUNT 2023

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.

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

| Original Budget | Unallocated Reserve Transfers | Total Budget | Expenditure | Net Underspending |
|---|--------------------------------------|---------------------|--------------------|--------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$120 833 701 000 | \$270 110 722 766 | \$390 944 423 766 | \$372 345 901 288 | \$18 598 522 478 |
| Constitutional and Statutory Appropriation | | | | |
| \$24 521 246 000 | - | \$24 521 246 000 | \$877 375 353 | \$23 643 870 647 |

I have audited the financial statements of the Ministry of Justice, Legal and Parliamentary Affairs for the year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the state of affairs of Ministry of Justice, Legal and Parliamentary Affairs as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Understatement of Appropriation Account Expenditure

Findings

The Office of the Master of the High Court was transferred from the Judicial Service Commission to the Ministry of Justice, Legal and Parliamentary Affairs on November 26, 2021. The Master of the High Court collects revenue and utilizes it to support its operations. During the year under review expenditure amounting to ZWL\$6 555 372 093 and US\$149 853 (ZWL\$914 810 996) relating to compensation of employee costs and procurement of assets was incurred from the retained funds. The expenditure was not processed through the Public Finance Management System and it was also not included in the total expenditure reported in the Appropriation Account.

Risk/Implication

The Appropriation Account was understated by the omission of the expenditure incurred outside the system.

Recommendation

All expenditure incurred should be disclosed in the financial statements to enhance transparency and accountability.

Management Response

The Office is in transition to become an autonomous body. Currently it is guided by the Courts and Administration Fund at the Judicial Service Commission in utilizing revenue collected.

Evaluation of Management Response

The Ministry did not address the issue of expenditure understated. The Courts Administration Fund which is administered by the Judicial Service Commission did not account for the said expenditure.

(ii) Payment Vouchers Not Adequately Supported

Finding

The Ministry processed and paid expenditure worth ZWL\$1 296 353 828 basing on quotations only. Supporting documents like invoices, receipts, Delivery notes (DN) and goods received notes (GRN) were not availed. I therefore could not validate whether the payments made were a proper charge against public funds. This was contrary to the provisions of Section 59(2) (c) of the Public Finance Management (Treasury Instructions), 2019 which forbids expenditure to be incurred based on quotations only.

Risk/Implication

Fraudulent and dual payments may be processed.

Recommendation

The Ministry should ensure that all payment vouchers are adequately supported and availed for audit examination.

Management Response

Supporting documents like invoices, receipts and delivery notes have been submitted.

Evaluation of Management Response

Supporting documents availed cleared an amount of ZWL\$186 430 338 from the initial amount of ZWL\$1 487 784 166 thereby leaving a balance of ZWL\$1 296 353 828.

(iii) Misstatement of Compensation of Employees

Findings

The Ministry did not perform reconciliations of monthly salary bills from Salary Service Bureau (SSB) against payments made in the Public Finance Management System (PFMS). Total employment costs paid as per the PFMS report amounted to ZWL\$238 247 530 161 while the total wage bills from SSB was ZWL\$238 274 464 195 resulting in a variance of ZWL\$26 914 034. The accuracy of the expenditure reported in the Appropriation Account could not be validated in the absence of the breakdown or make-up of the variance. Treasury guidelines require that salary bill reconciliations be performed monthly, however, the issue has remained unaddressed as it was raised in the previous reports.

Expenditure amounting to ZWL\$783 799 453 relating to overtime, COVID allowances, students' allowances and fumigation allowances was accounted for as travelling and subsistence expenses instead of compensation of employees. This resulted in the understatement of compensation of employees' expenditure by the same amount.

Risks/Implications

Failure to carry out reconciliations may result in fraudulent transactions and errors going through the records undetected.

The compensation of employees' balance disclosed in the Appropriation Account may be materially misstated and could mislead users of the financial statements.

Recommendation

Monthly reconciliations should be carried out so that any possible misstatements or errors are detected and corrected timeously and that records are complete and accurate.

Management Response

The Ministry has corrected the monthly reconciliations of salary bills from SSB.

SSB overbilled ZPCS for the month of May 2023. The overstated wage bill was later replaced with a correct one. However, ZPCS proceeded to process the incorrect wage bill resulting in more expenditure in the system.

(iv) Misstatement of Statement of Receipts and Disbursements

Findings

The Statement of Receipts and Disbursements submitted for audit had an opening balance of ZWL\$23 870 316, collections of ZWL\$102 796 053 351 and total payments to the exchequer and other accounts of ZWL\$102 428 947 433 and these amounts should have given a closing balance of ZWL\$390 976 234. However, the closing balance disclosed on the Statement was ZWL\$147 709 383 resulting in an unexplained variance of ZWL\$243 266 851. I could not place reliance on the closing balance disclosed on the Statement of Receipts and Disbursements.

Transfers to the sub-Exchequer Account amounting to ZWL\$76 708 722 814 disclosed on the Statement were different from exchequer transfers of ZWL\$130 290 137 in the PFMS resulting in an unreconciled variance of ZWL\$76 578 432 677.

Risk/Implication

The Statement of Receipts and Disbursements was materially misstated.

Recommendation

The Ministry should correct the Statement of Receipts and Disbursements return and reconcile the variances noted.

Management Response

The Ministry is in the process of reconciling the differences.

(v) Acquisition of Motor vehicles

Finding

The Ministry entered into a contract to acquire 129 motor vehicles for Zimbabwe Prisons and Correctional Services (ZPCS) at a cost of US\$8 153 000. The supplier was paid directly by Treasury. However, documents relating to the actual amount that was paid were not availed for my inspection. In addition, the actual amount paid was not disclosed in the Appropriation Account.

Risk/Implication

The Appropriation Account could be misstated.

Recommendation

The cost of the acquired motor vehicles should be accounted for through the Public Finance Management System and the Appropriation Account adjusted accordingly.

Management Response

The observation is noted. The Ministry is awaiting supporting documents for the direct payment from Treasury.

Below are other issues noted during the audit:

1 EXPENDITURE CONTROL

1.1 Statement of Payment Arrears

Finding

The Ministry did not avail creditors' ledgers, periodic reports to Treasury and age analysis of payments in arrears to service providers like ZINWA, ZESA, CMED, TELONE, Local Authorities and other private companies and individuals. This limited the scope of my audit as I was unable to verify the accuracy of the total amount of ZWL\$50 348 200 653, US\$3 581 707 and €38 483 Euros disclosed on the Statement of Payment Arrears. The outstanding amount could not be determined with certainty.

Risk/Implication

The accumulation of arrears if left undocumented and unattended to, undermines the credibility of the budget and the financial statements.

Recommendation

The Ministry should ensure that creditors' ledgers, invoices, the periodic reports to the Ministry of Finance and schedule of accounts payable together with age analysis of payments in arrears are availed for audit verification.

Management Response

The observation is noted. The Ministry will in future open creditors' ledgers and avail them for audit inspection.

2 GOVERNANCE ISSUES

2.1 Public Financial Assets

Findings

The Ministry did not submit for audit the statement of Public Financial Assets for the year under review. This limited my audit scope as I could not verify the value of its investment of 10 778 shares in Innscor Africa Private Limited and in Pamberi/Qhubekani. The dividends from the investments were paid into the Zimbabwe Prisons and Correctional Service Retention Fund. In my previous years' audit reports, I raised similar issues regarding Public Financial Assets.

Risks/Implications

Failure to disclose all investments may result in an understatement of the Ministry's assets.

Dividends from the investments may not be paid into and form part of the Consolidated Revenue Fund.

Recommendations

The Ministry should disclose the value of investments in the financial statements.

The dividends should be paid into the Exchequer account.

Management Response

A return showing investment in Innscor Africa Private Limited has been submitted. Pamberi/Qhubekani company has not been making profits hence they cannot declare dividends.

Evaluation of Management Response

The Ministry did not submit the return alluded to in the response. There was no evidence produced to support that Pamberi/Qhubekani was not making profits.

2.2 Gifts, Legacies and Donations

Findings

A review of the asset register and an inspection of motor vehicles revealed that the ZPCS received a donation of 196 motor vehicles from the Office of the President and Cabinet during the year under review. The vehicles received were thirteen (13) Nissan Almera, three (3) Ford Rangers double cab, 105 Ford Rangers single cab, one (1) Ford Ranger XLT, ten (10) Eicher 36 seater buses, one (1) UD 30 tonne quester, one (1) Toyota RAV, thirty-eight (38) UD Kuzer RKE 150 and twenty-four (24) UD Croner PKE 250. These motor vehicles had no values (cost) and were not disclosed on the donations return. Zimbabwe Prisons and Correctional Services had no ownership documents for these motor vehicles.

The Ministry (Head Office) received donations of four (4) computers from UNICEF valued at US\$4 272 (ZWL\$26 079 375) during the financial year under review without Treasury concurrence. Furthermore, a review of a sample of recordings in the register revealed that donations amounting to US\$48 723 (ZWL\$297 440 399) donated to Zimbabwe Prisons and Correctional Services were not disclosed in the donations return and were received without treasury concurrence. This was contrary to Section 112 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires Treasury approval for the Ministry to accept gifts and donations.

Risks/Implications

Failure to disclose donations may result in understatement of the donations return and value of the Ministry's assets.

The Ministry may accept Donations which may result in a substantial charge on the Consolidated Revenue Fund.

Recommendations

The Ministry should record donated assets, capture all necessary details and disclose the assets on the donations return.

The Ministry should seek Treasury authority before accepting donations to ensure that any subsequent charges on the Consolidated Revenue Fund would be above board.

All donations received should be disclosed in the donations return.

Management Response

The Ministry has started the process of registering the donated vehicles and updating the department's donations register.

The observation is noted and the omission is being rectified. Treasury concurrence was applied for although responses were not yet received. Follow ups will be done.

Evaluation of Management Response

No evidence was produced to show that Treasury concurrence was sought.

2.3 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 assessment of their Ministries' operations on an annual basis and take deliberate steps to identify, quantify, assess and come up with mitigation measures for the risks identified.

Furthermore, the organisational chart was not updated during the year under review. The Gender Department, Deputy Minister and the Master of high Court were not yet included on the organisational chart.

Risks/Implications

Failure to formulate a risk management policy may 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.

Organisational transparency, accountability, communication, and efficiency may be compromised due to failure to update the organisational chart.

Recommendations

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

Risk management processes should be instituted to safeguard government funds and assets.

The Ministry should update its organisational chart to enhance organizational transparency, accountability, communication, and efficiency.

Management Response

A risk committee has been constituted by the Accounting Officer and all departments in the Ministry have risk registers in place. The Risk committee shall draw its mandate from the Zimbabwe Risk Management Framework and Guidelines from the Public Sector.

Gender department is an office within the Permanent Secretary's office. The Deputy Minister's office was created lately hence a request has been made to the Public Service Commission to have an updated establishment. Issues to do with the Master of High Court are work in progress with the Public Service Commission.

3 PROCUREMENT OF GOODS AND SERVICES

3.1 Non-delivery of Motor Vehicles

Finding

The Ministry acquired motor vehicles for its Programme 2, the Attorney-General's Office, seven (7) from Byword Trading Pvt and eleven (11) from Paza Buster Pvt valued at US\$374 430 and US\$533 500 respectively. The motor vehicles were supposed to be delivered in 6 to 8 weeks after the signing of the agreement of sale on June 28, 2023. At the conclusion of the audit, all seven (7) motor vehicles, three (3) Toyota Corolla sedans and four (4) Toyota Hilux 2.8 GD6 double cabs purchased from Byword Trading Pvt valued US\$374 430 and four (4) Isuzu D-Max double cab motor vehicles purchased from Paza Buster Pvt valued at US\$194 000 remained undelivered. The Ministry indicated that payment was made directly to the supplier by Treasury on its behalf.

Risk/Implication

The supplier may fail to deliver the outstanding vehicles leading to loss of public funds.

Recommendation

The Ministry should vigorously follow-up on the delivery of the outstanding eleven vehicles to ensure that the terms of the contract are fulfilled.

Management Response

The suppliers promised to deliver all the vehicles by end of June 2024.

3.2 Duty Payment for Motor Vehicles

Finding

The Ministry got a release from Treasury to pay customs duty of US\$1 132 357 (ZWL\$5 119 387 500) for sixty-seven (67) vehicles and the payment was processed on July 18, 2023. However, the agreement of sale clause GCC3.1 indicates that it was the seller's obligation to pay duties and tax expenses for the motor vehicles acquired by the buyer. The terms of the contract were therefore, not complied with as the Government paid ZWL\$5 119 387 500 over and above the sale price. The ZPCS took delivery of the vehicles and at the time of concluding the audit in May 2024 the sixty-seven (67) vehicles were still to be registered under the ZPCS' name.

Risk/ Implication

The payment of the duty on behalf of the supplier could result in loss of public funds.

Recommendation

Terms in purchase contracts should be followed to minimize financial prejudice to the State.

Management Response

The observation is noted. Treasury directed ZPCS to effect payment of the local component of ZWL\$5 119 387 500.

4 REVENUE COLLECTION AND DEBT MANAGEMENT

4.1 Unauthorised Retention of Monies

Finding

The Master of High court collected revenue amounting to ZWL\$25 709 838 661 in respect of deceased estates fees and utilised ZWL\$6 555 372 093 without Treasury approval. This was caused by absence of regulations and guidelines on the collection and use of the collected fees as required by Section 132 (2) (c) of the Administration of Estates Act [*Chapter 6:01*]. The Act requires the Minister to make regulations which provide for collection and use the fees collected. I raised the same issue in my prior year audit report.

Risks/Implications

Retention and use of funds without Treasury authority may result in misappropriation of funds.

The Appropriation account could be misstated.

Recommendations

The Master of the High Court should follow laid down procedures in accounting and utilising public funds to avoid violating budgetary processes.

The Ministry should ensure that regulations and guidelines relating to accounting and reporting for the retained monies are put in place.

In the absence of regulations on fees collected as required by the Administration of Estates Act [*Chapter 6:01*], the Master of the High Court should surrender the revenue collected from deceased estates to the Consolidated Revenue Fund.

Management Response

The Office is in transition to become an autonomous body. Currently it is guided by the Courts and Administration Fund at the Judicial Service Commission in utilizing revenue collected.

5 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made little progress in addressing prior year audit findings. Out of a total of twenty-three (23) issues raised, three (3) were addressed, one (1) was partially addressed and nineteen (19) were not addressed as indicated below.

5.1 Misstatement of Compensation of Employee Costs

The issue of monthly reconciliations was not addressed. The matter was also reported in the current year on paragraph (ii) above.

5.2 Understatement of Appropriation Account Expenditure

The finding of expenditure incurred outside the Public Finance Management System utilising retained funds was not addressed. The same issue was raised in the current year audit report on paragraph (iii) above.

5.3 Variances in Expenditure Balances

The unexplained variances in expenditure balances were not addressed. Similar issues were raised on paragraph (i) above.

5.4 Statement of Revenue Received

The issues of supporting information not availed and overstatement of the return were not addressed.

5.5 Misstatement of Statement of Receipts and Disbursements

The issue of unexplained variances was not addressed and the issue recurred during the year under review on paragraph (iv) above.

5.6 Statement of Payment Arrears

The finding was not addressed as the Ministry did not avail creditors' ledgers, invoices, periodic reports and age analysis of payments in arrears. The same issue was raised again on paragraph 1.1 above.

5.7 Sub-Paymaster General's (Sub-PMG) Account Reconciliation

The finding was addressed as reconciliations with figures consistent with the PFMS were done.

5.8 Gifts, Legacies and Donations

The finding was not addressed of donations received without Treasury concurrence. Some donations were still not recorded. The finding was raised on paragraph 2.2 above.

5.9 Risk Management

The Ministry did not address the finding of not having a documented and approved risk management policy and a Disaster Recovery Plan.

5.10 Non-submission to Parliament of Annual Report by the Prisons and Correctional Service Commission

The finding on submission of the annual report to the Minister by the Prisons and Correctional Service Commission was not addressed.

5.11 Drug Management

The Ministry did not address the finding of expired drugs and their disposal processes.

5.12 Uncertified Livestock Deaths

The Ministry did not address the finding on livestock deaths that were not certified by a veterinary doctor.

5.13 Stores Management

The finding on expired mealie meal on stock was resolved while the issue of unaccounted for road runner feed was not addressed.

5.14 Maintenance of Asset Registers

The finding regarding Master and departmental asset registers that were not properly maintained was addressed.

5.15 Accounting for Assets

The finding on assets that were not properly accounted for was not addressed. The finding was raised in paragraph 3.1 above.

5.16 Losses, Thefts and Damages

The finding was not addressed as the Ministry did not conduct boards of inquiries for damaged and missing assets.

5.17 Non-delivery of Motor Vehicles

The finding was addressed as all the vehicles were delivered. However, there were eleven (11) vehicles purchased in 2023 that were not delivered as highlighted on paragraph 3.1 above.

5.18 Unauthorised Retention of Moneys

The issue of retention and utilization of collected fees without approval was not addressed and it was raised on paragraph 5.1 above

5.19 Investments

The finding was not addressed as investments in Innscor and Pamberi were not disclosed. The share certificates were also not availed. The finding was raised on paragraph 2.1 above.

5.20 Zimbabwe Prison and Correctional Service (ZPCS) Investments

The finding on irregular and undocumented formation of companies was not addressed.

5.21 Promotion of gender equity

The Ministry did not receive releases of the budgeted funds from Treasury specifically in respect of gender programs.

5.22 Alignment of legislation to the Constitution

The Ministry did not align the outstanding laws to the Constitution, the finding was not addressed.

5.23 Prisons holding capacities

The finding on Prisons exceeding their holding capacities was not addressed.

VOTE 19.- JUSTICE, LEGAL AND PARLIAMENTARY AFFAIRS

APPROPRIATION ACCOUNT 2022

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.

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

| Original Budget | Unallocated Reserve Transfers/ Warrants | Total Budget | Expenditure | Net Underspending |
|---|---|------------------|------------------|-------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$42 711 835 000 | \$9 321 324 926 | \$52 033 159 926 | \$42 866 466 359 | \$9 166 693 567 |
| Constitutional and Statutory Appropriation | | | | |
| \$43 269 000 | \$10 740 000 | \$54 009 000 | \$54 008 053 | \$947 |

I have audited the financial statements for the Ministry of Justice, Legal and Parliamentary Affairs for the year ended December 31, 2022 and I issued an adverse opinion.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the Appropriation Account, Finance and Revenue statements and other supporting returns, do not present fairly the state of affairs of the Ministry of Justice, Legal and Parliamentary Affairs as at December 31, 2022 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Adverse Opinion

(i) Misstatement of Compensation of Employee Costs

Findings

The Ministry did not perform monthly reconciliations of salary bills from Salary Service Bureau (SSB) and payments made in the Public Finance Management System. Total employment costs paid were ZWL\$23 567 478 289 while the total wage bills from SSB were ZWL\$22 706 881 616 leaving an unreconciled variance of ZWL\$860 596 673. The total expenditure on employment costs in the Appropriation Account amounted to ZWL\$23 842 288 412. I therefore, could not validate whether the expenditure in the Appropriation Account was accurate in the absence of the breakdown or make-up of the variance. It is a requirement of the Accountant General's letter reference B/1/88 dated June 5, 2018 that monthly salary bill reconciliations be carried out monthly.

Expenditure amounting to ZWL\$130 288 509 relating to overtime, Covid allowances, students' allowances and fumigation allowances was paid as travelling and subsistence expenses instead of compensation of employees. This resulted in the understatement of compensation of employees' expenditure by the same amount. In addition, the Ministry did not avail Treasury authority to pay overtime to its staff.

Furthermore, compensation of employees' expenditure was overstated by ZWL\$2 332 084 in respect of disallowances raised against employees during the year under review but the adjustments were not effected to the balances in the Public Financial Management System thereby overstating total expenditure.

Risks/Implications

Fraudulent transactions and errors may go through the records undetected.

The compensation of employees' figure in the Appropriation Account could be materially misstated.

Recommendation

Monthly reconciliations should be carried out so that any possible misstatements or errors are detected and corrected timeously and that records are complete and accurate.

Management Response

The observation is noted. Monthly reconciliations were done. The variance of ZWL\$860 596 673 was a result of wage bill for the Master of the High Court ZWL\$184 070 581 not included in Ministry's wage bill. It was included in the Judicial Service Commission wage bill. A bonus of ZWL\$5 627 568 for the Master of the High Court VIP was paid in December 2022. ZPCS paid Covid allowances of ZWL\$508 854 584 using risk allowances general ledger which did not pass through SSB. ZPCS also paid cell phone allowances amounting to ZWL\$1 052 000 using cell phone allowances general ledger and this did not pass through SSB. Contract workers' wages for Deeds and Master of High Court of ZWL\$40 778 063 are not included on the Ministry's wage bill.

The Ministry was advised by Treasury that the general ledger for domestic allowances be used for allowances for work done during lunch and after hours. Student allowances will be classified under contract allowances. Covid allowances will be send to SSB for processing in the future.

The Ministry approached Projects Office for assistance with debtors' creation and are still awaiting the Projects Office to assist.

Evaluation of Management Response

Management response is acknowledged. However, there still remains a variance of ZWL\$120 213 877 and the supporting documentary evidence was not provided.

The Ministry did not avail authority from Treasury to pay overtime allowances which should be accounted for as employment costs according to the chart of accounts. Also, reconciliations were not submitted for audit inspection.

(ii) Understatement of Appropriation Account Expenditure

Findings

The Master of High Court incurred expenditure outside the Public Financial Management System totalling ZWL\$697 169 668 utilising retained funds. The amount was not included in the total expenditure reported in the Appropriation Account. The omitted expenditure included COVID 19 allowances, cushion allowances, bonuses paid to staff in foreign

currency, acting allowances, skills and retention allowances paid in local currency, and fixed assets acquired and paid for in both foreign and local currencies.

Risk/Implication

The Appropriation Account is understated by the omission of the expenditure incurred outside the system.

Recommendation

All expenditure incurred should be disclosed in the financial statements for proper accountability.

Management Response

The observation is noted. These are funds by the Master of the High Court from various revenue streams. The funds are not being receipted in the PFMS. The Ministry is facilitating that the revenue be receipted in the PFM system for it to be included in the Appropriation Account.

(iii) Variances in Expenditure Balances

Findings

The Appropriation Account had total expenditure amounting to ZWL\$42 920 474 413 while the Public Finance Management System (PFMS) had a figure of ZWL\$42 903 063 237 resulting in a variance of ZWL\$17 411 176. The figures were not reconciled to establish the cause of the variance. Therefore, I could not place reliance on the Appropriation Account submitted for audit as completeness, accuracy and occurrence of the total expenditure could not be validated.

Furthermore, the Sub-Paymaster General's (Sub-PMG) reconciliation statement disclosed total payments of ZWL\$24 886 781 418 which were processed through the Sub-PMG bank account. Adding this amount to employment costs of ZWL\$23 842 288 412 not processed through the Sub-PMG bank account resulted in total expenditure of ZWL\$48 729 069 830 which was ZWL\$5 808 595 417 more than the total of ZWL\$42 920 474 413 disclosed in the Appropriation Account. This variance was not reconciled.

Risk/Implication

The financial statements could be materially misstated.

Recommendation

The different expenditure amounts should be reconciled and corrective action taken.

Management Response

The observation is noted. The difference emanated from batch processing as reversals after the Appropriation account had been submitted.

Evaluation of Management Response

The Ministry did not submit a new return reflecting the effect of the reversals mentioned in the response.

(iv) Statement of Revenue Received

Findings

The Ministry did not avail supporting information and records for revenue reported on the return amounting to ZWL\$12 827 800 018 collected from sale of goods and services and from fines, penalties and forfeits. I therefore could not validate the accuracy of the amounts disclosed on the return.

The revenue received figure in the PFMS was overstated by an amount of ZWL\$1 122 306 628 which was collected during the 2021 financial year. I could therefore not place reliance on the return submitted for audit.

Risk/Implication

The revenue received return may be misstated and misleading for decision making.

Recommendations

Adequate supporting documents should be produced for audit examination to enhance transparency and accountability.

Revenue should be disclosed in the year it is collected.

Management Response

Bank statements from Deeds Office and the Legal Aid Office were availed for audit inspection.

Evaluation of Management Response

The supporting information and records were not availed.

(v) Misstatement of Statement of Receipts and Disbursements

Findings

The Statement of Receipts and Disbursements as at December 31, 2022 had total transfers to the sub-Exchequer Account amounting to ZWL\$9 811 544 740 while the exchequer transfers ledger in the PFMS had a total of ZWL\$17 244 584 871. The variance of ZWL\$7 433 040 131 was not explained nor reconciled.

Furthermore, the return had an incorrect opening balance of ZWL\$841 686 instead of the prior year closing balance of ZWL\$86 295 305 resulting in a variance of ZWL\$85 453 619.

In addition, the return was inaccurate since it disclosed a total amount of ZWL\$66 457 496 (ZPCS Fund ZWL\$64 957 496 and Legal Aid Fund ZWL\$1 500 000) as transfers to the exchequer yet no such transfers were made during the year. There was also a total variance of ZWL\$51 333 831 between amounts disclosed on the Return and those recomputed from the supporting documents. Table below refers.

Variance between amounts disclosed on Return and those recomputed from supporting documents

| Details | Amount on Return ZWL\$ | Amount on Supporting Documents ZWL\$ | Variance ZWL\$ |
|----------------------|-----------------------------------|---|---------------------------|
| Deeds Fund | 9 737 994 154 | 9 502 171 226 | 235 822 928 |
| LAD Fund | 1 500 000 | 2 254 400 | (754 400) |
| Master of High Court | 3 016 255 278 | 3 129 406 989 | (113 151 711) |
| Attorney General | - | 64 952 919 | (64 952 919) |
| RMPV | 7 093 089 | 12 723 157 | (5 630 067) |
| Total | ZWL\$12 762 842 521 | ZWL\$12 711 508 691 | ZWL\$51 333 831 |

Furthermore, the Ministry did not avail duplicate receipts to support the amount of ZWL\$12 723 157 deposited into the Sub-Exchequer Bank Account had been receipted in the PFMS. Section 43 (1) and (2) of the Public Finance Management (Treasury Instructions), 2019 requires all Receivers of Revenue to issue electronically generated receipts from the PFMS and in duplicate.

The Ministry's receipting cash book in the Public Financial Management System (PFMS) had a balance of ZWL\$6 452 030 340 while the Sub-Exchequer Bank Statement had cumulative receipts of ZWL\$344 647 752 resulting in a difference of ZWL\$6 107 382 588 which was not reconciled. I could not therefore rely on the Statement of Receipts and Disbursements submitted for audit.

Risks/Implications

Revenue and other public monies due to the Exchequer may not be properly accounted for.

The return was misstated and could mislead users thereof.

Recommendations

Revenue and other public moneys collected/received should be remitted into the Ministry's Sub-Exchequer Account and then transferred to the Main Exchequer Account.

The Ministry should correct the Statement of Receipts and Disbursements and subject it to checking by a senior official.

Management Response

The ZPCS maintained the Retention Fund accounts with CBZ as holding accounts because most of the department's revenue collection centres do not have direct access to RBZ. CBZ only managed to effect sweep overs during the first year of the arrangement but then stopped. In 2022 no transfers were done to the Sub-Exchequer. The Fund then effected RTGS transfers to the Sub-Exchequer after the bank indicated that sweep overs were no longer possible.

Below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Statement of Payment Arrears

Finding

The Ministry did not avail creditors' ledgers, invoices, periodic reports and age analysis of payments in arrears to service providers namely ZINWA, ZESA, CMED, TELONE, Local Authorities and other private companies. This limited the scope of my audit as I was unable to verify the accuracy of the amount of ZWL\$2 144 132 094 disclosed on the Statement of Payment Arrears. The Table below shows outstanding debts to service providers;

2022 Outstanding Debts to Service Providers

| Service Provider | Amount ZWL\$ |
|----------------------------------|---------------------------|
| ZINWA – Rates, Water and Sewage | 483 213 368 |
| ZESA | 380 036 825 |
| Local Authorities | 81 447 583 |
| CMED | 146 584 848 |
| Telone | 197 304 668 |
| Vehicle Hire (Private Companies) | 855 544 801 |
| TOTAL | ZWL\$2 144 132 094 |

Risk/Implication

Failure to receive services due to unpaid arrears.

Recommendation

The Ministry should ensure that creditors' ledgers, invoices, the periodic reports to the Ministry of Finance and Economic Development and schedule of accounts payable together with age analysis of payments in arrears are availed for audit verification.

Management Response

Management did not respond.

1.2 Sub-Paymaster General's (Sub-PMG) Account Reconciliation

Findings

The year-end reconciliation statement showed total releases of ZWL\$28 206 581 294 while the Public Finance Management System had a total of ZWL\$46 884 492 899, giving a variance of ZWL\$18 677 911 605. The variance was not reconciled. In addition, the Sub-PMG Account Reconciliation statement was submitted late on May 31, 2023 contrary to the provision of Treasury Circular number 1 of 2023.

There was also no evidence that during the year, the Ministry prepared reconciliations of the Sub-PMG Account and figures in the PFMS contrary to the requirements. Monthly reconciliations would have enabled the Ministry to detect and correct any errors.

Risks/Implications

The accuracy of figures reported is doubtful due to the variance noted.

Failure to submit returns on time reflects non-compliance with regulations.

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

Recommendations

The variances should be investigated and the correct position reflected in the financial statements.

The Ministry should carry out monthly Sub-PMG reconciliations so that any possible misstatements or errors are detected and corrected timeously.

The Ministry should adhere to Treasury deadlines on submission of returns for timeous accountability.

Management Response

The observation is acknowledged. The Ministry did not manage to submit on time as the Sub-PMG Account had gross errors emanating from mismatches between Treasury and SSB. The Ministry approached projects Office and Accountant-General's Office for assistance to reconcile salary figures. There were over and understatements of salary figures due to foreign currency exchange rates between SSB and Treasury thereby affecting the cashbook and hence the delay to submit the return.

1.3 Gifts, Legacies and Donations

Findings

The Ministry received Donations amounting to US\$1 533 and ZWL\$126 620 during the financial year under review without Treasury concurrence contrary to Section 112 (1) of the Public Finance Management (Treasury Instructions), 2019.

Furthermore, I could not rely on the consolidated donations return submitted by the Ministry. There was evidence of incompleteness of records as some donations for Harare Central Prison were not in the donations register while others in the register were not on the return.

Risks/Implications

The Ministry may accept donations which may result in a substantial charge on the Consolidated Revenue Fund.

Inaccurate recordings give room for misappropriation of donations.

Recommendations

The Ministry should seek Treasury authority before accepting donations that may result in a charge on the Consolidated Revenue Fund.

The Ministry should ensure that there is adequate supervision in the maintenance of records and the preparation of the Gifts, Legacies and Donations returns.

Management Response

The observation is noted. The Ministry will seek Treasury concurrence once source documents are received.

Evaluation of Management Response

The Ministry did not respond to the issue of incompleteness of the consolidated return and register.

1.4 Risk Management Policy and Disaster Recovery Plan

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 assessment of their Ministries' operations on an annual basis and take deliberate steps to identify, quantify, assess and come up with mitigation measures for the risks identified.

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 should be instituted to safeguard government funds and assets.

The Ministry should also develop a Disaster Recovery Plan to enable continuity of services in the event of a disaster.

Management Response

The risk management draft policy for the Ministry was submitted to Treasury for concurrence and alignment. Currently Treasury is coming up with a frame work for the policy which will inform the Ministry's own policy hence the delay in releasing the draft.

The Ministry is yet to come up with a Disaster Recovery Plan.

Evaluation of Management Response

The Risk Framework from Treasury was released in September 2022.

1.5 Non-submission to Parliament of Annual Report by the Prisons and Correctional Service Commission

Finding

For the fourth year running 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 in violation of Section 18 of the Prisons Act [Chapter 7:11].

Risk/Implication

The matters dealt with by the Commission during the previous year under review were thus not subjected to scrutiny by the Minister and Parliament.

Recommendation

The Accounting Officer should facilitate the compilation and 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 consideration to facilitate tabling.

Management Response

According to Section 18 of the Prison Act [Chapter 7:11] it is the Minister of Justice, Legal and Parliamentary Affairs to lay before the Parliament an annual report from the Prison Service Commission upon matters dealt with by the Commission during the previous year or a special report on any matter upon which the Commission considers it desirable to report.

Evaluation of Management Response

The response did not address the issue of non-submission of the annual report to Parliament.

1.6 Drug Management

Finding

A visit to prison stations revealed that Mlondolozhi Remand Prison and Bulawayo Prison had drugs in stock which expired between June 2021 and December 2022 respectively. There was no evidence to confirm that efforts had been made to inform the relevant authorities of the need to dispose the expired drugs. The following tables shows drugs which had expired at the time of audit:

Expired drugs at Mlondolozhi Remand Prison

| Item | Quantity | Date Expired |
|-------------------------------|----------|--------------|
| Isoniazid 300mg | 8 | 30/06/21 |
| Benzyl Penicillin vials | 249 | 31/07/21 |
| Hydralazine Injection Amp | 10 | 30/08/21 |
| Phenytoin Injection 50mg | 10 | 30/09/21 |
| Metronidazole Injection vials | 15 | 30/09/21 |
| Abacavir/lamivudine | 15 | 30/11/21 |
| Gentamycin 40mg | 150 | 30/11/21 |

| | | |
|--|-----|----------|
| Oral Rehydration Solution sachets | 209 | 30/10/21 |
| FD injection vials | 3 | 31/01/22 |
| Oral Rehydration Solution (box of 100) | 4 | 31/01/22 |
| Kanakion Ampoule 10mg | 6 | 6/22 |
| CPZ injection 50mg | 40 | 6/22 |
| Gentamycin injection 40mg | 61 | 13/12/22 |
| Levonogestrel 0,03mg | 100 | 10/ 22 |

Expired drugs at Bulawayo Prison

| Name of Drug | Quantity | Date of Expiry |
|---------------------|-------------|----------------|
| Emergence | B2t Pp x 10 | 06/21 |
| Contraceptive Pill | 56 | 09/21 |
| T.E.O | 19 | 07/21 |
| Tramadial | 18 | 09/21 |
| Metronidazole 250mg | 09 | 11/21 |
| B/100t | 10anp | 11/21 |
| Praziquantel 600g | 47 | 07/21 |
| B/100t | 40 | 11/21 |
| Adrenaline | 51 | 12/21 |
| Benzyl penicillin | 09 | 01/21 |
| Gentamicin | 06 | 06/22 |
| Clotrimazole | 01 | 06/22 |

Risk/Implication

Expired drugs may be used for stock balancing purposes or they may end up being administered to patients.

Recommendations

The Ministry should remove all expired drugs from storerooms and seek relevant authority to dispose them.

There is also need for regular stock checks so that engagement with other prisons is done in case there may be in need of similar drugs so that they can be transferred before their expiry.

Management Response

The issue of expired drugs is being handled by the Provincial Pharmacy, as communication has been done with the office. The Ministry commits that all correspondence will be on record as evidence.

The Drugs have since been entered into an expired drugs register. Effort will be made for the drugs to be disposed accordingly.

1.7 Uncertified Livestock Deaths

Finding

Khami Medium Prison recorded thirty-eight (38) livestock deaths during the year ended December 31, 2022. The deaths were not certified by a veterinary doctor. The prison attributed the situation to unavailability of a resident veterinary doctor in the province. As a

result, it was difficult to confirm the deaths and the actual cause of livestock deaths. The following table shows livestock deaths which were not certified.

Uncertified Livestock Deaths

| Livestock | Number of deaths |
|--------------|------------------|
| Ranch | 4 |
| Dairy | 4 |
| Goats | 15 |
| Pigs | 13 |
| Horse | 1 |
| Rabbit | 1 |
| Total | 38 |

Risk/Implication

Livestock deaths may be due to disease outbreaks that may go undetected and affect the herd.

Recommendation

The Ministry should liaise with the Ministry of Agriculture for regular visits by a veterinary doctor to carry out routine checks on animal health.

Management Response

The station does not have a resident veterinary doctor to immediately certify deaths by endorsing on the death certificate. However, the organisation outsourced the services of a veterinary doctor from the department of veterinary services for routine farm visits. The doctor is overwhelmed to avail himself regularly as anticipated. Frantic efforts will be made to have death certificates certified in time.

1.8 Stores Management

Findings

A sample check of stores records against physical balances at Whawha Remand Prison revealed that there was 1 200kgs of mealie meal which had expired on January 7, 2022. The expired mealie meal was included in the stock on hand at the time of audit. An examination of voucher number 525547D revealed that the mealie meal was remaining balance of maize which was donated on September 16, 2021. The station availed correspondence dated March 6, 2022 informing its Provincial Office of the expired mealie meal. By the time of audit, of January 24, 2023, no action had been taken on the expired mealie meal.

At Khami Medium Prison, an issue voucher number 528175D from the ZPCS National Headquarters revealed that 150 kg of road runner feed was issued to Khami Medium Prison. However, the prison did not have a road runner project and the feed was not delivered to the station.

Risks/Implications

The expired food stuffs may mistakenly be fed to prisoners.

The food stuffs may deteriorate further and may not be suitable for alternative use.

The feed may have been diverted for personal use.

Recommendations

Procedures to dispose of the expired food stocks should be expedited so that they are removed from the station and adjustments made to the records.

An investigation should be carried out to establish the circumstances surrounding the missing 150kg road runner feed.

Management Response

Written correspondence and telephone conversation was made regarding the disposal of the mealie meal, however no response was forthcoming. Hence, the mealie meal remained in the records.

The 150kg road runner stock feed from the Prisons National Headquarters was not received at Khami Medium Prison.

2. MANAGEMENT OF ASSETS

2.1 Maintenance of Asset Registers

Findings

The Master and departmental asset registers at Head Office, Bulawayo, Connemara, and Whawha Medium and Mlondolozhi Remand Prisons had missing information which included the dates of purchase, cost of assets, asset numbers, asset serial numbers. I raised a similar issue in my 2021 audit report.

At Connemara Prison, most of the assets recorded were unserviceable as they had deteriorated to scrap material. Board of Survey Reports raised each year were not approved hence no disposal action was taken.

The assets in the following table were not in the Provincial Master Assets Register while some assets at the National Quartermaster were not recorded in the Head Office Master Asset Register/Ledger at the Zimbabwe Prisons and Correctional Service Head Office. In their reports dated April 22, 2022 and June 2022, internal audit highlighted the non-recording of the assets but no action was taken by the Ministry. The exclusion of the assets in the Master Assets register meant that physically comparing them with records at least once a year was not possible therefore the Departmental Asset Certificate was not reliable. Refer to the table below.

Assets not recorded in the Register

| Doc Number | Description | Quantity | Location |
|------------|---------------------------------------|----------|---|
| 5100020589 | Generator 22KVA Super Silent | 5 | Mutimurefu x 1 Gwanda x1 Hwange x 1 Kadoma x1 Marondera x 1 |
| 5100022161 | 22KVA Generator | 2 | ZPCS HQ |
| 5000365191 | 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 |
| | Houses, generators, medical equipment | | National Quartermaster |

Risks/Implications

There could be misappropriation of assets if they are not recorded and asset registers are not properly maintained.

Failure to capture the essential identification details may make it difficult to identify and detect missing 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.

A new asset register which captures all important details of assets should be introduced.

Management Response

The five generators, 22KVA Super silent were delivered direct to Masvingo, Matebeleland South, Matebeleland North, Mashonaland West and Mashonaland East provinces respectively. They were receipted at the above-mentioned provinces and later issued to Mutimurefu, Gwanda, Hwange, Kadoma and Marondera Prisons. The Fund have since recorded them in the Master Asset Ledger.

The Midlands Provincial Quartermaster has promised to provide us with a new register as soon as they are available. The Fund is also making follow ups on boards of surveys submitted to management for approval so that the unserviceable assets can be disposed.

The two 22KVA generators and the Xiamen golden dragon bus ZPCS 015L have since been recorded in the master asset register. The Nissan UD KUZER ZPCS 086G was issued to Bulawayo Metro.

Evaluation of Management Response

Assets such as houses and medical equipment were not in the updated register submitted by the ZPCS Head Quarters.

Master Asset Register/Ledger was not availed for my inspection by the Ministry's Head Office to confirm whether the assets were indeed subsequently recorded.

Provincial Asset Registers/Ledgers were not availed for my inspection by the Ministry to confirm whether the assets were indeed subsequently recorded.

2.2 Accounting for Assets

Findings

In my 2021 report I highlighted the issue raised by the internal audit regarding six (6) Mitsubishi L200 Single cab vehicles and eight (8) generators received from the Reserve Bank of Zimbabwe (RBZ) on 16 January 2009 that were not accounted for by the Zimbabwe Prisons and Correctional Service (ZPCS). The assets still remained unaccounted for.

During my verification of assets and the respective records at ZPCS Bulawayo Metropolitan Province, I noted that a bus with engine number XmL117J12 received by the province from the National Head Quarters in 2021 was not registered with Central Vehicle Registry. The bus was using a temporary number (ZPCS 151L). I was not given an explanation as to why the vehicle was not registered.

In addition, at Bulawayo Prisons, a vehicle, UD Nissan ZPCS 042 was not availed for physical inspection as it was said to be stationed at Khami Remand Prison since the year 2022. However, the movement of the vehicle from Bulawayo Prison to Khami Remand Prison was not documented.

At Mlondolozhi Remand Prison a Nissan NP 300 ZPCS 101D hard body recorded in the station's records was said to have been transferred to Bulawayo Metropolitan province without any supporting documentation. The vehicle however, was at Bulawayo Metropolitan province in the workshop yard showing that it had been involved in an accident. Another vehicle, a Mazda B1800 ZPCS 023D also recorded in the station's register was at the workshop yard as a complete write-off. Board of surveys to determine the cause and responsibility for the accidents were not held hence they could not be removed from the records. Effectively the station had only one vehicle, a Ford Ranger ZPCS 141D.

Risks/Implications

Failure by the ZPCS to account for the assets may result in loss or misappropriation of assets.

The absence of asset disposal documents may result in misappropriation of assets.

Unregistered vehicles may be lost or misappropriated without trace in the absence of registration which clarifies legal ownership.

Transfer of assets without documentation exposes them to risk of misappropriation.

Retaining the unserviceable vehicles without holding board of surveys exposes them to risk of unauthorized cannibalization.

Recommendations

The Ministry should record all its assets in the asset register to avoid loss and misappropriation.

The Ministry should avail all the documents to support the disposed assets.

Motor vehicles should be registered with Central Vehicle Registry to avoid loss and abuse of resources.

The transfer of assets within and outside the stations should be accompanied by documentation.

Boards of surveys should be held for the unserviceable vehicles.

Management Response

The bus was a donation from the Office of the President and Cabinet and efforts are being made through the National Headquarters to have it registered.

The station has raised vouchers to Bulawayo Metro Province for the Nissan Hard body 101D and Mazda B1800 023D on voucher number 982422E respectively to rectify the anomaly.

Evaluation of Management Response

The Ministry did not provide evidence for the action taken to account for the vehicles issued by the RBZ in 2009.

2.3 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, no police reports were availed for stolen laptop and desktop. The Table below refers.

Lost/missing Assets without Board of Inquiry and Police Reports

| Department and Date | Nature of Damage/Loss | Asset | Value of loss/damage (\$) | Police Report |
|-----------------------------------|-----------------------|-------------------------------|---------------------------|---------------|
| Administration and General | | | | |
| 28/09/2022 | Missing | Samsung slot | US\$ 400 | Yes |
| 24/11/2022 | Missing | Samsung m32 | US\$ 250 | Yes |
| Attorney General | | | | |
| 15/05/2019 | Engine knock | ISUZU KB 300LX ABE 2689 | Value not provided | N/A |
| 20/06/2019 | Stolen | Laptop CQCA855358 | ZWL\$27 000 | No |
| 10/02/2020 | Missing | Desktop 3OQ6332MF6 | ZWL\$25 500 | No |
| 02/10/2021 | Stolen | Toyota Hilux Y820 Spare wheel | | No |

I further noted that the Ministry auctioned an Isuzu KB 300LX, ABE 2689, which had experienced engine knock without having conducted a board of enquiry to ascertain the circumstances that led to that mishap, whether it was as a result of negligence on the part of

the driver or not. This was contrary to the provisions of Section 12 of the Public Finance Management Act [*Chapter 22:19*] which requires an Accounting Officer to cause an investigation to be held for circumstances such as deficiency, destruction or damage to State property.

Risks/Implications

Failure to conduct boards of inquiry on damaged and lost assets may result in misappropriation of assets.

In the absence of a board of inquiry and reporting to the police, it is difficult to establish the party or person responsible for the loss or damage of the assets.

Recommendation

The Ministry should obtain police reports and conduct boards of inquiries on losses of and damage to State property to ensure proper accountability for public assets.

Management Response

The boards of enquiries for the two Samsung phones, ISUZU KB 300LX ABE2089 and Toyota Hilux Y820 Spare wheel are yet to sit and make determinations.

The missing laptop with serial number 2CE112162Z and desktop were stolen at ZPCS Harare Metropolitan Province. A police report was done at ZRP Harare Central Police under IR number 120640. Board of Inquiry is still pending. The department now maintains the losses and damages register and it is up to date.

3. PROCUREMENT OF GOODS AND SERVICES

3.1 Non-delivery of Motor Vehicles

Findings

In my 2021 audit report, I indicated that the Ministry purchased fourteen (14) Toyota Hilux vehicles in 2020 valued at ZWL\$79 990 207 (US\$978 632). The supplier delivered eleven (11) vehicles on February 12, 2021 and the other three (3) vehicles valued at ZWL\$17 140 759 had remained undelivered at the conclusion of that audit. However, during the year under review, the Ministry received one vehicle and the other two vehicles remained outstanding.

The Master of the High Court purchased four (4) Toyota Hilux vehicles from Croco Motors using the retained funds on November 15, 2022 valued at US\$252 657. According to Part 3 (21.3) of the General Conditions of Contract (GCC), the delivery period was forty (40) days from the date of contract signing. Contrary to the above-mentioned requirement, the supplier managed to deliver only one (1) vehicle valued at US\$50 850 and the other three (3) vehicles with a total cost of US\$201 807 remained undelivered at the conclusion of the audit on June 9, 2023. There was no communication from the supplier indicating the delay in delivery of the vehicles until June 6, 2023. No ratification to this change had been made by the two parties to pave way for the amendment of the contract contrary to part 3 (GCC28.1) of the contract.

Furthermore, I was not availed with a Bank Guarantee for Performance Security contrary to the provisions of paragraph 24.1 of the GCC of the contract.

In addition, the Ministry did not take procedures to reclaim 0,5% of the total price for each week of delay until the fulfilment of the obligation, up to a maximum of ten percent of the

contract price. Under the circumstances the Ministry should have deducted an amount of US\$20 180 for the three (3) undelivered vehicles. This was contrary to the provisions of GCC 19.1 of the Contract which stated that procuring Entity has to deduct from the Contract price, as liquidated damages, a sum equivalent to 0,5% of the Total Contract Price for each week of delay until the fulfilment of the obligation, up to a maximum of 10% of the contract price after which the Procuring entity reserves the right to terminate the Contract.

Risks/Implications

The supplier may fail to deliver the outstanding vehicles leading to loss of public funds.

Service delivery for departments concerned is negatively affected.

Absence of bank guarantee performance security document may make it difficult for the Ministry to recover its funds in the event that the supplier fails to deliver the goods or services purchased.

Recommendations

The Ministry should vigorously follow-up on the delivery of the Master of the High Court vehicles and the outstanding three vehicles.

The Ministry should enforce the contract provisions by deducting the 0.5% up the delivery of those vehicles.

Management Response

The observation is noted. The delivery of the two vehicles was affected by exchange rate variations which resulted in funds released being insufficient. At present the Ministry managed to pay the required duty and awaits delivery any time soon.

Evaluation of Management Response

The issue of the undelivered vehicles purchased by the Master of the High Court was not responded to.

4. REVENUE COLLECTION AND DEBT MANAGEMENT

4.1 Unauthorised Retention of Moneys

Finding

The Master of High Court collected and utilised revenue amounting to ZWL\$3 129 406 989 collected in respect of deceased estates fees without Parliamentary approval. This increased the budget of the Ministry and violated the government budgetary processes. The money was spent outside the PFM system.

Risks/Implications

Retention and use of funds without Parliamentary authority may result in misappropriation of funds.

Increasing budgetary allocation without Parliamentary approval is a violation of Section 28 of the Public Finance Management Act [*Chapter 22:19*].

Recommendation

The Master of the High Court should follow laid down procedures in accounting and utilising public funds to avoid improper use and violating budgetary processes.

Management Response

The observation is noted. The Master's Office has since stopped expensing using the retained funds. Treasury authority will be sought.

5. INVESTMENTS

5.1 Public Financial Assets

Findings

For the fourth year in succession the Ministry did not disclose the value of its investment of 10 778 shares in Innscor Africa Private Limited on the Public Financial Asset return. The Ministry did not avail the share certificate for audit. The dividends from the investment were paid into the Zimbabwe Prisons and Correctional Service Retention Fund.

Furthermore, the Ministry did not disclose its investment in Pamberi/Qhubekani on the public financial assets return.

Risks/Implications

Failure to disclose all investments may result in understatement of the Ministry's assets.

Dividends from the investments may not be paid into and form part of the Consolidated Revenue Fund.

Recommendations

The Ministry should disclose the value of investments in the Public Financial Asset return for transparency and accountability.

The dividends should be paid into the Exchequer account.

Management Response

Management did not respond.

5.2 Zimbabwe Prison and Correctional Service (ZPCS) Investments

Findings

ZPCS Bulawayo Metropolitan Provincial Office formed a private company on September 2, 2019. There was no evidence showing that Treasury, as custodian of public financial resources, was consulted or its authority sought, on the formation of the company. Further, the Articles of Association of the company was silent on audit provisions. The company had not been audited by external auditors since its inception.

ZPCS Midlands Provincial Office also formed a private company in September 2019. The Memorandum of Association showed that the company was owned by four employees of the ZPCS. However, there was no evidence linking legal ownership of the company to the ZPCS

as the mentioned employees were in their individual capacities as business persons. Furthermore, there was no evidence showing that Treasury, as custodian of public financial resources, was consulted or its authority sought, on the formation of the company. In addition, the company had not been audited by external auditors since its inception in 2019 in order to promote transparency and accountability.

Connemara Open Prison had a partnership with a nearby mine. Prisoners were sent to work at the mine and were paid 60% of their monthly wages while the 40% was paid to the Zimbabwe Prison and Correctional Service. However, documents detailing the nature of the partnership were not availed as these were said to be in the custody of the National Headquarters. I therefore, could not confirm the contents of the partnership agreement in the absence of the partnership documents.

Risks/Implications

It is difficult for Treasury as custodian of public financial resources to supervise or monitor the activities of the companies whose formation was not above board.

The public financial assets records of government may be understated.

Legal ownership of the companies by the ZPCS may be difficult to prove in case of ownership challenges arising in future.

The non-submission of financial statements by the companies for audit compromises transparency and accountability on the operations of the companies and ZPCS.

There is reputational damage when best practices on use of prison labour are not followed.

Recommendations

Treasury should be engaged regarding the formation of these companies so that the necessary procedures are regularised and authorities granted.

The companies should compile financial statements for audit in compliance with Section 35(6) and (7) of the Public Finance Management Act [*Chapter 22:19*].

The companies' registration documents should be amended to reflect ownership of the companies by the Government.

The partnership agreement between Connemara Open Prison and the mine should be availed for audit inspection.

Management Response

The observations are noted. Regularisation of the companies for ZPCS Bulawayo Metropolitan Provincial have been done with Treasury. The Board of Management shall sit and decide on who should audit its financial statements.

Corrective measures will be taken for the company registration for ZPCS Midlands Provincial Office documents to reflect ownership of the company by the ZPCS and Treasury authority shall be sought. Financial statements will be prepared and availed with all relevant documents.

Evaluation of Management Response

Management did not avail evidence to show that regularisation was made with Treasury and the relationship of companies in ZPCS Bulawayo Metropolitan Provincial Office.

The position regarding auditing of Public Entities is set in Section 81 of the Public Finance Management Act [Chapter 22:19]

There was no response regarding availing documentation supporting the partnership agreement between Connemara Open Prison and the mine.

6. GENDER ISSUES

6.1 Promotion of Gender Equity

Finding

Although there was a budget for gender programs and a gender sensitive strategic plan, the Ministry did not receive a release of the budgeted funds from Treasury, consequently there was no specific expenditure incurred in respect of gender programs.

Risk/Implication

Gender related activities may not be implemented in the absence of financial support from Treasury.

Recommendation

The Ministry should lobby with Treasury for budgetary support related to gender programmes.

Management Response

The observation is noted. The Ministry was working and coordinating its activities through focal persons in 2022 and now has a director responsible for gender issues.

7. IMPLEMENTATION OF PROGRAMMES/ SERVICE DELIVERY

7.1 Alignment of Legislation to the Constitution

Finding

A review of management reports revealed that since 2015 the country has taken steps to align 185 laws to the constitution plus 19 new statutes required to be enacted to make a total of 204 statutes that needed alignment to the constitution. To date, the Ministry remains with about 25 laws to be aligned citing resource shortages as the major drawback.

Risk/Implication

Service delivery may be compromised.

Recommendation

The Ministry should lobby for more funding from Treasury for the alignment of legislation to the Constitution.

Management Response

The alignment of laws to the Constitution is not an event, rather a process which requires multi-sectoral approach. Efforts were to get sufficient funds from Treasury to cater for this but financial resources availed could not allow for everything. Currently the Ministry is making consultations to align laws to the Constitutions.

7.2 Prisons Holding Capacities

Findings

I noted that five (5) prisons (Khami maximum, Khami Remand, Gokwe, Kwekwe and Whawha) had exceeded their holding capacities.

Further, Khami Remand Prison and Whawha Remand Prison had thirty-five (35) and sixty-eight (68) inmates respectively who had been in prison for a period of more than six months as at December 31, 2022 without facing trial.

Risks/Implications

Facilities such as medical supplies, food, uniforms may be strained thereby affecting welfare and security of the inmates.

Disease outbreaks may be difficult to contain.

Recommendations

The Ministry should lobby for resources from Treasury to expand prison facilities.

Management should continuously liaise with the relevant authorities to have the unconvicted inmates' cases finalised.

Management Response

The two prisons house D and C class inmates which can only be transferred to Harare Central or Chikurubi Maximum prison to decongest them. However, these two are currently facing the same congestion conditions.

On the issue of inmates who have long been in remand prison, we are constantly advising the courts of the situation since the courts have the jurisdiction to try and determine the outcome of cases.

Overcrowding has been a problem affecting the Zimbabwe Prisons and Correctional Service as a whole since a decade ago. The increase in prison population has been mainly attributed to increased rate of admissions, convictions as well as inability to increase holding capacities. Efforts to decongest our prison stations through transfers to other provinces formerly referred to as referrals are facing the same problem.

The penal block section of Whawha Medium is no longer suitable for housing inmates given that it developed structural weaknesses over the years therefore resources are needed to rehabilitate the section.

The coming of Covid-19 resulted in some prisoners staying longer than normal on remand since the courts were not fully operational due to lockdowns. However,

Officers in Charge have been advised to liaise with the courts such that remand inmates with less serious offences can be granted free bail and be tried from home.

Suggestions to increase holding capacities by way of expanding the already existing correctional facilities or building new prisons altogether have been submitted to our National Headquarters. Hopefully lobbying will be done so that adequate resources can be channelled towards our organisation and address effectively issues of overcrowding in our prisons.

8. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made little progress in addressing prior year audit findings. Out of a total of ten (10) issues raised, only one (1) was addressed, two (2) were partially addressed and seven (7) were not addressed as indicated below.

8.1 Non-submission to Parliament of Annual Report by the Prisons and Correctional Service Commission

The issue of submission of the annual report to the Minister by the Prisons and Correctional Service Commission was not addressed and was raised again in the current year as indicated on paragraph 2.4 above.

8.2 Alignment of the Prisons Act to the Zimbabwe Constitution Amendment (No. 20) Act 2013

The Prisons Act (*Chapter 7:11*) was aligned to the Zimbabwe Constitution Amendment (No. 20) Act 2013 through General Laws Amendment number 3 of 2016.

8.3 Risk Management

The Ministry did not address the issue of not having a documented and approved risk management policy and a Disaster Recovery Plan.

8.4 Gifts, Legacies and Donations

The Ministry now has donations register in place. Some donations were still not disclosed. Treasury authority was sought on some donations while in some instances it was not sought.

8.5 Statement of Revenue Received

The issue of supporting documents for revenue received through the Legal Aid Fund Directorate remained outstanding as these were not availed.

8.6 Statement of Receipts and Disbursements

The variances on the Statement of Receipts and Disbursements were not reconciled. The Statement for the year under review also had unreconciled variances.

8.7 Public Financial Assets

The issue remains outstanding as investments in Innscor and Pamberi were not disclosed. The share certificates were not availed.

8.8 Maintenance of Asset Registers

The matter regarding Master and departmental asset registers that were not properly maintained with information missing such as the assets' dates of purchase, cost, asset numbers and asset serial numbers remained unaddressed.

8.9 Losses, Thefts and Damages

The issue remained outstanding as the Ministry did not conduct boards of inquiries for damaged and missing assets to establish the circumstances surrounding the losses and damages.

8.10 Non-delivery of Motor Vehicles

Out of the three (3) outstanding vehicles, only one (1) was delivered and two (2) had not been delivered.

GUARDIAN'S FUND 2021 AND 2022

Objective of the Fund

The purpose of the Fund is to provide for the custody and control of moneys due to minors, mentally disordered or defective persons whose whereabouts are unknown in terms of Sections 52, 62, 81, 91 and 94 of the Administration of Estates Act [*Chapter 6:01*].

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year 2022:

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 145 571 442 |
| Expenditure | 34 523 646 |
| Surplus | ZWL\$111 047 796 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|--------------------|-------------------------|-------------------------|
| Non-Current Assets | 662 406 497 | - |
| Current | 167 698 423 | 157 217 276 |
| General Fund | - | 672 887 644 |
| Total | ZWL\$830 104 920 | ZWL\$830 104 920 |

I have audited the financial statements of the Guardian's Fund for the years ending December 31, 2021 and 2022 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Guardian's Fund as at December 31, 2022, 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

Valuation of Investment Property

Finding

For the second year in succession, the Fund did not revalue its investment property due to the absence of an accounting policy. The investment property was therefore disclosed at the cost value of ZWL\$38 603 588. This was not in line with Generally Accepted Accounting Practice. As a result, I could not ascertain the appropriateness of the value of the investment property disclosed in the financial statements.

Risks/Implications

The lack of an approved accounting policy on the valuation of Investment Property may result in material misstatements of the financial statements.

The financial statements are less informative without disclosure of the market value of the investment property.

Recommendations

The Fund's management should have the draft accounting policy on the valuation of Investment Property approved.

The market value of the investment property should be disclosed in line with Generally Accepted Accounting Practice.

Management Response

The observation is noted. The accounting policy for investment property was approved on November 11, 2023. The valuation of the investment property was done for the 2023 financial year on November 13, 2023 to ascertain current market values.

Below are other issues noted during the audit:

1 INVESTMENTS

1.1 Investment Strategy

Finding

During the 2021 and 2022 financial years, management of the Fund continued to invest with only one bank. I could not establish whether the investment made was the most economic one since I was not availed with a comparison schedule of potential investment portfolios, from which a selection decision was made. Furthermore, there was no evidence of risk assessment being carried out on the investment made.

Risk/Implication

Failure to come up with a proper investment strategy may result in low return on investments.

Recommendation

Administrators of the Fund should assess risks associated with investing by considering a number of players in the industry to maximise returns.

Management Response

The observation is noted. An Investment Committee approved by the Accounting Officer is now in place. The Investment Committee will provide guidance on investment decisions, strategy and risk management to enhance a higher return on the investments made in the Guardian's Fund.

2 MANAGEMENT OF ASSETS

2.1 Ownership of Investment Property

Finding

During the 2021 financial year, the Fund paid ZWL\$38 603 588 for the acquisition of property in the form of a house. However, the Fund did not have title deeds, making it difficult to validate the ownership of the property.

Risk/Implication

Ownership of the Investment Property may be difficult to prove in the absence of title deeds.

Recommendation

The Fund should avail for audit inspection the title deeds in respect of the property.

Management Response

The observation is noted. Proof of ownership in form of title deeds could not be availed because the transfer of the Investment Property to the Master of the High Court has not been completed. The Fund is engaging the Judicial Service Commission for them to assist in regularisation of the initial cancelled agreement.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made progress in addressing 2021 audit findings. Out of a total of four (4) issues raised, two (2) were addressed, one (1) was partially addressed and one (1) was not addressed as indicated below.

3.1 Ownership of Investment Property

The issue on registration of investment property was partially implemented as ZIMRA had done assessments and was awaiting conveyance process.

3.2 Service Level Agreements/Contracts

The issue was addressed as a signed service level agreement was now in place in 2023.

3.3 Investment Strategy

The issue of investments made in Commercial Bank of Zimbabwe without evidence of risk assessment has remained unresolved and has been raised on paragraph 1.1 above.

3.4 Accounting Officer's Instruction/Procedures Manual

The issue was addressed as an approved manual is now in place.

VOTE 20.- INFORMATION, PUBLICITY AND BROADCASTING SERVICES

APPROPRIATION ACCOUNT 2023

Mandate

The Ministry is responsible for the dissemination of information locally and globally to uphold and promote Zimbabwe's founding values, identity and its interests worldwide.

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

| Original Budget | Unallocated Reserve Transfers | Total Budget | Expenditure | Net Underspending |
|------------------------|--------------------------------------|---------------------|--------------------|--------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$10 119 877 000 | \$38 338 013 947 | \$48 457 890 947 | \$39 467 148 108 | \$8 990 742 839 |

I have audited the financial statements of the Ministry of Information, Publicity and Broadcasting Services for the year ended December 31, 2023 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly in all material respects, the state of affairs of the Ministry of Information, Publicity and Broadcasting Services for the year ended December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Variance on Expenditure Amounts

Finding

The Appropriation Account disclosed expenditure amounting to ZWL\$39 467 148 106, which was the same as expenditure processed in the Public Financial Management System (PFMS). However, expenditure as per the Sub-Paymaster General Account was ZWL\$39 459 086 477. Thus, there was a variance of ZWL\$8 061 629. Evidence to explain the variance was not availed for audit verification. In the absence of a reconciliation, I could not validate the correctness of the expenditure amount disclosed in the financial statements.

Risk/Implication

The financial statements could have been misstated.

Recommendation

The Ministry should reconcile the two records so that the source of the disparity is identified and corrective action taken.

Management Response

The audit observation is acknowledged. The difference in figures is as a result of treatment of amounts which were credited in the Ministry's PMG Account in July 2023. The amount of ZWL\$4 450 000 (ZWL\$1 300 000 and ZWL\$3 150 000) was in respect of recalled amounts from supplier who had been erroneously paid in 2022. The amounts should have been treated as revenue received. Unfortunately, the amounts were deposited into the PMG Account instead of Sub-Exchequer Account. The Ministry will continue to investigate the balance of ZWL\$3 611 629.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Tendering for Security Services

Finding

The tender for the provision of security services at Zimbabwe Media Centre was awarded to National Eye Security on May 3, 2023. However, Manifest Security Services, the previous service provider continued to provide security services during the remaining period of 2023 up to the date of audit on April 30, 2023 without a contract to do so. The expired contract for Manifest Security was not submitted for audit inspection. According to the tender evaluation minutes dated May 03, 2023, Manifest Security Services was not successful in the tender. I was not availed with the documentation as to why the decision to engage National Eye Security was reversed.

Risk/Implication

Failure to comply with due processes may result in litigation by aggrieved parties.

Recommendation

The Ministry should uphold the decisions made by the Evaluation Committee and procure as recommended.

Management Response

The observation is noted. The Ministry engaged the winner of the tender for a possible awarding of the contract to the company but unfortunately, the company did not respond to the letter. As a mitigation measure, the Ministry continued with the current service provider in the interim, hoping to find a lasting solution.

2.2 Procurement of Laptops, Cell phones, Printers and Board Chairs

Findings

A tender was floated for the procurement of Samsung A53 Mobile phones, 35 boardroom chairs and three (3) Kyocera printers. Price adjustments were made on contract signing resulting in the prices tendered as per evaluation committee minutes being changed. The table below refers.

Variations on Tender Documents

| Item | Unit Price/ cost as per Evaluation Committee Minutes US\$ | Unit Price Cost on Contract Document/Payment Voucher US\$ | Difference US\$ | Comments |
|--------------------------------------|--|--|------------------------|---|
| Samsung A53 Mobile phones | 863 | 738 | 125 | Different supplier from the one approved by evaluation committee. |
| Boardroom Chairs | 232 | 323 | 91 | Delivered |
| Kyocera Printers, chairs and laptops | 51 910 | 54 910 | 3 000 | Only 8 laptops were paid for and delivered. |

Source: Minutes of Evaluation Meeting, Payment Vouchers and Delivery Notes

There was also a change in procurement method made by the Ministry to acquire 22–A53 Samsung mobile phones from competitive procurement method to request for quotations. The value of the procurement was ZWL\$88 374 000 (US\$16 236) which was above the threshold of US\$10 000 for request for quotation method. This was contrary to the requirements of Section 34 of the Public Procurement and Disposal of Public Assets Act [Chapter 22:23]. The Ministry made three (3) separate payments to the supplier of ZWL\$24 102 000, ZWL\$24 102 000 and ZWL\$40 170 000 on December 31, 2023. There was no evidence of authority nor justification for change of the procurement method. This was therefore, a tender split.

Risks/Implications

Failure to follow tender due processes may result in fraudulent activities.

Buying may not be done at best advantage.

Goods may not be delivered if contract provisions are not enforced.

Recommendations

The Ministry should exercise due diligence when conducting procurement processes to avoid duplication of already running contracts.

Changes to procurement methods should be documented and authorised by the Accounting Officer and PRAZ.

Management should not authorise tender splitting as it provides room for fraudulent activities.

Management Response

The observations are noted. There was an error on summation of figures on Tender lots awarded for US\$54 910. However, the paid lot had correct figure and the items

were delivered. An addendum to the contract shall be made to correct the total amount, in case the Ministry pursues the payment.

The variance on laptops could have resulted from delays in payment. The due diligence date was December 21, 2024 while the actual payment was made on January 2, 2024. This meant that there was a movement in interbank from the day of due diligence to the date of payment and on the day the transfer reflected in supplier's bank account. Therefore, that may have resulted in the observed variance. However, with the assistance of the supplier the Ministry will further investigate on that issue.

On the issue of tender splitting and change in procurement method the Ministry take note of the observation and going forward efforts will be made to follow the due processes.

3. MANAGEMENT OF ASSETS

3.1 Non-Delivery of Vehicles

Finding

The Ministry took Solution Motors to court for non-delivery of seven (7) Toyota Double Cab vehicles valued at ZWL\$32 862 108 that were paid for in 2020. Judgement granted on August 10, 2022 by the Magistrates' Court was that the Ministry was to pursue civil proceedings. There was no evidence submitted for audit on steps taken to initiate Civil proceedings.

Risk/Implication

Failure to initiate civil proceedings may result in the Ministry not receiving anything and this results in wasteful expenditure.

Recommendation

The Ministry should take up the matter with the Civil Court in order to recover the money paid or enforce delivery of the vehicles.

Management Response

After attainment of the judgment, an assessment was made at Supplier's offices to ascertain if there were any assets that could be attached in the event that the Ministry would secure a judgement. The assessment that was done around 2023 indicated that the premises had been closed. The employees were no longer reporting for duty due to non-payment of wages and there was no sign of activity. There was nothing at the premises that could be earmarked for possible attachment in the event that a judgement would be secured.

Another assessment was done on March 26, 2024 and a report was made to the effect that the office for the Supplier was closed and there was no sign of activity. Other companies operating in the premises indicated that they were not aware of their whereabouts. The Procurement Regulatory Authority of Zimbabwe also confirmed that the Supplier was no longer operating.

The Ministry will however pursue the matter through civil proceedings.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

4.1 Audit Committee

The Audit Committee is now functional.

4.2 Fuels and Lubricants

The Ministry has put in place internal controls with regards to fuel management.

4.3 Rental and Hire Services

There was no evidence that a balance of ZWL\$31 315 at EasyGo company was utilised in 2023.

4.4 Receipts and Disbursements

The issue of Receipts and Disbursements was not addressed as the amount of ZW\$428 350 378 remained uncleared.

4.5 Outstanding Disallowances

The recovery of all Outstanding Disallowances was done.

VOTE 21.- YOUTH, SPORT, ARTS AND RECREATION

APPROPRIATION ACCOUNT 2023

Mandate

The Ministry is mandated to formulate and review initiatives, policies, strategies and programmes to promote youth, sport, arts and recreation by ensuring equitable participation, sustainable development and empowerment for all Zimbabwean citizens.

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

| Original Budget | Unallocated Reserve Transfers | Total Budget | Expenditure | Net Underspending |
|------------------------|--------------------------------------|---------------------|--------------------|--------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$25 336 050 000 | \$63 727 958 434 | \$89 064 008 434 | \$84 018 220 861 | \$5 045 787 573 |

I have audited the financial statements of the Ministry of Youth, Sport, Arts and Recreation for the year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the state of affairs of Ministry of Youth, Sport, Arts and Recreation as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

Unsupported Expenditure

Finding

Expenditure amounting to ZWL\$871 378 155 was not supported by payment vouchers. As a result, I could not validate the nature of the expenditure incurred and whether it had been properly classified and accounted for in the financial statements. Section 59 (5) of the Public Finance Management (Treasury Instructions), 2019 requires payment vouchers containing sufficient information to be prepared to enable the expenditure to be verified.

Risk/Implication

Funds may be misappropriated if payments are processed without relevant source documents.

Recommendation

All payments should be sufficiently supported to facilitate the validation of transactions and ensure proper accountability for public funds.

Management Response

The observation is acknowledged. Payment vouchers amounting to ZWL\$68 484 306 have been identified and availed for audit. The remaining payment vouchers amounting to ZWL\$802 893 849 will be availed for audit.

Below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Unallocated Reserve Transfers

Finding

The Ministry Appropriation Account and SAP ledgers had an amount of ZWL\$63 727 958 434 for Unallocated Reserves. Source documents available revealed that Unallocated Reserves worth ZWL\$2 703 462 784 were not supported by release letters from Treasury. As a result, I was not able to confirm whether the Unallocated Reserves amounting to ZWL\$2 703 462 784 uploaded in the SAP ledgers were in agreement with the Treasury release letters availed.

Risk/Implication

If Unallocated Reserves are not supported by release letters allocations may be made to incorrect items.

Recommendation

The Ministry should ensure that the Unallocated Reserves figure disclosed in the Appropriation Account is supported by release letters from Treasury.

Management Response

Management did not respond.

1.2 Risk Management Policy and Assessment

Finding

The Ministry did not have a documented and approved risk management policy and no formal risk assessments were done to cover key processes in the year under review. A risk management policy is a set of procedures and controls to identify and mitigate the possible risks in the operation and financial activities of the entity. This was contrary to Section 162 (1) of the Public Finance Management (Treasury Instructions), 2019.

Risks/Implications

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

Failure to carry out formal risk assessments may expose the Ministry to numerous risks which could negatively impact on its performance.

Recommendations

The Ministry should have an approved risk management policy and the relevant register that will adequately and effectively mitigate risk exposures.

The Ministry should institute risk management processes to safeguard government funds and assets.

Management Response

A draft risk management policy was developed during the year under review, however due to changes in management during the year there was a delay in the approval of the policy because the Ministry was split into two and took time to settle. The approval of the Risk Management policy will be done during the year 2024.

2 MANAGEMENT OF ASSETS

2.1 Maintenance of Asset Records

Finding

For the fifth year running, I noted that the Master Asset Register at Head Office was not consolidated to record information of assets that belong to the Ministry since the integration of the Ministry of Youth Development, Indigenisation and Economic Empowerment and the Ministry of Sports, Arts and Recreation in March 2018.

Section 100 (4) of Public Finance Management (Treasury Instructions) 2019, states that Accounting Officers shall ensure appropriate and up-to-date records for both fixed assets and inventories are kept at Head Office and within Departments.

Risk/Implication

The Ministry may not be able to effectively monitor the location, utilization and existence of assets.

Recommendation

A detailed Master Asset Register should be maintained at Head Office to ensure accountability of all assets under the control of the Ministry as required by Section 100 (4) of Public Finance Management (Treasury Instructions) 2019.

Management Response

The observation is acknowledged. The Ministry does not have a consolidated register at Head Office but there are lists of assets inventory from each Ministry's Centre in place which will be used to come up with the consolidated register as well as the value for the Property, Plant and Equipment.

2.2 Non-Delivery of Motor Vehicles

Finding

I noted that out of the seventeen (17) Nissan Navara Pick-up trucks purchased on December 31, 2022 at a cost of ZWL\$393 171 724 from AMTEC Motors, only seven (7) of them were delivered in 2023. The balance of ten (10) were not delivered at the time of concluding the audit May 23, 2024. In addition, out of those seven (7) vehicles delivered, four (4) of them were yet to be registered in the name of the Ministry.

Risks/Implications

Failure to enforce delivery of the vehicles will compromise service delivery by the Ministry and possible loss of monies paid.

Without registering the motor vehicles, the Ministry cannot prove ownership.

Recommendations

The Ministry should enforce fulfilment of the contract and ensure that the ten (10) vehicles are delivered by AMTEC Motors and also ensure that the four (4) vehicles delivered are registered in the name of the Ministry.

Management Response

The observation has been noted. Follow-up with the supplier is underway for the delivery of the remaining ten (10) vehicles. Registration of the vehicles received is also work in progress which will be completed before year end.

2.3 Public Financial Assets

Finding

The Public Financial Assets return submitted for audit indicated that the Ministry has an investment in Mutoko Royal Fruits and Veggies worth US\$9 million. Details of the nature of the investment, number and class of shares were not provided, as a result, I could not confirm whether the Ministry received any returns from this investment.

Risk/Implication

The Ministry may not be able to assess investment returns or yields.

Recommendation

The Ministry should record in the register details of the nature of the investment, number and class of shares and follow-ups should be made to check on the status and returns from the investment with Mutoko Royal Fruits and Veggies.

Management Response

Management did not respond.

3 PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Ministry made progress in addressing audit findings raised in my previous audit report. Out of four (4) findings, three (3) were addressed and one (1) was partially addressed as indicated below:

3.1 Delivery of Assets

The issue was addressed. The 63 laptops and seven (7) vehicles were delivered.

3.2 Maintenance of Asset Records

The finding was partially addressed as the Master Asset Register was now in place, however, the information on assets was not consolidated.

3.3 Disposal Committee

The issue was addressed and the Disposal Committee is now in place.

3.4 Programme-Based Budgeting

The Ministry managed to hold Budget Committee meetings during 2023.

YOUTH DEVELOPMENT AND EMPLOYMENT CREATION FUND 2019

Objective of the Fund

The purpose of the Fund is to mobilise resources for on lending to youth businesses, projects and youths intending to start income-generating projects and businesses and to finance programmes related to youth training so as to empower youths and create employment for them.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|---------------------|
| Income | 10 157 134 |
| Expenditure | 9 635 290 |
| Surplus | ZWL\$521 844 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-----------------------|-----------------------|
| Non-current | 2 941 714 | - |
| Current | 4 827 038 | 3 057 701 |
| Accumulated Fund | - | 4 711 051 |
| Total | ZWL\$7 768 752 | ZWL\$7 768 752 |

I am required to audit the financial statements of the Youth Development and Employment Creation Fund for the year ended December 31, 2019 and I issued a disclaimer opinion.

Disclaimer of Opinion

I do not express an opinion on the financial statements of the Youth Development and Employment Creation 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) Accumulated Fund

Finding

The Accumulated Fund balance disclosed in the financial statements of ZWL\$4 711 051 was understated by ZWL\$1 286 867. This was caused by Accumulated Fund balances for sixteen (16) Vocational Training Centres (VTCs) that were incorrectly captured on consolidation. Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] states that every Accounting Officer of a Ministry shall keep or cause to be kept proper records of account. I could not place reliance on the Accumulated Fund amount disclosed in the financial statements.

Risk/Implication

The Accumulated Fund disclosed in the financial statements may be materially misstated.

Recommendation

The Fund officials should ensure that all balances in the sixteen (16) VTCs financial statements are incorporated in the Consolidated Financial Statements for completeness.

Management Response

The Ministry is working on analysing the submissions and amended financial statements will be submitted as soon as possible.

(ii) Accounting Records from Vocational Training Centers

Finding

Out of the financial returns submitted by forty-eight (48) Vocational Training Centers, twenty-five (25) did not provide general ledgers to support information in the financial statements. As a result, the revenue figure of ZWL\$10 157 134 and expenditure of ZWL\$9 635 290 could not be relied upon. Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] requires that the Accounting Officer shall keep or cause to be kept proper records of account.

Risk/Implication

The figures disclosed in the financial statements could be materially misstated.

Recommendation

The Fund officials should ensure that on consolidation, financial statements are fully supported with information in the provincial ledgers.

Management Response

In order to ensure complete and accurate accounting records, Fund accountants were re-trained through a workshop conducted to provide necessary guidance with regard to Public Finance Management. Henceforth, management will ensure that proper records are kept in accordance with the PFM Act [*Chapter 22:19*].

(iii) Management of Debtors

Finding

The completeness and accuracy of the trade receivables disclosed in the financial statements of ZWL\$1 590 870 could not be validated as five stations visited could not submit debtors' ledgers for audit verification. The stations concerned are Magamba, Mutare, Nyahoni, Umguza, Mvuma and Mount View.

Risk/Implication

In the absence of supporting documentation such as ledgers, correctness of balances reported in the financial statements cannot be validated for accuracy.

Recommendation

The Fund should ensure that supporting documents such as debtors' ledgers are maintained so that they will be used to determine the debtors' figure that will be disclosed in the financial statements.

Management Response

Management shall ensure that student enrolment registers and ledgers are available.

(iv) Biological Assets

Findings

Kaguvi VTC and Magamba VTC did not disclose in the financial statements the value of the following Biological Assets: Kaguvi (65 cattle), Magamba (48 cattle, 22 sheep, 43 pigs and 32 goats) respectively thereby understating the value of the assets reported.

Further no livestock valuation was carried out during the year and as a result, the same value of ZWL\$6 000 as that of the previous year was reported for the goats at Avoca. No up to date records were maintained for dairy cows at Umguza and goats at Phangani despite that livestock goes through a biological transformation. The values reported of ZWL\$6 000, ZWL\$145 000 and ZWL\$87 286 respectively could, therefore, not be relied upon.

Risk/Implication

Failure to disclose information about biological assets will result in the assets getting stolen or lost.

Recommendations

The Vocational Training Centres should value and disclose biological assets in the financial statements.

The Vocational Training Centres should also maintain an up to date record showing livestock births and deaths.

Management Response

Kaguvi VTC and Magamba VTC acknowledge the observation and the recommendation is going to be implemented.

The Ministry is finalising on the appointment of the Biological Asset Valuation Committee which will value all the Ministries' biological assets. The establishment of the Valuation Committee was stalled by the Covid 19 restriction measures that have been in place since March 2020. With the relaxation of the Covid 19 restriction measures the Committee will now be put in place to enable them to carry out their mandate assignment and come up with correct biological asset values.

The static value of the biological asset figures was as a result of a subdued animals' reproductive capacity due to unfavourable conditions, the Ministry is working to address the issues.

Evaluation of Management Response

The management response is noted. However, the Fund had not yet appointed the Biological Asset Valuation Committee.

(v) Grants Received for Hubs and Youth Interact Centres

Finding

The Income for the Fund was understated by ZWL\$2 283 716 being grants received from Treasury for Innovation Hubs and Youth Interact centres that are housed at VTCs. The amount relating to Phangani VTC of ZWL\$2 083 716 was accounted for under Temporary Deposits while ZWL\$200 000 received by Ruwa and Umguza VTCs was not reported in the financial statements. Section 35 (6) (a) of the Public Finance Management Act [Chapter 22:19] requires that the Accounting Officer shall keep or cause to be kept proper records of account. The financial statements were therefore misstated.

Risks/Implications

Failure to properly account for and disclose income received may result in the misappropriation of public funds.

Financial statements will be materially misstated.

Recommendation

The Fund officials should ensure that proper records are kept and all transactions are accounted for. The grants received totalling ZWL\$2 283 716 should be accounted for as income for the fund.

Management Response

The Fund acknowledges the audit observation of the unrecorded revenue grants by VTCs amounting to ZWL\$2 283 716. However, the amounts were recognised under Temporary Deposits since the amounts were for Hubs and Youth Interact Centres.

Evaluation of Management Response

Only the amount relating to Phangani Vocational Training Centre of ZWL\$2 082 000 was accounted for under Temporary Deposits leaving the balance of ZWL\$200 000 unaccounted for.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Accounting System

Finding

The Fund used manual records to prepare financial statements that were submitted for audit for the year under review instead of using the Public Finance Management System. Section 147(1)(d) of Public Finance Management Act (Treasury Instructions), 2019, states that all funds from whatsoever source shall, by the year 2019, be accounted for, through the Public Financial Management System (PFMS).

Risk/ Implication

The use of a manual system to record transactions may compromise the credibility of the financial statements produced as manual systems are prone to many errors.

Recommendation

The Fund should comply with the requirements of Section 147(1)(d) of the Public Finance Management (Treasury Instructions) 2019.

Management Response

The observation is noted. The Fund has engaged Treasury so that the Fund utilises the PFM system. Training of Fund accountants on how to use the PFMS for accounting and reporting will be done in 2024.

1.2. Maintenance of Accounting Records

Finding

Fund managers resubmitted five (5) sets of different financial statements for the year ended December 31, 2019, after making adjustments following errors noted by auditors. This reflected absence of due care in reporting accounting transactions. Section 28 (6) of the Public Finance Management (Treasury Instructions), 2019 requires every Accounting Officer to satisfy himself as to the correctness and propriety of the accounts.

Risk/Implication

Non-checking of financial statements before submission for audit compromises the integrity of financial statements.

Recommendations

The Fund's managers should always ensure that accurate financial statements are prepared as required by Section 28 (6) of the Public Finance Management Act [*Chapter 22:19*]. A senior official should check on the correctness of the financials produced.

Management Response

Management did not respond.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Outstanding Loans

Finding

Management did not institute effective recovery action on loans issued to youths that have remained stagnant at ZWL\$506 138 over the years. The loans may become irrecoverable due to lapse of time. Section 38 (1) (b) and (c) of the Public Finance Management Act [*Chapter 22:19*] states that the Accounting Officer shall take effective and appropriate steps to collect all money due to the Fund in a timely manner.

Risk/Implication

Delays in recovering outstanding loans may result in the amounts becoming irrecoverable.

Recommendation

A robust debt recovery mechanism should be put in place.

Management Response

Management did not respond.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make any progress in addressing audit findings raised in my previous audit report. All three (3) findings, were not addressed as indicated below:

3.1 Absence of Supporting Documentation

The issue was not resolved as the Fund managers did not produce returns from Provinces and Vocational Training Centers to support figures in the financial statements.

3.2 Loans

The Fund managers did not institute effective recovery action on loans, the issue has been included under paragraph 2.1 above.

3.3 Property, Plant, and Equipment

The finding on donated assets was not addressed as the assets were accounted for under the Annual Asset Returns of the Ministry's Appropriation Account instead of the Fund's Master Asset Register.

VOTE 22.- ENERGY AND POWER DEVELOPMENT

APPROPRIATION ACCOUNT 2023

Mandate

The Ministry is responsible for providing adequate and sustainable energy supply through formulating and implementing effective policies and regulatory frameworks.

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

| Original Budget | Unallocated Reserves Transfers | Total Budget | Expenditure | Net Under Spending |
|------------------------|---------------------------------------|---------------------|--------------------|---------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$15 468 309 000 | \$44 755 884 223 | \$60 224 193 223 | \$46 774 514 229 | \$13 449 678 994 |

I have audited the financial statements for the Ministry of Energy and Power Development for the financial year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the state of affairs of the Ministry of Energy and Power Development as at December 31, 2023, in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

Direct Payments

Finding

An amount of US\$5 000 000 (ZWL\$30 523 633 000) meant for Hwange Electricity Supply Company (HESCO) was transferred by Treasury to HESCO, on behalf of the Ministry on September 21, 2023. The transaction was not accounted for through the Public Financial Management System (PFMS) and was not disclosed in the Appropriation Account. Section 13 (1) of the Public Finance Management (Treasury Instructions), 2019 requires all payments to be processed through the PFMS. Though the Ministry made follow ups with Treasury to have the transaction regularized in the PFMS, the issue was not resolved. As a result, the total expenditure disclosed in the Ministry's PFMS and Appropriation Account was misstated by ZWL\$30 523 633 000.

Risk/Implication

If payments are processed outside the PFMS the total expenditure reported in the Ministry's financial statements could be understated.

Recommendation

Management should continue to engage Treasury to ensure that the direct payment is regularized in the PFMS and reported in the Ministry's 2023 Appropriation Account.

Management Response

The audit observation is noted. The Ministry wrote to Treasury requesting for budget support to regularize the direct payment. Follow ups were made on October 19, 2023, February 19, 2024, and April 12, 2024, however the Ministry is still to receive a response. The Ministry will continue to engage Treasury.

Below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Contingent Liabilities

Findings

Contingent Liabilities are loans advanced to public entities and private sector companies by independent lenders and are guaranteed by the Government. The Contingent liabilities return submitted disclosed loans taken by ZESA that were guaranteed by Government.

For the second year in succession, audit noted a variance of US\$125 105 789 between the ZESA principal loan 2022 closing balance of US\$1 331 162 992 and the 2023 opening balance of US\$1 456 268 781. In addition, the 2022 closing balance for the loan interest was US\$304 762 658 whilst the figure brought forward in 2023 was US\$320 488 805. Records and explanations to support the differences between the brought forward figures and the previous year's figures were not availed for audit. The Ministry contravened Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] which requires proper records of accounts to be kept. As a result, I could not validate the 2023 opening balance figures with certainty.

Furthermore, the Ministry did not avail audit evidence such as principal and interest repayment schedules to support a balance amounting to US\$129 494 819 disclosed in the Statement of Contingent Liabilities.

Risks/Implications

This resulted in audit scope limitation.

Contingent liabilities may be under or overstated in the absence of evidence supporting the figures disclosed.

Inappropriate decisions may be made if balances outstanding are not accurately disclosed.

Recommendations

Management should maintain proper accounting records that support the figures disclosed in the Returns in compliance with regulations.

A reconciliation of the 2022 closing balance and 2023 opening balance should be availed to audit together with the documents that support the changes made.

Management Response

The observation is noted. The Ministry requests information from ZESA in January of each year to enable preparation of the Contingent liabilities return. However, the figures that the Ministry is given by ZESA will not have been confirmed by lenders or

audit. As a result, the brought forward figure may change following updates from ZESA or because of exchange rate gains and losses.

Evaluation of Management Response

Management response is acknowledged. However, evidence such as the ZESA audit confirmed figures or exchange rate gains or losses to support the management response were not availed for audit.

1.2 Public Financial Assets

Finding

The Public Financial Assets return submitted for audit inspection revealed that loans amounting to US\$68 770 000 which were advanced to Zimbabwe Power Company (ZPC) and Zimbabwe Electricity Transmission and Distribution Company (ZETDC) in 2010 and 2011 were not recovered or repaid as required by regulations. There was no evidence of follow ups made by management to ensure that ZPC and ZETDC repaid the loans. The Ministry did not comply with Section 49(1) of the Public Finance Management (Treasury Instructions), 2019 which requires adequate steps to be taken to collect any sums due to the Government.

Risk/Implication

There may be an increase on the Public Debt if the Ministry fails to follow-up on loan repayments.

Recommendation

The management should follow up with ZPC and ZETDC to ensure that the advanced loans are paid back as per the loan agreement.

Management Response

The audit observation is noted. However, the Ministry will continue to engage ZPC and ZETDC on the matter. A letter was written to ZETDC and efforts to get a copy are still underway.

1.3 Annual Closure Certificate

Finding

The Annual Closure Certificate which was attached to the Statement of Appropriation Account had open and un-cleared transactions in the general ledgers. Treasury Circular Number 1 of 2024, requires all open items in the system to be cleared before preparation of bank reconciliations, annual returns and financial statements to ensure completeness and alignment. I could not therefore, validate whether the Ministry had accounted for all the expenditure incurred and revenue received.

Risk/Implication

The Appropriation Account could be misstated.

Recommendation

Management should clear all outstanding open transactions in general ledgers to ensure completeness and alignment of financial statements.

Management Response

The audit observation is noted. Clearance of open transactions is work in progress. Treasury has indicated that this exercise should be re-done from 2020 to date.

1.4 Audit Committee

Finding

There was no evidence that the Audit Committee performed its oversight role during the year under review. The committee did not consider the effectiveness of internal control over financial reporting and the extent to which the previous year's audit recommendations were addressed. This was contrary to the provisions of Section 84 (2) of the Public Finance Management Act [*Chapter 22:19*] which requires the Audit Committee to review audit findings and actions to be taken to address them.

Risk/Implication

The effectiveness of the Ministry's internal control may be compromised and the internal and external audit findings may not be addressed on time.

Recommendation

The Audit Committee should prioritize review of the effectiveness of internal control, audit reports and implementation of recommendations

Management Response

The observation is noted. During the period under review, the Audit committee met once on December 29, 2023. To improve the operational efficiency of the committee the Ministry has since approved an annual calendar of Audit Committee meetings to be held in 2024.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Variation on Scope of Work

Finding

The Ministry engaged a construction company to do repair works at its Zimbabwe International Trade Fair stand at a cost of US\$3 023 without use of specifications from the user department. The scope of work for the construction services was subsequently changed without the Accounting Officer's approval and a payment of US\$10 000 (ZWL\$48 762 022) was made. There was no evidence that the Request for Quotation was reissued contrary to Section 81 (2) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Risks/Implications

Unauthorized payments may be made if the scope of work is modified without authority.

There may be loss of transparency and fairness amongst the bidders if there is a material variation of scope of work and price after awarding of the tender.

If quotations are sourced without consulting the user department, incorrect specifications may be used resulting in selection of an inappropriate service provider.

Recommendations

Management should ensure that procurement of goods, services or works is based on requisitions from the user departments.

New procurement proceedings should be initiated if there are material variations to the scope of work.

Management Response

The observation is noted. The change of scope did not happen during processing of the payment. The site visit by the technical team from the Ministry prompted the scope of work changes. The initial amount quoted did not cover painting in and out of the whole building and repair of roof leakages. The payments took time to be made and it also happened that the justification for the changes was provided late to the Accounting Officer. Cancellation of the purchase order would have been ideal in circumstances where for the same scope of work, the price is varied due to the economic environment.

2.2 Expenditure not Adequately Supported

Finding

Payment vouchers amounting to ZWL\$251 209 449 were processed and paid without adequate supporting documents such as invoices, receipts, due diligence report and goods received notes. This was contrary to Section 53 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires that all transactions are to be adequately supported.

Risk/Implication

Irregular and fraudulent payments may be processed.

Recommendation

The Ministry should ensure that payment vouchers are adequately supported before any payment is processed.

Management Response

The audit observation is noted. However, the Ministry, had come up with items that constitute the adequacy of requirements before payment and these included an approved memorandum by the Accounting Officer. Obtaining other receipts is still a work in progress.

Evaluation of Management Response

The response is noted. However, the Ministry is still required to comply with Treasury Instructions on the relevant documentation.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing prior year audit findings. Out of a total of nine (9) issues raised, six (6) were addressed whilst three (3) were not addressed as indicated below.

4.1 Direct Payments

The issue of direct payments not being processed on PFMS was not resolved as indicated on Paragraph (i) above.

4.2 Reconciliation of Compensation of Employees Costs

Reconciliations of compensation of employees were performed and availed for audit.

4.3 Contingent Liabilities

The issue of different closing and opening balances recurred in the current year as indicated on Paragraph 1.1 above.

4.4 Non-Submission of Statement

The statement of reconciliation between the CRF–Main Paymaster General 's Account, the Sub PMG's Account and the Annual Closure Certificate were submitted for audit.

4.5 Risk Management

The Risk Management Policy and a Risk Management Committee are now in place.

4.6 Disaster Recovery Plan

The Disaster Recovery Plan is now in place.

4.7 Non-Submission of Returns

The detailed Annual Report for 2023 was submitted for audit.

4.8 Maintenance of Assets Register

The Assets register was now being maintained in 2023.

4.9 Procurement of Maintenance Services

The Ministry continued to procure services from service providers without valid Service Level Agreements.

VOTE 24. - NATIONAL HOUSING AND SOCIAL AMENITIES

APPROPRIATION ACCOUNT 2023

Mandate

The Ministry's mandate is to provide and facilitate the delivery of affordable and decent housing to the nation.

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

| Original Budget | Unallocated Reserve Transfers | Total Budget | Expenditure | Net Underspending |
|------------------------|--------------------------------------|---------------------|--------------------|--------------------------|
| ZWL \$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$27 679 072 000 | \$337 399 315 419 | \$365 078 387 419 | \$358 739 565 212 | \$6 338 822 207 |

I have audited the Appropriation Account for the Ministry of National Housing and Social Amenities for the year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

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 state of affairs of the Ministry of National Housing and Social Amenities as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

i) Open Items

Finding

The expenditure ledgers showed that there were open items amounting to ZWL\$20 138 625 016 in the Public Financial Management System (PFMS) which dated back to the year 2020. Open items hold funds that would have been committed during the financial year and these funds will only be released after the items would have been cleared. Treasury Circular No. 1 of 2024 requires Accounting Officers to clear all open items in the system before preparation of bank reconciliations, annual returns and financial statements to ensure completeness and alignment of financial information.

Risks/Implications

The Appropriation Account could be materially misstated.

Ineffective budgetary control may arise due to the open items.

Recommendation

All open items should be cleared annually before preparation of bank reconciliations, annual returns and financial statements to ensure completeness and alignment therewith.

Management Response

The observation is noted. During the 2020 financial year, Treasury made direct payments for employment cost to Salary Service Bureau resulting in the said open items. The Ministry requested to introduce the second leg which would match our clearing run number and clear the open items but Treasury had not done so.

ii) Revenue Received

Finding

Revenue amounting to ZWL\$42 687 487 was receipted manually and recorded in a Microsoft Excel Spreadsheet. The manually receipted revenue was not uploaded into the Public Financial Management System (PFMS) as required by Section 43 (2) of the Public Finance Management (Treasury Instructions), 2019. As a result, I could not verify the accuracy and completeness of the revenue received figures as the excel system could be easily manipulated without audit trail.

Risks/Implications

The financial statements may not reflect all the transactions which occurred during the year.

Material errors and fraud may go undetected.

Recommendation

The management should ensure that all the revenue has been accounted for using the Public Financial Management System (PFMS) as required by Section 43 (2) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

The observation is noted. The Ministry debtors are so many (about 14 000 in Harare only and 21 000 nationwide) and they are ever increasing so much that the ministry sought the PFMS (Sales Distribution) assistance to receipt and create debtors in SAP. A consultant from World bank was assigned by the PFMS office to assist the Ministry and when the consultants contract came to an end before he completed the exercise, the matter was left hanging. The Ministry will continue to engage the PFMS for the exercise to resume so that all revenue and debtors are captured in SAP.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Risk Management Policy

Findings

The Ministry did not have an approved risk management policy to assist management in mitigating against potential risk that may hamper its operations. No risk assessments were carried out during the year under review.

A risk management policy would help the Ministry to mitigate risks and assist the entity to achieve its mandate.

Risk/Implication

Without an approved risk management policy, the Ministry is susceptible to numerous risks like fraud which could negatively impact on its performance.

Recommendation

The Accounting Officer should put in place a Risk Management Policy to guide the Ministry in its operations. Risk assessments should be carried out regularly and timeously in order to identify and take preventative measures on potential risks.

Management Response

The Ministry has the Policy in place which is awaiting Treasury Approval.

1.2 Revenue Received Return

Finding

The Ministry submitted the Revenue Received return without budget estimates and they did not provide written explanation for material variances. Contrary to the provisions of the Section B (2) of the Treasury Circular number 1 of 2024. Therefore, I was not able to compare the Ministry's actual financial performance against its budgeted or expected performance.

Risk/Implication

The Revenue Received Return could be materially misstated. In addition, the financial information was not fairly presented.

Recommendation

The Ministry should comply with the Treasury Circular number 1 of 2024 and submit a corrected return of revenue received.

Management Response

The budget estimates for revenue collection are provided by Treasury-revenue section. In 2023, they did not provide the white paper estimates.

Evaluation of Management Response

Revenue estimates for the Ministry were provided by Treasury through minute D/26/2 dated October 24, 2023 addressed to the Accounting Officer.

2 REVENUE COLLECTION AND DEBT RECOVERY

2.1 Outstanding Revenue

Finding

The Ministry submitted the outstanding revenue return without following the prescribed format. The outstanding revenue return did not show the age analysis for the outstanding balances. Section B (6) of the Treasury Circular No. 1 of 2024 provides that the return should have a summary age analysis for the outstanding revenue according to the revenue heads.

Risks/Implications

The outstanding revenue return may be misstated.

Failure to submit returns in the prescribed formats may compromise accountability by the Ministry as the public financial resources may not be fully disclosed.

If the outstanding revenue return does not show the age analysis of the balances, it may be difficult to keep track of the period the amounts would have been outstanding.

Recommendation

The Ministry should submit all the returns in the correct format so as to enhance accountability and reliability of the financial information.

Management Response

The observation is noted. It is hoped that as system improves, outstanding revenue (rentals) will be broken down in age analysis.

3 PROCUREMENT OF GOODS AND SERVICES

3.1 Expenditure

Findings

Expenditure amounting to ZWL\$3 219 509 363 was processed without payment vouchers. I therefore, could not validate whether the payments made were properly authorised. Section 59 (2) of the Public Finance Management (Treasury Instructions), 2019 states that all purchase orders should be attached to the supplier's invoice and these documents when properly certified may then be used as supporting documents to a payment voucher.

Risks/Implications

Payments made without approval may result in expenditure which may not be a proper charge against public funds.

Fraudulent payments may be processed without detection.

Recommendations

The Ministry should ensure that all expenditure is accompanied with adequate supporting documents to ensure proper accountability for public funds.

Management Response

The audit observation is noted. Provisions of Section 59 (2) of the Public Finance Management (Treasury Instructions), 2019 will be adhered to in the future.

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 three (3) findings, two (2) were addressed and one (1) was partially addressed as indicated below:

4.1 Service delivery

Eviction of respective tenants residing in condemned houses has commenced and is ongoing and a letter was written to Treasury requesting funds for refurbishments.

4.2 Debtors

The rent cards were updated and balances can now be ascertained.

4.3 Assets Registers

The assets registers have been updated.

CIVIL SERVICE HOUSING LOAN FUND 2020-2022

Objective of the Fund

The Fund was established to provide funding for all Civil Servants towards land purchase, construction or completion of house extensions, house purchase and mortgage relief of first house.

Below is a Summary of Statement of Comprehensive Income and Statement of Financial Position for the year ended December 31, 2022.

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 415 188 842 |
| Expenditure | 904 793 |
| Surplus | ZWL\$414 284 049 |

Statement of Financial Position

| ITEM | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-------------------------|-------------------------|
| Non-current | 444 098 130 | - |
| Current | 326 736 771 | 3 116 526 |
| Accumulated Fund | - | 767 718 375 |
| Total | ZWL\$770 834 901 | ZWL\$770 834 901 |

I have audited the financial statements of the Civil Service Housing Loan Fund for the year ending December 31, 2020 to 2022 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Civil Service Housing Loan Fund as at December 31, 2022 and its financial performance and its cash flows for the year ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

Uncleared Deposits

Findings

Uncleared deposits amounting to ZWL\$1 481 511 were disclosed in the financial statements, an increase of 264% from the 2021 figure of ZWL\$407 124. The figure has accumulated since 2020. Section 52 (4) of the Public Finance Management (Treasury Instructions), 2019 requires that any unclaimed deposits for a period in excess of six months shall be paid into revenue.

There was no evidence that monthly bank reconciliations were performed. Section 46 (7) of the Public Finance Management (Treasury Instructions), 2019 requires receivers of revenue to ensure that reconciliations are carried out daily to confirm receipt of funds.

Risks/Implications

If monthly reconciliations are not performed, uncleared deposits may continue to increase and remain unresolved.

Failure to carry out monthly bank reconciliations may result in errors going through the system undetected.

Recommendations

Unidentified deposits should be investigated and corrected.

The Fund managers should carry out monthly bank reconciliations as required by Section 46 (7) of the Public Finance Management (Treasury Instructions), 2019

Management Response

This observation is noted. The increase in unidentified deposits was as a result of erroneous payment by Pensions Office in respect deductions from retired members of the Senior Civil Service Housing Loan Fund administered by Ministry of Finance and Economic Development. Reconciliations are being done to address the error.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Service Delivery

Finding

The Fund was established to provide funding for all civil servants towards land purchase, construction or completion of house extensions, house purchase and mortgage relief of first house. However, according to a report by the Ministry's Monitoring department the funds being disbursed to junior civil servants were minimal and were being diverted to other projects such as chicken rearing instead of the intended purposes.

Risk/implication

Funds disbursed to the junior civil servants may not be used for the intended purposes.

Recommendation

The Fund should ensure that funds disbursed to junior civil servants are significant to embark on the intended purposes.

Management Response

The observation is noted. The Ministry will continue to advocate for meaningful loan amounts.

2. MANAGEMENT OF ASSETS

2.1 Assets Register

Finding

The Fund did not maintain an asset register. Section 100 (4) of the Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to maintain an up-to-date Master Assets Register for fixed assets and inventory. As a result, I was not able to ascertain how the assets were accounted for in the absence of the asset registers.

Risk/Implication

Failure to maintain an Assets Register may result in assets being stolen or misappropriated without detection.

Recommendation

The Ministry should maintain an Assets register that has all the information about the asset.

Management Response

The Fund used to have a separate Assets register however, due to the creation of the new Ministry of National Housing in 2019 the administration department is currently in the process of updating the register.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Fund did not make progress in addressing the audit finding raised in my previous audit report. The finding raised was partially addressed as indicated below:

3.1 Risk Management Policy

The draft policy was submitted to Treasury for review and approval.

HOUSING AND GUARANTEE FUND 2021-2022

Objective of the Fund

The Housing and Guarantee Fund gives guarantees in respect of loans made by Building Societies and Finance Houses to approved applicants for the purchase or construction of dwellings; making loans for approved housing schemes; and acquiring and disposing of properties in terms of the Housing and Building Act [*Chapter 22:07*].

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position.

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-----------------------|
| Income | 2 939 948 |
| Expenditure | 195 750 |
| Surplus | ZWL\$2 744 198 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|------------------------|------------------------|
| Non-Current | 8 309 323 | - |
| Capital Reserve | - | 2 934 047 |
| Accumulated Fund | - | 14 050 034 |
| Current | 13 126 099 | 4 451 341 |
| Total | ZWL\$21 435 422 | ZWL\$21 435 422 |

I have audited the financial statements of the Housing and Guarantee Fund for the year ended December 31, 2022 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all, material respects the financial position of the Housing and Guarantee Fund as at December 31, 2022 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) Statement of Cash Flows and Other Receivables

Finding

The statement of cash flows showed an increase in other receivables of ZWL\$326 906 which was different from the increase of ZWL\$524 657 as calculated from the current and prior year figure for other receivables in the statement of financial position. I could not validate the figure shown as an increase in other receivables in the statement of cash flows.

Risk/Implication

The absence of a reconciliation of the two balances may result in the misstatement of receivables.

Recommendation

The variance should be investigated and corrective action taken so as to provide reliable financial information.

Management Response

The observation is noted. The financial statements will be adjusted accordingly.

(ii) Trade and Other Payables

Findings

The Fund had amounts of ZWL\$2 539 371 and ZWL\$4 322 562 that were disclosed as trade and other payables for the years 2021 and 2022 respectively. The amounts included receivables amounting to ZWL\$313 356 and ZWL\$370 887 for 2021 and 2022 which had not been corrected as at December 31, 2022. As a result, I could not determine the accuracy and completeness of the Trade and Other payables figure disclosed in the financial statements.

Furthermore, I could not verify an amount of ZWL\$1 585 441 shown as an increase in trade and other payables in the statement of cash flows for the year 2022. The increase was instead ZWL\$1 783 191. The amount was not explained by way of notes and the variance of ZWL\$197 750 could not be reconciled. 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 accounting records.

Risk/Implication

The financial statements may be misstated.

Recommendation

Management should ensure that individual creditors ledgers are maintained to enhance accountability.

Management Response

The observation is noted. A new set of financial statements will be done correcting the areas noted.

(iii) Valuation of Rented Properties

Finding

The Fund did not revalue its rented properties due to the absence of a revaluation policy that would provide guidance on reassessing the value of assets to ensure that financial statements reflect their current fair value. The assets were disclosed at ZWL\$1 844 939. As a result, I could not ascertain the appropriateness of the value of the investment property disclosed in the financial statements in absence of a revaluation report.

Risk/Implication

The absence of a revaluation policy may result in inaccurate property values being disclosed thereby misstating the financial statements.

Recommendation

A policy on revaluation of property should be put in place in order to place realistic values of the Fund's properties which will aid in coming up with realistic rentals.

Management Response

Rented properties were valued in US\$ and revaluation was only carried out on properties that were offered to sitting tenants for sale. These values were affected by the changes that were brought about by conversion of US\$ to ZWL\$ on a 1:1 basis that took place in 2019. However, revaluation of all the Fund properties still remains critical.

Below are other issues noted during the audit:

1 MANAGEMENT OF ASSETS

1.1 Assets Register

Finding

I noted that the Fund financial statements did not show the properties under its control and the property register was last updated in the year 2000. Therefore, I could not verify the current status of the properties. Section 100 (1) and (4) of the Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to ensure all assets are recorded promptly and accurately in the appropriate manual registers and should maintain up to date Asset Registers.

Risks/Implications

The absence of an updated property database may result in inaccurate information on assets being reported.

The quantity of properties may not be known with accuracy if records are not properly maintained.

Recommendations

Management should fully and accurately disclose all properties under the Fund's control in the financial statements for full accountability.

The database for properties should be updated regularly.

Management Response

The observation is noted. However, Housing and Guarantee Fund properties have not increased since 2000.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund has made no progress in addressing prior year audit findings raised in my previous report. Out of the two (2) findings that were raised, none were addressed as indicated below:

2.1 Outstanding Rentals

The issue was not resolved as indicated on Paragraph 1.1 above.

2.2 Unidentified Deposits

The issue is still outstanding and has been included in the report on paragraph (ii) above.

NATIONAL HOUSING FUND 2022

Objective of the Fund

The National Housing Fund assists with the development of housing schemes and ancillary services in terms of the Housing and Building Act [*Chapter 22:07*].

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 216 446 756 |
| Expenditure | 23 953 432 |
| Surplus | ZWL\$192 493 324 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-------------------------|-------------------------|
| Non-Current | 197 204 500 | - |
| Capital Reserve | - | 312 903 932 |
| Accumulated Fund | - | 205 921 037 |
| Current | 345 691 359 | 24 070 890 |
| Total | ZWL\$542 895 859 | ZWL\$542 895 859 |

I have audited the financial statements of the National Housing Fund for the year ended December 31, 2022 and I issued a qualified opinion

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of the National Housing Fund as at December 31, 2022 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

Deposits Held Account

The Fund had an amount in the 'deposits held account' of ZWL\$1 073 224 as at December 31, 2022. Included in this amount were receivables amounting to ZWL\$2 499 878 which management had not corrected at year end. As a result, I could not ascertain the accuracy and completeness of the figure of the 'deposits held account' disclosed in the financial statements as the records were not available. Consequently, the deposits held account was misstated by the same amount.

Risk/Implication

The financial statements may be misstated due to the misclassification of transactions.

Recommendation

The Fund should properly classify transactions so as to provide reliable financial information.

Management Response

The observation is noted. The necessary adjustments to the Statement of Financial Position will be effected.

Below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Segregation of Duties

Finding

There was no segregation of duties in the Fund accounts office. The official responsible for receipting would also do capturing of receipts from outside Harare stations, bank reconciliation and updating of property sales ledger cards. There was also no evidence that the work was checked by an independent officer.

Risk/Implication

Errors, fraud and omissions may go undetected.

Recommendation

Bank reconciliation, updating of ledgers should be done by someone independent of receipting to enhance internal controls.

Management Response

The observation is noted. To enhance available internal controls, the Fund is putting into place more measures as outlined in the (Accounting Officers Instructions of 2023) as well as the provisions of Section 42 (7) of the Public Finance Management (Treasury Instructions), 2019. The measures include among others:

- **The officers responsible for receipting shall be separate from those doing bank reconciliations and updating property sales ledgers.**
- **The head of section shall be responsible for daily checking of receipts manually and updating in the system.**
- **All staff members in the section shall take turns to do receipting for a period of a month with the duty register being monitored and supervised by the head of section.**

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Rent Debtors

Finding

The Fund had rent debtors of ZWL\$117 661 385 and ZWL \$160 152 126 in 2021 and 2022 respectively, depicting an increase of 36%. The Fund did not avail a debtor's age analysis for audit to ascertain the Fund's debt collection effectiveness.

Section 42 (4) of the Public Finance Management (Treasury Instructions), 2019 states that it is the duty of Receivers of Revenue to supervise and enforce the punctual collection and

disposal of revenue and other public moneys in accordance with the laws, regulations, instructions or agreements relating thereto and to take such action as may be necessary to ensure that revenue collections are safeguarded and properly brought to account in accordance with these instructions.

Risk/Implication

Failure to recover outstanding debts could derail implementation of planned activities thereby affecting service delivery by the Fund.

Recommendation

The Fund should pursue recovery of long-outstanding debts.

Management Response

The observation is noted. The Promun System is not able to produce the age analysis that was requested at the time of audit because it was designed in a manner that you will only be able to download the current age analysis.

However, the system enables us to get information pertaining to each debtor such as the opening and closing balances, annual billing and total receipts and this information enables us to declare how much each debtor owes. In future we will avail the age analysis.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings made in my previous report. Out of the four (4) findings that were raised, three (3) were implemented and one (1) had not been addressed as indicated below:

3.1 Rent Debtors

The ledger cards for 2019 and 2020 at all districts and provinces were updated following the visits by head office staff.

3.2 Expenditure Variances

The issue was not addressed and follow ups are being made with Public Works Harare province. However, no evidence was provided.

3.3 Payments on behalf of Appropriation

The Fund was reimbursed the full amount of ZWL\$1 808 964 which was outstanding as per financial statements for 2020.

3.4 Non-Current Assets

The issue of depreciation for non-current assets was included in the financial statements for the years under review.

VOTE 25. – JUDICIAL SERVICE COMMISSION

APPROPRIATION ACCOUNT 2023

Mandate

The Commission has a constitutional mandate to promote and facilitate the independence and accountability of the judiciary and the efficient and effective administration of justice in Zimbabwe.

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

| Original Budget ZWL\$ | Unallocated Reserve Transfers ZWL\$ | Total Budget ZWL\$ | Expenditure ZWL\$ | Net Under Spending ZWL\$ |
|--|--|-----------------------|----------------------|--------------------------------|
| \$37 940 833 000 | \$76 325 445 104 | \$114 266 278 104 | \$92 288 577 770 | \$21 977 700 334 |
| Constitutional and Statutory Appropriations | | | | |
| \$1 758 585 000 | \$11 048 011 558 | \$12 806 596 558 | \$12 806 596 545 | \$13 |

I have audited the financial statements for the Judicial Service Commission for the year ended December 31, 2023 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of the Judicial Service Commission for the year ended December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUE

1.1 Variance in Treasury Releases between Annual Report and Financial Statements

Finding

There was a variance of ZWL\$5 295 223 between the amount of Treasury releases reported in the Commission's 2023 Annual Report and releases reported in the financial statements. The Annual Report had an amount of ZWL\$105 141 852 670 while the financial statements had ZWL\$105 147 147 893.

Risk/Implication

Credibility of the reports is compromised if they are not accurately stated.

Recommendation

Management should ensure that information is verified before publication to ensure that it is accurately stated.

Management Response

The finding was noted. The figures reported in the annual report were amounts captured in the system at cut-off. These amounts excluded direct payments by Treasury for foreign obligations that were paid on Commission's behalf to Synergy International Systems. The amounts were then captured and included in the financial statements hence the difference. The Financial statements however, show the correct releases for the year.

2. MANAGEMENT OF ASSETS

2.1 Computerised Master Assets Register

Finding

For the third year in succession, the Commission did not capture assets in the computerised Master Assets Register as required by section 100 (1) of the Public Finance Management (Treasury Instructions), 2019 and also captured immediately in the Public Finance Management System (PFMS). Section 100(5) of the same Treasury Instructions also requires that Directors responsible for Administration should ensure that the manual asset registers are reconciled regularly with the Commission's asset control account maintained on the PFMS.

Risk/Implication

Assets received may be misappropriated if they are not recorded.

Recommendation

A delegated official, independent of officials ordering or receiving goods, should ensure that all assets received are recorded timeously in the Register to enhance accountability and to safeguard public assets.

Management Response

The finding was noted. The Government of Zimbabwe is migrating to accrual accounting and JSC has commenced processes to comply with the same. Since the Commission is migrating from cash basis to accrual accounting, that is IPSAS reporting, the Commission has since adopted the standard format for Asset Register and inventory registers recently introduced by Ministry of Finance and Economic Investment Promotion to record all assets for MDAs. The Commission is therefore in the process of asset register compilation to facilitate the production of 2023 transitional financial statements.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Commission made some progress in addressing issues raised in the previous audit report. Out of two (2) issues raised, the Commission managed to address one (1) finding and the other was not addressed as outlined below.

2.1 Transfers from Unallocated Reserves

The variance of ZWL\$355 436 685 on Unallocated Reserves transfers was reconciled.

2.2 Computerised Master Assets Register

The audit finding was not addressed as the Commission did not capture assets in the computerised Master Assets Register.

VOTE 26. - PUBLIC SERVICE COMMISSION

APPROPRIATION ACCOUNT 2023

Mandate

The mandate of the Public Service Commission is to facilitate the delivery of responsive services and promote economic growth and development through enhanced policy, institutional and operational capacity of the Public Service and its relevant partners.

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

| Original Budget | Unallocated Reserve Transfers/Warrants | Total Budget | Expenditure | Net Under spending |
|---|---|---------------------|---------------------|---------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$107 473 955 000 | \$229 775 125 691 | \$337 249 080 691 | \$259 152 002 550 | \$78 097 078 141 |
| Constitutional and Statutory Appropriation | | | | |
| \$277 497 667 000 | \$1 074 653 651 612 | \$1 352 151 318 612 | \$1 350 397 886 360 | \$1 753 432 252 |

I have audited the Appropriation Account of the Public Service Commission for the year ended December 31, 2023 and I issued an unmodified opinion

Opinion

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of Public Service Commission as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit.

1 GOVERNANCE ISSUES

1.1 Warrant Transfer Letters

Finding

The Commission did not submit for audit examination confirmation letters from Treasury which could authenticate the amount for warrant transfers totalling ZWL\$1 074 653 651 612 reported in the Appropriation Account under Constitutional and Statutory Appropriation. Therefore, the reported warrants could not be validated in the absence of the support letters showing the breakdown of amounts transferred.

Risk/Implication

Reported amounts of Warrants could be misstated if they are not backed up by Ministerial warrant showing how the funds are to be allocated and accounted for.

Recommendation

The Commission should liaise with Treasury so as to be furnished with confirmation letters that authenticate the Warrants Transfer amounts.

Management Response

The Public Service Commission has written to Treasury to provide the Commission with the Supplementary Warrant. The copy of the Supplementary Warrant will be availed for audit when Treasury furnishes the Commission with the document.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Recovery of Debts

Finding

The Commission has not been effective in the management of debts as Outstanding Surcharges and Outstanding Disallowances increased by ZWL\$365 268 048 from ZWL\$18 487 714 to ZWL\$383 755 762 and ZWL\$540 635 085 from ZWL\$32 134 299 to ZWL\$572 769 384 respectively. Some of the outstanding amounts date as far back as 2010. This indicated that the mechanism put in place by the Commission to regularly monitor and recover the debts was not effective. This was contrary to Section 49(2) of the Public Finance Management (Treasury Instructions), 2019 which requires Officers responsible for collecting debts to take adequate steps to collect any sums due to the Government.

Risk/Implication

The absence of effective strategies, to recover Outstanding Surcharges and Outstanding Disallowances may result in loss of funds through lapse of time.

Recommendation

The Commission should put in place effective recovery strategies that are regularly monitored.

Management Response

The observation has been noted. Departmental Surcharges are mainly caused by payment of pension benefits to deceased pensioners due to late notification of deaths. In some cases, funds are withdrawn and utilised by relatives which becomes very difficult to trace all of them, especially in cases where there are no known beneficiaries.

However, the Commission has developed various strategies in managing the debts. These include the following:

- (i) A working relationship with banks in which funds paid to pensioners are recalled in cases where the funds have not been utilised.**
- (ii) Recovery through the payroll system through monthly deductions until the full amount has been recovered that is in the case where there is a beneficiary.**
- (iii) A working relationship with the Registrar General (RG)'s Office in which deceased Pensioners are detected and removed from the Pension payroll.**
- (iv) Resuscitation of the dormant account facility in which banks periodically flag individual accounts for Pensioners which are inactive and this paves the way for further investigations.**

- (v) Pension awareness campaigns are periodically carried out to raise awareness of Government pension procedures and steps that should be taken in the event of the death of a pensioner.

3. PROCUREMENT OF GOODS AND SERVICES

3.1 Lease Agreements

Finding

The Public Service Commission did not avail for audit inspection valid Lease Agreements to support rental payments amounting to ZWL\$5 586 051 827 for offices that the Commission is renting in provinces and its Head Office in Harare. The payments were supported by the Accounting Officer's authority. Having valid lease agreements is essential for both the Commission as tenants and their landlords, as they ensure a clear understanding of responsibilities, rights and obligations, and prevent potential legal and financial issues. Section 39 (2) of the Rent Regulations 2007 the minimum period for a lease agreement between a lessor and a lessee who occupies a whole dwelling shall be twelve months.

Risk/ Implication

Without valid lease agreements, obligations and rights may not be known and this will pose challenges with the management of the leases.

Recommendation

The Commission should renew the lease agreements with the various landlords to ensure that rights and obligations are clear both to the lessor and the Commission.

Management Response

The observation has been noted. During 2023 financial year, Public Service Commission faced a challenge with majority of the lessors, as they were reluctant to renew the Lease Agreements because they wanted rentals to be paid in United States dollars instead of ZWL\$ which was being paid at interbank rate. Therefore, the Accounting Officer's authority was sought to pay the lessor(s) since Public Service Commission was still using the office accommodation.

4 PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

The Commission made progress in addressing one audit finding raised in my previous audit report. Out of two (2) recommendations, one was addressed and the other was not addressed as indicated below:

4.1 Disaster Recovery Plan

The finding was addressed as the Commission's Information Technology (IT) Department now has a Disaster Recovery Plan in place.

4.2 Recovery of Debts

The finding was not addressed as Outstanding Surcharges and Disallowances increased as indicated on paragraph 2.1 above.

GOVERNMENT EMPLOYEE MUTUAL SAVINGS FUND 2021

Objective of the Fund

The purpose of the Fund is to receive monthly contributions from members as a form of savings and to provide financial assistance to members in the form of loans or similar instruments.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|------------------------|
| Income | 73 575 457 |
| Expenditure | 17 351 072 |
| Surplus | ZWL\$56 224 385 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|--------------|---------------------------|---------------------------|
| Non-current | 530 015 936 | 1 294 787 360 |
| Current | 769 580 724 | 4 809 300 |
| Total | ZWL\$1 299 596 660 | ZWL\$1 299 596 660 |

I have audited the financial statements of the Government Employees Mutual Savings Fund for the year ended December 31, 2021 and I issued an unmodified opinion.

Opinion

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

However, below are issues noted during the audit:

1 GOVERNANCE ISSUE

1.1 Management Fees

Finding

The Fund paid National Building Society (NBS) bank ZWL\$16 171 458 being management fees of ZWL\$7 243 400 and database management fees of ZWL\$8 928 058. This expenditure constituted 93% of the total expenditure of ZWL\$17 351 072 incurred by the Fund. The amount could have been saved had the Fund carried out in-house some of the loan facilitating processes such as vetting of applicants, approval and management of database. The management fees in proportion to the loans issued constitute 1.3%.

Risk/Implication

The objective of the Fund may not be met if such high expenditure goes towards costs of management fees and database management charges.

Recommendations

Management should explore the feasibility of performing administration of the loan facility and management of the database.

Fund management should engage the bank to review management fees and database management fees being charged.

Management Response

The Commission acknowledges the observation. The year 2021 was the first year of operation of the Fund and hence it had no other significant expenditure heads. However, the Commission discovered that the 2.5% charged by NBS was on a higher scale and engaged the bank. The Bank after engagement agreed to charge 1% of the total financial position of the database they superintend over.

SKILLS ATTRACTION, RETENTION AND DEVELOPMENT FUND 2021 and 2022

Objective of the Fund

The main purpose of the Fund is to attract, retain and develop capacities and competences of skilled and experienced professionals in the public service.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|------------------------|
| Income | 32 902 281 |
| Expenditure | 92 605 |
| Surplus | ZWL\$32 809 676 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|------------------------|------------------------|
| Non-current | 65 695 315 | - |
| Current | - | 22 197 |
| Accumulated Fund | - | 65 673 118 |
| Total | ZWL\$65 695 315 | ZWL\$65 695 315 |

I have audited the financial statements of the Skills Attraction, Retention and Development Fund for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Skills Attraction, Retention and Development Fund as at December 31, 2022, 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 Cash Management

Finding

The financial statements for 2022 reflected an overdraft of ZWL\$57 521 at Agribank, contrary to provisions of Section 63(5) of the Public Finance Management (Treasury Instructions), 2019, which states that official banking accounts shall not be overdrawn. The Fund invested an amount of ZWL\$65 695 315 from the same account without leaving enough balance to cover bank charges.

Risk/Implication

Failure to monitor the bank account may result in the Fund incurring unnecessary overdraft costs.

Recommendation

The Fund management should put in place robust and prudent cash management mechanisms that will safeguard the Fund's resources and comply with the regulations.

Management Response

The observation is noted. Compliance with the Public Finance Management Act [*Chapter 22:19*] will be strictly adhered to. The Skills Attraction and Development Fund bank account was dormant due to the suspension of disbursements for the years 2021 and 2022. The account is set to receive funds maturing under investments as the first step in resuscitating the account. Excess monies in the Fund account were transferred to Investments that offered lucrative rates to preserve its value.

1.2 Money Held in Liquidated Bank Account

Finding

As highlighted in my previous reports, the Fund had not yet recovered an amount of US\$39 875, that has been locked up in the liquidated Zimbabwe Allied Banking Group since 2014. No evidence of follow ups with the Deposit Protection Corporation was produced for audit inspection.

Risk/Implication

There is a risk of loss of public resources through non-recovery of the outstanding amount.

Recommendation

The Fund management should follow up on the recovery of the sum of US\$39 875 from those charged with its operations.

Management Response

The observation has been noted. The Fund is still awaiting the final decision of the Judicial Manager appointed by the State to manage the affairs of the defunct bank.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not address two (2) findings that were raised in my previous audit report as indicated below:

2.1 Money Held in Liquidated Bank Account

The Fund had not yet recovered an amount of US\$39 875, the issue has been included in the report under paragraph 1.2 above.

2.2 Revaluation of Motor Vehicles

The Fund did not revalue three (3) motor vehicles.

PUBLIC SERVICE TRAINING CENTRES AMENITIES FUND 2022

Objective of the Fund

The objective of the Fund is to provide funding for the provision and maintenance of Public Service Training Centres as well as to provide cost recovery courses to Government Departments, Parastatals and Non-Governmental Organizations.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 592 872 748 |
| Expenditure | 362 483 749 |
| Surplus | ZWL\$230 388 999 |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-------------------------|-------------------------|
| Non-Current | 4 547 991 | - |
| Accumulated Fund | - | 260 702 259 |
| Current | 260 741 444 | 4 587 176 |
| Total | ZWL\$265 289 435 | ZWL\$265 289 435 |

I have audited the financial statements of the Training Centres Amenities Fund for the year ended December 31, 2022 and I have issued an unmodified opinion

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Service Training Centres Amenities Fund as at December 31, 2022, 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 Winding Up of Fund

Finding

The Fund continued to operate without authority from the Ministry of Finance and Economic Development and Investment Promotion. According to Treasury Circular Number 9 of 2020, the Fund was supposed to have wound up in 2019. However, the Fund has not closed the bank account and continues to deposit revenue generated in the account which is subsequently transferred to Treasury. The Fund managers are still preparing financial statements instead of winding up the Fund.

Risk/Implication

There is a risk of misappropriation of assets and other Fund resources.

Recommendation

The Fund should wind up operations as outlined in Treasury Circular No. 9 of 2020.

Management Response

The observation has been noted. However, Public Service Commission has since complied with Treasury Circular Number 9 of 2020. Accordingly, revenue returns have been prepared for the financial year 2023 and submitted to the Auditor General and Accountant General Offices.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Management of Accounts Receivable and Temporary Deposits

Findings

The Fund did not put in place mechanisms to recover outstanding Accounts Receivable, which had increased from ZWL\$26 549 669 in 2021 to ZWL\$152 162 163 in 2022. The increase was attributed to accommodation being offered on credit. The non-recovery of amounts owed by debtors deprives the Government of the much-needed financial resources. Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to take adequate steps to collect any sums due to the Government.

The Temporary Deposits of ZWL\$4 587 176 include direct deposits made for accommodation that are meant to clear debts reported under Accounts Receivable. The Commission has not reconciled the two accounts.

Risk/Implication

The continual increase in trade receivables may result in loss of revenue as they become irrecoverable due to time-lapse.

Recommendations

Management should come up with effective strategies to expedite the recovery of outstanding debts. Also, reconsideration should be made on offering accommodation services on credit.

Management should reconcile the two (2) accounts in order to clear the outstanding balances.

Management Response

The observation has been noted. Receivables in the year 2022 increased as a result of fluctuations in the interbank rate. Since the rates charged by Training institutes were pegged to the US\$, an increase in the interbank rate resulted in a compulsory increase in the debtors' balances.

The Training institutions were instructed not to accept clients who had debts in other Training institutions. Continuous follow-ups are being made and Training institutions were instructed to invoice in US\$.

3. PROGRESS IN ADDRESSING PRIOR YEAR FINDINGS

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

3.1 Management of Trade Receivables

The finding has not been addressed as Trade Receivables increased by 573%.

3.2 Non-Current Assets

The finding on the depreciation rate for boreholes had not been addressed as the Commission had not yet engaged the Ministry of Finance, Economic Development and Investment Promotion on the rate to apply.

ZIMBABWE CIVIL SERVICE FUNERAL ASSISTANCE FUND 2022

Objective of the Fund

The Fund was established for the purpose of rendering funeral assistance as part of the Funeral expenses of deceased civil servants with running contracts of employment in the Public Service with the exception of those covered by State Service (Disability Benefits) Act [*Chapter 16:05*] and members of the Uniformed Forces.

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

Statement of Comprehensive Income

| Item | Amount ZWL\$ |
|----------------|-------------------------|
| Income | 83 013 286 |
| Expenditure | 86 774 347 |
| Deficit | (ZWL\$3 761 061) |

Statement of Financial Position

| Item | Assets ZWL\$ | Liabilities ZWL\$ |
|------------------|-----------------------|-----------------------|
| Accumulated Fund | - | 2 004 029 |
| Current | 3 003 689 | 999 660 |
| Total | ZWL\$3 003 689 | ZWL\$3 003 689 |

I have audited the financial statements of the Zimbabwe Civil Service Funeral Assistance Fund for the year ended December 31, 2022 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Zimbabwe Civil Service Funeral Assistance Fund as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Accounting Package

Finding

The Fund maintained its accounting records manually instead of the recommended Public Financial Management System (PFMS) used by the Government to record transactions in the cashbook, journal and ledgers. Section 13 (2) of the Public Finance Management (Treasury Instruction), 2019 requires that all Statutory and other funds shall use PFMS unless authorized by Treasury to run independent systems.

Risks/Implications

Manual recording of transactions can lead to errors and omissions as the integrity of data might be compromised.

The manual accounting system is susceptible to human errors and manipulation as the financial information can easily be erased without any trace.

Recommendation

The Fund should use the PFMS to record transactions as required by Section 13 (2) of Public Finance Management (Treasury Instructions), 2019.

Management Response

The observation is noted. The Commission could not fully utilize PFMS for the Fund because all payments from the Fund are non-recurrent. Consultations on how best the Fund can use PFMS for disbursements of funds for funeral assistance are underway.

1.2 Reconciliation of Funeral Assistance Claim Payments

Finding

The Fund did not carry out monthly reconciliations of the bank statements against funeral assistance claims paid to beneficiaries. During the year under review, overpayments worth ZWL\$302 885 made in 2021 were only discovered in 2022 contrary to the requirements of Section 59 (17) of Public Finance Management (Treasury Instructions), 2019.

Risks/Implications

Failure to carry out monthly reconciliations may result in overpayments remaining undetected.

The dual payment of claims may result in the loss of public monies.

Recommendation

Management should ensure that reconciliations are carried out on funeral assistance claim payments as prescribed by Section 59 (17) of Public Finance Management (Treasury Instructions), 2019.

Management Response

The observation has been noted. Implementation of a consolidated funeral assistance register is already underway and is the very reason why the Fund managed to prevent overpayments in 2022.

Evaluation of Management Response

Management response is noted. However, the Fund did not respond to the issue on monthly reconciliations of the bank statements against funeral assistance claims paid to beneficiaries.

VOTE 28. - ZIMBABWE HUMAN RIGHTS COMMISSION

APPROPRIATION ACCOUNT 2023

Mandate

The Zimbabwe Human Rights Commission (ZHRC) is a national human rights institution which was established under Section 252 of the Constitution of Zimbabwe. It is an independent Commission whose main mandate is to protect, promote and enforce human rights.

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

| Original Budget | Unallocated Reserve Transfers | Total Budget | Expenditure | Net Under spending |
|------------------------|--------------------------------------|---------------------|--------------------|---------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$4 740 600 000 | \$8 589 494 004 | \$13 330 094 004 | \$12 629 634 848 | \$700 459 156 |

I have audited the financial statements of the Zimbabwe Human Rights Commission for the year ended December 31, 2023 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of the Zimbabwe Human Rights Commission as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Implementation of Program Based Budgeting (PBB)

Finding

A review of Zimbabwe Human Rights Commission's Programme based Budgeting documents availed for audit showed that the quarterly performance evaluation reports were not aligned to the Annual plan. The presentation in the quarterly reports did not follow a sequence where all outcomes under each programme and the respective outputs under each outcome would be presented sequentially. As such I was unable to evaluate the Commission's performance for the year 2023.

Risk/Implication

If performance evaluation reports are not aligned to the Annual Plan, the Commission's performance may be difficult to measure.

Recommendation

The Zimbabwe Human Rights Commission management should ensure that quarterly performance review reports are prepared in alignment with the Annual Plan.

Management Response

The observation is noted. The issue has been rectified in the year 2024. The Monitoring and Evaluation unit had no staff when the process began. The unit is now capacitated and the audit issues raised have been addressed.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Procurement and Delivery of Assets

Findings

The Commission awarded a tender for procurement of thirty-six (36) laptops and a payment of ZWL\$310 316 303 was made on December 18, 2023. However, the laptops had not been delivered to the Commission at the time of concluding the audit in May 2024.

Additionally, the Commission on December 15, 2023 procured furniture valued at ZWL\$505 248 948. The contract entered into between the Commission and Supplier of the Furniture specified that payment should be made only after delivery. However, the Commission went on to pay in full amount for the furniture before delivery was made. The supplier made a part delivery leaving the items listed in the table below which had not been delivered by the time of concluding this audit. This was contrary to Section 67 (19) of the Public Finance Management (Treasury Instructions),2019, which states that Accounting Officers shall ensure that the Conditions of a contract are complied with and applied consistently throughout the procurement cycle.

Furniture not Delivered

| Item | Quantity Purchased | Quantity Delivered | Date delivered | Balance to be delivered |
|-----------------------|--------------------|--------------------|--------------------------|-------------------------|
| Six (6) drawer desk | 3 | 0 | - | 3 |
| Three (3) drawer desk | 46 | 36 | February 19 and 23, 2024 | 10 |
| Swivel chairs | 47 | 19 | February 23, 2024 | 28 |
| Total | 96 | 55 | | 41 |

Risk/Implication

Financial resources may be lost as assets procured and paid for by the Commission may not be delivered.

Recommendations

The Commission should follow-up with the suppliers for the un-delivered goods.

The Commission should implement additional internal controls to ensure compliance with regulations and prevent unauthorized payments.

Management Response

The observation is noted. The Furniture Supplier has promised to clear his balance before month end. Laptops from the Supplier were delivered but on inspection of the consignment it was discovered that they did not meet the required specifications. As a result of that the Commission rejected the whole consignment. The supplier promised to deliver the correct consignment with the correct specs, but up to May 21, 2024 nothing has materialised despite numerous efforts which including meetings and correspondences. The matter is now being handled by the Commission lawyers.

VOTE 29. - NATIONAL PEACE AND RECONCILIATION COMMISSION

APPROPRIATION ACCOUNT 2023

Mandate

The Commission's mandate is to provide sustainable peace, equality, reconciliation, national healing, cohesion, unity and the peaceful resolution of disputes and conflicts in Zimbabwe.

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

| Original Budget | Unallocated Reserve Transfers | Total Budget | Expenditure | Net Underspending |
|------------------------|--------------------------------------|---------------------|--------------------|--------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$2 957 230 000 | \$9 821 197 930 | \$12 778 427 930 | \$11 284 768 236 | \$1 493 659 694 |

I have audited the financial statements for the National Peace and Reconciliation Commission for the year ended December 31, 2023 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of the National Peace and Reconciliation Commission as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Long Outstanding Disallowances

Finding

The Commission had long Outstanding Disallowances amounting to ZWL\$1 016 674 and US\$3 090 dating back to 2022 which arose due to officers being paid after they had left the Commission. Some had resigned while others had transferred to other government departments. The non-recovery of the disallowances was in contravention of Section 66 (6) of the Public Finance Management (Treasury Instructions), 2019 which states that, Accounting Officers are responsible for the recovery of disallowances and departmental surcharges and shall ensure that this is done as soon as possible.

Risk/Implication

Disallowances may not be recovered if it takes long to follow them up.

Recommendation

The Commission should intensify follow-ups with members who resigned to facilitate recovery of disallowances and also continuously engage other government departments.

Management Response

Human Resources generated letters to ex-employees to reimburse the money. As for those retired it was agreed that the monies would be recovered from their pensions when they claim it.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Commission made some progress in addressing the audit findings raised in my previous audit report. Out of four (4) findings raised, three (3) were addressed and one (1) was not addressed as indicated below:

2.1 Accident Damaged Vehicles

The finding on maintenance of vehicle accident and accident registers was addressed, as the registers were created and are up to date. Boards of Inquiry were convened for all three vehicle accidents.

2.2 Fuel Management

The finding on fuel management was addressed as a record of how fuel coupons were used was prepared and submitted to the audit.

2.3 Terminations

The finding on recovery of overpaid benefits to former employees was not addressed.

2.4 Performance Based Budgeting

The finding was addressed as the Commission managed to achieve targets on the planned activities for the year, 2023.

VOTE 30.- NATIONAL PROSECUTING AUTHORITY

APPROPRIATION ACCOUNT 2023

Mandate

The National Prosecuting Authority (NPA) is responsible for instituting and undertaking criminal prosecutions on behalf of the State, promoting a just and fair system for all persons approaching the courts and upholding the rights of the arrested and detained persons as provided for by the Constitution.

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

| Original Budget ZWL\$ | Unallocated Reserve Transfers ZWL\$ | Total Budget ZWL\$ | Expenditure ZWL\$ | Net Under Spending ZWL\$ |
|---|--|-----------------------|----------------------|-----------------------------|
| \$11 341 414 000 | \$29 597 611 387 | \$40 939 025 387 | \$37 815 356 325 | \$3 123 669 062 |
| Constitutional and Statutory Appropriation | | | | |
| \$43 128 000 | \$144 975 958 | \$188 103 958 | \$185 708 328 | \$2 395 630 |

I have audited the financial statements of the National Prosecuting Authority for the year ended December 31, 2023 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the state of affairs of the National Prosecuting Authority as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Supporting Documents for Procurement of Motor Vehicles

Findings

The National Prosecuting Authority was granted cabinet authority to procure sixty (60), one (1) litre Renault Kwid vehicles for operational purposes. Documentary review revealed that the Ministry of Finance and Economic Development confirmed that US\$1 000 000 was available for the procurement of the sixty (60) vehicles. Physical inspection revealed that forty-nine (49) Kia Picanto motor vehicles were delivered in place of the Renault Kwid vehicles. However, the following procurement documents were not availed for audit examination to enable me to analyse the transaction:

- a) Quotation from the supplier,
- b) Purchase order,
- c) The procurement contract with the supplier,
- d) Invoices and
- e) The payment voucher.

This resulted in scope limitation, as I could not confirm the purchase price, the total amount paid, the number of motor vehicles ordered and delivered and the reasons for variation of the

approved model. At the time of concluding the audit, both the Authority and the supplier had not provided the information.

There was also no evidence to support that the motor vehicles expenditure was processed through the Public Financial Management System (PFMS) as required by Section 59 (5) of the Public Finance Management (Treasury Instructions), 2019. In the absence of such evidence, I therefore, could not confirm with certainty the accuracy of the expenditure disclosed in the PFMS and the Appropriation Account.

Risks/Implications

In the absence of relevant procurement supporting documents, full accountability may not be achieved.

The financial statements could be materially misstated if the expenditure was not processed through the Authority's PFMS or books.

Recommendation

Management should avail for audit all the supporting documents for the procurement and payment for the motor vehicles.

Management Response

The observation has been noted. The Kia Picanto motor vehicles were offered to the Authority after engagement between the Acting Prosecutor General and the Accounting Officer for the Ministry of Finance and Economic Development. The procurement was done under a Government facility spearheaded by the Ministry of Finance and Economic Development. The Authority was not involved in any process to acquire the vehicles as other various Government Ministries benefited from this facility and no documents were availed. Further engagement will be made with Treasury on the way forward.

Initially, the Authority wanted to acquire Renault Kwid motor vehicles as per Cabinet Authority but it was discovered that since there was a running facility it was prudent for NPA to benefit since the matter was urgent.

Evaluation of Management Response

The correspondence or documents varying the cabinet authority were not submitted for audit.

Below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Reconciliation of the Consolidated Revenue Fund and Sub-Paymaster General's Account Transactions

Findings

The total expenditure disclosed on the reconciliation statement was ZWL\$38 000 912 161 whilst the Appropriation Account had total expenditure of ZWL\$38 001 064 653 resulting in a variance of ZWL\$152 492. There was no evidence that the variance was traced and corrected. This was contrary to Section 29 (4)(d) and (f) of the Public Finance Management (Treasury Instructions), 2019 which requires management to put in place systems of internal

checks that ensure the accuracy of accounts. As a result of the unexplained variance, I could not confirm with certainty the correctness of the Appropriation Account expenditure figure disclosed.

The Authority also submitted for audit an Annual Closure Certificate supported by expenditure and revenue general ledgers which had uncleared and open transactions. These should have been cleared from the system. Therefore, I could not validate whether the Authority accounted for all the expenditure incurred and revenue received.

Risks/Implications

The unreconciled variance and transactions could result in misstatement of expenditure incurred and revenue received.

Reliability of amounts disclosed in financial statements is compromised when variances are not reconciled and cleared.

Recommendations

Management should investigate and reconcile the expenditure amount, trace the variances and take corrective action to ensure reliability and accuracy of the total expenditure disclosed.

Supporting documents for the amounts disclosed on the reconciliation statements should be availed for audit.

Management should perform reconciliations and clear all outstanding transactions in the bank and general ledgers.

Management Response

The uncleared items on the PFMS expenditure general ledgers were caused by Treasury which did not provide the relevant ledgers to enable clearance of salaries paid in foreign currency and other direct payments.

Open items in the revenue general ledgers can no longer be cleared since the batches were processed using the old format. The Ministry will engage Treasury so that they can import data captured in the old general ledgers to the new ones to facilitate clearance.

1.2 Filling of Key Vacant Positions

Finding

The Authority had seven (7) key managerial posts in the Finance, Administration and Appeals departments which were vacant from 2021 up to the time of concluding the audit in April 2024. These key posts were manned by personnel in acting capacities. The Authority indicated that appointment and promotions could not be made due to the absence of the Board.

Risks/Implications

Due to absence of substantive personnel in key positions, implementation of programmes may be compromised.

In addition, there may be lack of segregation of duties in the finance department resulting in overriding of internal controls.

Recommendation

The Authority should take necessary steps to fill the key vacant posts in compliance with regulations.

Management Response

The observation has been noted. Key managerial posts are appointed by the Board. As indicated in previous audit reports, the NPA had no Board in place since 2019. That explains why those in posts were in acting capacities. The Board has since been appointed by the Ministry of Justice and Parliamentary Affairs in November 2023. Now that the Board is in place, the posts will be filled.

1.3 Salary in Kind – Monthly Fuel Allocation

Finding

For the year under review, the Authority increased fuel allocated to 56 officers in managerial positions by 120 litres per month without Public Service Commission (PSC) authority and Treasury concurrence. This was contrary to PSC circular on review of monthly fuel allocations for members of the Public Service dated August 3, 2022 which outlines the authorized quantities of fuel for staff. The Authority cited inadequacy of the fuel allocation due to increase in operations.

Risk/Implication

Varying fuel allocations without PSC approval and Treasury concurrence results in overriding of controls and this would be an improper charge against public funds.

Recommendations

Management should seek PSC approval and Treasury concurrence to vary the authorised fuel allocations.

In addition, management should consider allocations for operations to be based on assignments allocated and distance to be covered.

Management Response

The observation has been noted. Increase in operations was due to the opening of new Courts and twelve (12) Circuit Courts resulting in increased supervision.

In addition, due to the election period, cases which required the Authority's attention were on the rise.

The circular on Treasury Concurrence, provides for the Accounting Officer to exercises his discretion.

Evaluation of Management Response

Management response is acknowledged. However, the PSC approval and Treasury concurrence requires the Accounting Officer to exercise his discretion for issuance of fuel to officers below the Deputy Director grade.

1.4 Information Technology (IT) Risk Management

Finding

The National Prosecuting Authority did not have an approved IT Security Policy, approved IT continuity and Disaster Recovery Plan and an IT Strategy Committee responsible for overseeing and guiding the organization's IT strategy and direction. Section 162(1) of the Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to put in place a cost effective system of internal controls that addresses the Ministry's risks and protect property against loss.

Risks/Implications

Without a dedicated IT Strategy Committee, there may be a lack of oversight and guidance in setting IT strategic priorities.

The absence of an IT continuity and disaster recovery plan exposes the organization to data loss and inability to resume critical business operations.

Recommendations

Management should formulate an IT security policy so that there is clear guidance on the maintenance of information security across the organization and to properly safeguard the organization's assets.

The Authority should develop and document a comprehensive IT continuity and disaster recovery plan that includes clear roles, responsibilities, procedures, and steps to ensure the timely recovery of IT systems and infrastructure.

The Authority should establish an IT Strategy Committee to strengthen its IT governance and the committee should consist of key stakeholders, including senior management, IT manager, and representatives from various business units.

Management Response

The observation has been noted. The Information Communication Technology (ICT) Security Policy is there in our ICT policy which is currently under review in order to capture emerging ICT Technologies.

A Disaster Recovery Plan is currently not available but we have indicated in our strategic plan review that it needs to be crafted.

An ICT Committee is chaired by a board member and there was no board in place.

ICT Strategic plan is also in place and currently under review by the board.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Outstanding Revenue

Findings

There was a variance of ZWL\$16 955 085 between the total Outstanding revenue return amount of ZWL\$145 796 220 and the total supporting returns amount of

ZWL\$162 751 305. There was no evidence of reconciliations to ensure accuracy and completeness of disclosed amounts.

The Outstanding revenue return submitted for audit was incomplete as it did not show the comparative figures for 2022. This was contrary to Treasury circular number 1 of 2024 which requires disclosure of audited comparative figures.

Risks/Implications

Variances between the outstanding revenue and source documents result in unreliable reporting.

Omission of comparative year figures impact trend analysis of revenue collection.

Recommendations

The preparers and reviewers of financial statements and supporting returns should reconcile returns against source documents to ensure accuracy and completeness of reported balances.

Management should submit a revised Outstanding revenue return.

Management Response

The observation has been noted. The Ministry have since corrected the anomaly by including the omitted revenue from outstanding revenue.

Evaluation of Management Response

Management response is acknowledged. However, the corrected Outstanding revenue return is still to be submitted.

2.2 Departmental Surcharges

Finding

The Authority submitted a nil Departmental Surcharges audit return for the year ended December 2023 yet it had outstanding surcharges amounting to ZWL\$10 661 884 in the Departmental Surcharges register. There was no evidence that the preparers of the returns referred to the source documents such as registers in coming up with the return.

Risks/Implications

The outstanding revenue may be understated if outstanding surcharges are not disclosed.

Recovery of the debts may not be effected if year-end financials do not reflect what is due to the Authority.

Recommendation

Management should put in place mechanisms that ensure reconciliation with source documents when preparing the consolidated returns.

Management Response

The observation has been noted. However, the Ministry have since revised the Departmental Surcharge Return to correct the understated revenue.

Evaluation of Management Response

Management response is acknowledged. However, the revised Departmental Surcharges return had a total amount of ZWL\$ 5 212 085 instead of ZWL\$ 10 661 884 as per the register. No explanation for the variance was provided.

3 MANAGEMENT OF ASSETS

3.1 Assets Register

Finding

The National Prosecuting Authority did not record in the manual and PFMS Asset registers twenty (20) Isuzu D-max single cab and forty-nine (49) Kia Picanto motor vehicles procured in March 2023 and June 2023 respectively. This was contrary to Section 100 (1) and (2) of the Public Finance Management (Treasury Instructions), 2019 which requires Ministries, Agencies and Departments to record all assets and maintain an updated manual and PFMS asset registers. There was no evidence of review of the manual register by a senior officer to ensure completeness. As a result, the validity of the Departmental Assets Certificate submitted for audit could not be confirmed.

Risk/Implication

Accountability of the motor vehicles may be lost and confirmation of existence may be compromised, if they are not promptly recorded in the assets register.

Recommendations

The motor vehicles should be recorded in the manual and PFMS Assets registers.

An independent senior official should regularly review the assets register to ensure that it is updated.

Management Response

The observation has been noted. On the issue of the KIA Picanto motor vehicles, the Authority will seek guidance from Treasury on how to take them on board.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The NPA did not make significant progress in addressing audit findings raised in my previous report. Out of the six (6) findings, four (4) were fully addressed whilst two (2) were not addressed as indicated below.

4.1 Submission of Supporting Statements and Returns

The Authority submitted the Statement of Reconciliation between the Consolidated Revenue Fund- Main Paymaster General's Account and Sub- Paymaster General Account Transactions and the Annual Closure Certificate.

4.2 Reconciliation of the Sub-Paymaster General (Sub-PMG) Account

The issue of unreconciled variances between the total transfers figure from Treasury on the Sub-PMG reconciliation statement and the transfers as per PFMS recurred. The issue has been raised on paragraph 1.1 above.

4.3 Compensation of Employees Reconciliation

The issue of carrying out reconciliations has been addressed.

4.4 Appointment of a Board of Directors

The Board is now properly constituted.

4.5 Risk Management

The issue of non-existence of a Risk Management policy and risk assessment is still to be addressed.

4.6 Motor Vehicles

A revised minute confirming that fifteen (15) instead of sixteen (16) motor vehicles were donated was received from the Ministry of Finance, Economic Development and Investment promotion.

VOTE 33. – ZIMBABWE GENDER COMMISSION

APPROPRIATION ACCOUNT 2023

Mandate

The mandate of the Commission is to promote gender equality and equity as well as addressing the gap between policy and legislation and lived realities of women, men, girls and boys.

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

| Original Budget | Unallocated Reserves Transfers | Total Budget | Expenditure | Net Under Spending |
|------------------------|---------------------------------------|---------------------|--------------------|---------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$3 485 660 000 | \$5 246 470 337 | \$8 732 130 337 | \$8 303 350 335 | \$428 780 002 |

I have audited the financial statements for the Zimbabwe Gender Commission for the year ended December 31, 2023 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of the Zimbabwe Gender Commission for the year ended December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 PROCUREMENT OF GOODS AND SERVICES

1.1 Expenditure not Adequately Supported

Finding

Payments amounting to ZWL\$48 366 628 were inadequately supported. The payment vouchers did not have invoices; some were not supported at all while other purchases were made on a single quotation without being subjected to competitive bidding. As a result, I was not able to satisfy myself whether the expenditure was a proper charge to the vote. This was contrary to the requirements of Section 53(1) of the Public Finance Management (Treasury Instructions), 2019 which requires that all payments made should have adequate supporting documentation.

Risk/Implication

Failure to adequately support payments could result in the processing of fraudulent transactions which may result in financial loss.

Recommendation

Internal controls should be enhanced so as to improve procurement systems as well as the control environment.

Management Response

Management did not respond.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Board of Inquiry

Finding

The Commission did not recover monies from an officer who was involved in a car accident on April 24, 2021, with vehicle registration ZG01. The Board of Inquiry was convened on May 28, 2021 and recommended that ZWL\$38 000, being 10% of the total costs be recovered from the officer. However, the officer resigned from the Commission on July 15, 2023 before any recoveries were made. This was contrary to Section 12(3)(2) of the Public Finance Management Act [*Chapter 22:19*].

Risk/Implication

The Commission may fail to recover the money if it takes long to implement board of inquiry recommendations.

Recommendation

The Commission should consider the time value of money and take the necessary steps to recover the costs timeously.

Management Response

Management did not respond.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Commission made some progress in addressing issues raised in the previous audit report. Out of two (2) issues raised, the Commission managed to address one (1) finding and one (1) was not addressed as outlined below:

3.1 Expenditure

The Commission managed to reconcile the expenditure on employment costs of ZWL\$44 672 404 as per Salary Service Bureau (SSB) bill against employment costs financed by Treasury amounting to ZWL\$47 900 672.

3.2 Donations

The matter of the donation of a gazebo tent valued at US\$1 178 received in 2022 without Treasury Authority and not recorded in both the master asset register and the gifts and donations register was not addressed.

VOTE 34. - ZIMBABWE LAND COMMISSION

APPROPRIATION ACCOUNT 2023

Mandate

The Commission's mandate is to carry out land audit, farm inspections, resolve disputes and make recommendations to Government on appropriate land tenure systems.

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

| Original Budget | Unallocated Reserve Transfers | Total Budget | Expenditure | Net Under Spending |
|------------------------|--------------------------------------|---------------------|--------------------|---------------------------|
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| \$10 372 281 000 | \$12 440 638 534 | \$22 812 919 534 | \$22 174 973 317 | \$637 946 217 |

I have audited the financial statements of the Zimbabwe Land Commission for the year ended December 31, 2023 and I issued an unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the state of affairs of the Zimbabwe Land Commission as at December 31, 2023 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Risk Management Policy

Finding

The Commission had a Risk Management Policy which did not address aspects of risks identification and profiling, therefore no formal risk assessments were carried out during the year under review. Section 162 of the Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to put in place robust risk assessment mechanisms.

Risks/Implications

Absence of a comprehensive Risk Management Policy may result in the Commission not identifying and responding to risks or threats.

Failure to carry out formal risk assessments may expose the Commission to risks which could negatively impact its operations and performance.

Recommendations

The Commission should come up with a comprehensive Risk Management Policy that covers risk assessments.

Management should conduct risk assessments in order to safeguard government resources.

Management Response

The observation is noted. The Commission has an approved Risk Management policy in place. However, the policy requires a review to fully incorporate institutional risk assessments and profiling.

1.2 Disaster Recovery/ Business Continuity Plan

Finding

As previously observed, the Commission did not develop a Disaster Recovery Plan to enable it to continue offering critical services in the event of a system disruption and to survive a disastrous interruption. Section 44 (1) (a) (i) of the Public Finance Management Act [*Chapter 22:19*], requires an Accounting Officer to establish and maintain an effective risk management and internal control system. The Commission cited lack of resources as the main reason for not coming up with a Disaster Recovery Plan.

Risk/Implication

Data can be lost without recovery in the event of a disaster

Recommendation

The Commission should develop a plan and at the same time continuously lobby for resources from Treasury for implementation of the plan.

Management Response

The observation is noted. Workshops on Disaster Recovery Plan and Risk Management Policy Review will be conducted in 2024.

2 IMPLEMENTATION OF PROGRAMMES/ SERVICE DELIVERY

2.1 Land Disputes and Complaints Resolution

Finding

Out of the 2 900 planned investigations for disputes relating to agricultural land, the Commission managed to investigate and resolve 1 462 cases which was 50.4% of the target. However, the Annual Report reflected a target of 1 500, which had been revised in December 2023 and approved in January 2024.

Risk/Implication

This may result in misrepresentation of achievements.

Recommendations

The Commission should lobby for the requisite resources from Treasury to ensure that planned investigations are carried out so that farming activities are not disrupted.

Review of the operational plan where necessary, should be done during the course of the year and not at year end so that any adjustments are implemented.

Management Response

The figure was revised downwards after it became apparent that it was not attainable. The major reason being the loss of value in money caused by inflation.

3. GENDER ISSUES

3.1 Institutional Gender Policy

Finding

The Commission did not develop an institutional gender policy. Section 4.4 of the revised National Gender Policy 2017, requires Ministries to develop a specific Gender Policy to address gender inequalities within their areas of mandate.

Risk/Implication

Without an institutional gender policy, the Commission may fail to eliminate root causes of gender discrimination and inequality.

Recommendation

The Commission should prioritize developing a gender policy in order to achieve a gender-just society.

Management Response

The observation has been noted and plans are currently underway to develop the Commission's Gender policy by July 2024.

3.2 Gender Committee

Finding

The Commission appointed a Gender Committee in 2022, which held three meetings in 2023 but the committee is yet to be trained on gender issues so that they could start training other staff on gender issues. This was caused by non-prioritisation of training in this area. Sustainable Development Goal number 5 requires urgent action to eliminate the many root causes of discrimination that still curtail women's rights in work places.

Risk/Implication

The Gender Committee may fail to train other members if they are not capacitated.

Recommendation

The Commission should prioritize the training of the appointed members of the Gender Committee.

Management Response

The observation has been noted. However, training being a continuous process, the Gender Committee members have been subjected to various forums and workshops as a measure to capacitate the committee with relevant skills, expertise and knowledge generally obtainable at such trainings.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

4.1 Audit Committee

The finding was addressed as the Audit Committee was appointed in June 2023 and induction workshop was held in October 2023.

4.2 Risk Management Policy

The finding was partially addressed, the Commission is still working on the issue and workshop for capacitating management was rescheduled for second quarter of 2024.

4.3 Disaster Recovery/ Business Continuity Plan

The finding was not addressed, since the Commission is still working on the issue and workshop for capacitating management was rescheduled for second quarter of 2024.

4.4 Annual Performance Report

The finding was addressed as the Commission managed to produce the report.

4.5 Salary Reconciliations

The finding was not addressed, as the Commission requires an additional budget from Treasury to rectify the error.

ANNEXURES

ANNEXURE A

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS): IMPLEMENTATION MATRIX AND ACTION PLAN (IMAP)

| Vote No. | Ministry/Commissions | IMAP Submitted | Approved by Treasury |
|----------|---|----------------|----------------------|
| 1 | Office of the President and Cabinet | No | No |
| 2 | Parliament of Zimbabwe | Yes | No |
| 3 | Public Service, Labour and Social Welfare | Yes | No |
| 4 | Defence and War Veterans Affairs | No | No |
| 5 | Finance and Economic Development | Yes | Yes |
| 6 | Audit Office | Yes | No |
| 7 | Industry and Commerce | Yes | No |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development | Yes | Yes |
| 9 | Mines and Mining Development | Yes | Yes |
| 10 | Environment, Climate Change, Tourism and Hospitality Industry | Yes | No |
| 11 | Transport and Infrastructural Development | Yes | Yes |
| 12 | Foreign Affairs and International Trade | Yes | Yes |
| 13 | Local Government and Public Works | Yes | No |
| 14 | Health and Child Care | Yes | Yes |
| 15 | Primary and Secondary Education | Yes | Yes |
| 16 | Higher and Tertiary Education, Innovation, Science and Technology Development | Yes | No |
| 17 | Women Affairs, Community, Small and Medium Enterprises Development | Yes | No |
| 18 | Home Affairs and Cultural Heritage | Yes | No |
| 19 | Justice, Legal and Parliamentary Affairs | Yes | Yes |
| 20 | Information, Publicity and Broadcasting Services | Yes | Yes |
| 21 | Youth, Sports, Arts and Recreation | Yes | No |
| 22 | Energy and Power Development | Yes | No |
| 23 | Information Communication Technology and Courier Services | No | No |
| 24 | National Housing and Social Amenities | Yes | Yes |
| 25 | Judicial Services Commission | Yes | No |
| 26 | Public Service Commission | Yes | Yes |
| 27 | National Council of Chiefs | No | No |
| 28 | Zimbabwe Human Rights Commission | No | No |
| 29 | National Peace and Reconciliation Commission | Yes | Yes |
| 30 | National Prosecuting Authority | Yes | Yes |
| 31 | Zimbabwe Anti-Corruption Commission | Yes | No |
| 32 | Zimbabwe Electoral Commission | Yes | No |
| 33 | Zimbabwe Gender Commission | Yes | No |
| 34 | Zimbabwe Land Commission | Yes | Yes |
| 35 | Zimbabwe Media Commission | Yes | No |

ANNEXURE B

STATIONS VISITED

| Vote No. | Ministry/Commissions | Total Number of Stations | Head Office | | |
|----------|---|--------------------------|-------------|------------|------------|
| | | | 2023 | 2023 | 2022 |
| 1 | Office of the President and Cabinet | 89 | 1 | 11 | 0 |
| 2 | Parliament of Zimbabwe | 210 | 1 | 9 | 27 |
| 3 | Public Service, Labour and Social Welfare | 152 | 1 | 0 | 40 |
| 4 | Defence and War Veterans Affairs | 122 | 1 | 11 | 6 |
| 5 | Finance and Economic Development | 66 | 1 | 46 | 22 |
| 6 | Audit Office | 1 | 1 | 0 | 0 |
| 7 | Industry and Commerce | 10 | 1 | 1 | 0 |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development | 1 404 | 1 | 8 | 8 |
| 9 | Mines and Mining Development | 14 | 1 | 0 | 0 |
| 10 | Environment, Climate Change, Tourism and Hospitality Industry | 66 | 1 | 0 | 0 |
| 11 | Transport and Infrastructural Development | 165 | 1 | 1 | 23 |
| 12 | Foreign Affairs and International Trade | 50 | 1 | 0 | 2 |
| 13 | Local Government and Public Works | 163 | 1 | 0 | 8 |
| 14 | Health and Child Care | 61 | 1 | 38 | 15 |
| 15 | Primary and Secondary Education | 590 | 1 | 14 | 30 |
| 16 | Higher and Tertiary Education, Innovation, Science and Technology Development | 44 | 1 | 3 | 0 |
| 17 | Women Affairs, Community, Small and Medium Enterprises Development | 69 | 1 | 9 | 6 |
| 18 | Home Affairs and Cultural Heritage | 216 | 1 | 4 | 41 |
| 19 | Justice, Legal and Parliamentary Affairs | 98 | 1 | 17 | 0 |
| 20 | Information, Publicity and Broadcasting Services | 61 | 1 | 0 | 0 |
| 21 | Youth, Sports, Arts and Recreation | 122 | 1 | 0 | 13 |
| 22 | Energy and Power Development | 2 | 1 | 0 | 0 |
| 23 | Information Communication Technology and Courier Services | 145 | 1 | 22 | 44 |
| 24 | National Housing and Social Amenities | 76 | 1 | 0 | 9 |
| 25 | Judicial Services Commission | 32 | 1 | 0 | 0 |
| 26 | Public Service Commission | 90 | 1 | 1 | 0 |
| 27 | National Council of Chiefs | 127 | 1 | 0 | 6 |
| 28 | Zimbabwe Human Rights Commission | 5 | 1 | 0 | 0 |
| 29 | National Peace and Reconciliation Commission | 4 | 1 | 0 | 0 |
| 30 | National Prosecuting Authority | 52 | 1 | 0 | 0 |
| 31 | Zimbabwe Anti-Corruption Commission | 10 | 1 | 0 | 0 |
| 32 | Zimbabwe Electoral Commission | 88 | 1 | 1 | 0 |
| 33 | Zimbabwe Gender Commission | 1 | 1 | 0 | 0 |
| 34 | Zimbabwe Land Commission | 2 | 1 | 0 | 0 |
| 35 | Zimbabwe Media Commission | 1 | 0 | 0 | 0 |
| | Total | 4 330 | 34 | 196 | 300 |

ANNEXURE C
MINISTRIES AND COMMISSIONS AUDIT OPINIONS PER ENTITY

| Vote No | Ministry / Commission | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion |
|---------|--|----------------|-------------------|----------------|---------------|----------------------|---|----------------|------------------------|
| | | 2023 AG Report | | 2022 AG Report | | 2021 AG Report | | 2020 AG Report | |
| 1 | Office of the President and Cabinet | | | | | | | | |
| | District Development Fund | 2022 | Unqualified | 2021 | Qualified | - | - | 2020 2019 | Qualified Qualified |
| | State Enterprises Restructuring Agency | 2022 | Unqualified | - | - | 2021 2020 2019 | Unqualified Unqualified Unqualified | 2018 | Unqualified |
| 2 | Parliament of Zimbabwe | | | | | | | | |
| | Appropriation Account | 2022 | Qualified | - | - | 2021 | Qualified | 2020 | Qualified |
| | Constituency Development Fund | 2018 2021 | No opinion issued | - | - | - | - | - | - |
| 3 | Public Service, Labour and Social Welfare | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Unqualified | 2021 | Qualified | 2020 | Qualified |
| | Older Persons Fund | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified | 2019 | Unqualified |
| | Child Welfare Fund | 2022 | Unqualified | - | - | 2021 2020 | Unqualified Unqualified | 2019 | Unqualified |
| | Disabled Persons Fund | 2022 | Unqualified | - | - | 2021 2020 2019 | Unqualified Unqualified Unqualified | 2018 | Unqualified |
| | Children on the Streets Fund | 2022 | Unqualified | - | - | 2021 2020 | Unqualified Unqualified | - | - |
| | Cash Transfer Scheme for Urban Vulnerable Persons Fund | 2022 | Unqualified | - | - | 2021 2020 | Unqualified Unqualified | 2019 | Unqualified |
| | National Drought Fund | 2022 | Unqualified | - | - | 2021 | Unqualified | 2019 | Unqualified |

| Vote No | Ministry / Commission | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion |
|---------|---|----------------|----------------------------|----------------------|-------------------------------------|----------------|----------------------------|----------------|---------------|
| | | 2023 AG Report | | 2022 AG Report | | 2021 AG Report | | 2020 AG Report | |
| | | | | | | 2020 | Unqualified | | |
| | Community Recovery Fund | 2022 | Unqualified | - | - | 2021 2020 | Unqualified Unqualified | - | - |
| | Yvonne Parfitt Homes for the Aged Fund | 2022 | Unqualified | - | - | 2021 | Unqualified | 2020 | Unqualified |
| | National Rehabilitation Centre Welfare Fund | 2022 2021 | Unqualified Unqualified | - | - | 2020 2019 | Unqualified Unqualified | - | - |
| | Sustainable Livelihoods Fund | 2022 | Unqualified | - | - | | | - | - |
| 4 | Defence and War Veterans Affairs | | | | | | | | |
| | Appropriation Account | 2022 | Qualified | - | - | 2021 2020 | Qualified Qualified | - | - |
| 5 | Ministry of Finance and Economic Development | | | | | | | | |
| | Appropriation Account | 2022 | Qualified | - | - | 2021 | Unqualified | 2020 | Qualified |
| 6 | Audit Office | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |
| 7 | Industry and Commerce | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | 2022 | Qualified | 2021 | Unqualified | 2020 | Unqualified |
| | Standards Development Fund | 2022 | Qualified | - | - | 2021 2020 | Unqualified Unqualified | 2019 | Unqualified |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | 2022 | Qualified | 2021 | Unqualified | 2020 | Qualified |
| | Agriculture Revolving Fund | - | - | 2021 2020 2019 | Qualified Qualified Qualified | - | - | - | - |
| | Water Fund | 2022 | Unqualified | 2021 | Qualified | 2020 | Unqualified | 2019 | Unqualified |

| Vote No | Ministry / Commission | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion |
|---------|--|----------------|---------------|----------------|------------------------|----------------|----------------------------|----------------|----------------------------|
| | | 2023 AG Report | | 2022 AG Report | | 2021 AG Report | | 2020 AG Report | |
| | Tobacco Levy Fund | 2022 | Unqualified | 2021 | Unqualified | 2020 2019 | Unqualified Unqualified | - | - |
| | Lands and Resettlement Fund | 2022 | Disclaimer | 2021 | Qualified | 2020 | Unqualified | - | - |
| | Pig Levy Fund | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified | 2020 | Unqualified |
| | Lands Compensation Fund | 2022 | Disclaimer | 2021 | Qualified | 2020 | Unqualified | 2019 | Unqualified |
| 9 | Mines and Mining Development | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |
| | Special Gold Unit Fund | 2022 | Unqualified | - | - | 2021 | Unqualified | 2020 2019 | Unqualified Unqualified |
| | Mining Industry Loan Fund | 2022 | Unqualified | - | - | 2021 | Unqualified | 2020 2019 | Unqualified Unqualified |
| 10 | Environment, Climate Change, Tourism and Hospitality Industry | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | 2022 | Qualified | 2021 | Unqualified | 2020 | Unqualified |
| 11 | Transport and Infrastructural Development | | | | | | | | |
| | Department of Roads Fund | 2021 | Qualified | 2020 2019 | Qualified Qualified | - | - | - | - |
| 12 | Foreign Affairs and International Trade | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | 2022 | Qualified | 2021 | Qualified | 2020 | Qualified |
| 14 | Health and Child Care | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | 2022 | Qualified | 2021 | Qualified | 2020 | Qualified |
| | Health Services Fund | 2022 | Adverse | 2021 | Qualified | 2020 2019 | Qualified Qualified | - | - |
| 15 | Primary and Secondary | | | | | | | | |

| Vote No | Ministry / Commission | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion |
|---------|--|----------------------|--|----------------|---------------|----------------|------------------------|----------------|---------------|
| | | 2023 AG Report | | 2022 AG Report | | 2021 AG Report | | 2020 AG Report | |
| | Education | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Qualified | 2021 | Qualified | 2020 | Unqualified |
| | School Services Fund | 2022 | Qualified | 2021 | Qualified | 2020 2019 | Qualified Qualified | - | - |
| 16 | Higher and Tertiary Education, Innovation, Science and Technology Development | | | | | | | | |
| | Amenities Fund | 2021 2020 2019 | Disclaimer Disclaimer Disclaimer | - | - | 2018 | Disclaimer | - | - |
| | Industrial Training and Trade Testing Fund | 2019 | Disclaimer | - | - | | | 2018 | Qualified |
| | Skilled Manpower Trade Testing and Certification Fund | 2021 2020 | Disclaimer Disclaimer | | | | | | |
| | National Education and Training Fund | 2021 2020 | Qualified Qualified | - | - | 2019 | Qualified | - | - |
| 17 | Women Affairs, Community, Small and Medium Enterprises Development | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |
| | Women Development Fund | 2022 2021 | Qualified Qualified | 2020 | Qualified | 2019 | Unqualified | - | - |
| 18 | Home Affairs and Cultural Heritage | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | 2022 | Qualified | 2021 | Unqualified | 2020 | Qualified |
| | National Archives Retention Fund | 2020 2019 2018 | Adverse Adverse Adverse | - | - | 2017 | Disclaimer | - | - |

| Vote No | Ministry / Commission | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion |
|---------|---|----------------------|---|----------------------|---|----------------------|-------------------------------------|----------------|---------------|
| | | 2023 AG Report | | 2022 AG Report | | 2021 AG Report | | 2020 AG Report | |
| 19 | Justice, Legal and Parliamentary Affairs | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | - | - | 2021 | Unqualified | 2020 | Qualified |
| | | 2022 | Adverse | | | | | | |
| | Guardian's Fund | 2022 | Qualified | - | - | 2020 | Unqualified | - | - |
| | | 2021 | Unqualified | | | | | | |
| 20 | Information, Publicity and Broadcasting Services | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |
| 21 | Youth, Sports, Arts and Recreation | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |
| | Youth Development Fund | 2019 | Disclaimer | - | - | 2018 | Qualified | - | - |
| 22 | Energy and Power Development | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |
| 24 | National Housing and Social Amenities | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |
| | Civil Service Housing Loan Fund | 2022 2021 2020 | Qualified Unqualified Unqualified | 2019 2018 2017 | Unqualified Unqualified Unqualified | - | - | - | - |
| | National Housing Fund | 2022 2021 | Qualified Qualified | - | - | 2020 2019 2018 | Qualified Qualified Qualified | 2017 | Disclaimer |
| | Housing and Guarantee Fund | 2022 2021 | Qualified Qualified | - | - | 2020 | Unqualified | 2017 | Qualified |
| 25 | Judicial Services Commission | | | | | | | | |

| Vote No | Ministry / Commission | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion | Financial Year | Audit Opinion |
|---------|---|-----------------------|----------------------------|-----------------------|----------------------------|-----------------------|---|-----------------------|---------------|
| | | 2023 AG Report | | 2022 AG Report | | 2021 AG Report | | 2020 AG Report | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |
| 26 | Public Service Commission | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Qualified | 2021 | Unqualified | 2020 | Unqualified |
| | Civil Service Training Loan Fund | 2022 | Unqualified | 2021 | Unqualified | 2020 2019 | Unqualified Unqualified | - | - |
| | Public Service Training Centres Amenities Fund | 2022 | Unqualified | 2021 2020 | Unqualified Unqualified | 2019 | Unqualified | - | - |
| | Government Employees Mutual Savings Fund | 2021 | Unqualified | - | - | - | - | - | - |
| | Civil Service Funeral Assistance Fund | 2022 | Unqualified | - | - | 2021 2020 2019 | Unqualified Unqualified Unqualified | - | - |
| | Skills Attraction, Retention and Development Fund | 2022 2021 | Unqualified Unqualified | - | - | 2020 2019 | Unqualified Unqualified | - | - |
| 28 | Zimbabwe Human Rights Commission | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |
| 29 | National Peace and Reconciliation Commission | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |
| 30 | National Prosecuting Authority | | | | | | | | |
| | Appropriation Account | 2023 | Qualified | 2022 | Qualified | 2021 | Unqualified | 2020 | Unqualified |
| 33 | Zimbabwe Gender Commission | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Qualified | 2021 | Unqualified | 2020 | Unqualified |

| Vote No | Ministry / Commission | Financial Year | Audit Opinion |
|----------------|---------------------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | | 2023 AG Report | | 2022 AG Report | | 2021 AG Report | | 2020 AG Report | |
| 34 | Zimbabwe Land Commission | | | | | | | | |
| | Appropriation Account | 2023 | Unqualified | 2022 | Unqualified | 2021 | Unqualified | 2020 | Unqualified |

ANNEXURE D

STATUS OF ACCOUNTS

| Vote No | Ministry/Commission | Account | Financial Year | Dated Submitted | Status of Audit Not commenced/ Audit In progress |
|---------|--|--|----------------|-----------------|--|
| A | Office of the President and Cabinet | Appropriation Account | 2023 | 15/02/24 | Not commenced |
| | | District Development Fund | 2023 | Not submitted | Not submitted |
| | | State Enterprises Restructuring Agency | 2023 | Not submitted | Not submitted |
| 2 | Parliament of Zimbabwe | Appropriation Account | 2023 | 05/02/24 | Audit in progress |
| | | Constituency Development Fund | 2023 | Not submitted | Not submitted |
| | | | 2022 | 20/03/23 | Audit in progress |
| 3 | Public Service, Labour and Social Welfare | Cash Transfer Scheme for Urban Vulnerable Persons Fund | 2023 | Not submitted | Not submitted |
| | | Child Welfare Fund | 2023 | 22/04/24 | Audit in progress |
| | | Children on the Street | 2023 | 19/04/24 | Not commenced |
| | | Community Recovery Fund | 2023 | 22/03/24 | Not commenced |
| | | Disabled Persons Fund | 2023 | 23/04/24 | Not commenced |
| | | Drug and Substance Abuse Fund | 2023 | 05/04/24 | Audit in progress |
| | | National Drought Fund | 2023 | 05/04/24 | Not commenced |
| | | Older Persons Fund | 2023 | Not submitted | Not submitted |
| | | Sustainable Livelihoods | 2023 | 05/04/24 | Not commenced |
| | | Yvonne E. Parfitt Homes for the Aged Fund | 2023 | 22/04/24 | Audit In progress |
| 4 | Defence and War Veterans Affairs | Appropriation Account | 2023 | 10/04/24 | Audit in progress |
| | | Defence Procurement Fund | 2023 | Not Submitted | Not submitted |
| | | | 2022 | Not Submitted | Not submitted |
| | | | 2021 | 31/03/23 | Audit in progress |
| | | War Veterans Fund | 2023 | 15/04/24 | Not commenced |

| Vote No | Ministry/Commission | Account | Financial Year | Dated Submitted | Status of Audit Not commenced/ Audit In progress |
|---------|---|--|----------------|-----------------|--|
| | | | 2022 | 30/03/23 | Audit in progress |
| | | | 2021 | 30/03/23 | Audit in progress |
| | | National Heroes Dependents Fund | 2023 | 15/04/24 | Not commenced |
| | | | 2022 | 22/03/22 | Audit in progress |
| | | | 2021 | 22/03/22 | Audit in progress |
| 5 | Ministry of Finance and Economic Development | Appropriation Account | 2023 | 22/03/24 | Audit in progress |
| | | National Development Fund | 2023 | Not Submitted | Not submitted |
| | | | 2022 | 25/01/24 | Audit in progress |
| | | | 2021 | 25/01/24 | Audit in progress |
| | | | 2020 | 25/01/24 | Audit in progress |
| | | Consolidated Revenue Fund (CRF) | 2023 | Not Submitted | Not submitted |
| | | | 2022 | Not Submitted | Not submitted |
| | | | 2021 | Not Submitted | Not submitted |
| | | | 2020 | Not Submitted | Not submitted |
| | | | 2019 | 08/11/23 | Audit in progress |
| | | Summary of Transactions on the Exchequer | 2023 | Not Submitted | Not submitted |
| | | | 2022 | Not Submitted | Not submitted |
| | | | 2021 | Not Submitted | Not submitted |
| | | | 2020 | Not Submitted | Not submitted |
| | | Statement of Public Financial Assets | 2023 | Not Submitted | Not submitted |
| | | | 2022 | Not Submitted | Not submitted |
| | | | 2021 | Not Submitted | Not submitted |
| | | | 2020 | Not Submitted | Not submitted |
| | | Statement of Receipts and Disbursements | 2023 | Not Submitted | Not submitted |
| | | | 2022 | Not Submitted | Not submitted |
| | | | 2021 | Not Submitted | Not submitted |
| | | | 2020 | Not Submitted | Not submitted |
| | | Schedule of Outstanding Revenue | 2023 | Not Submitted | Not submitted |
| | | | 2022 | Not Submitted | Not submitted |

| Vote No | Ministry/Commission | Account | Financial Year | Dated Submitted | Status of Audit Not commenced/ Audit In progress |
|---------|---|-----------------------------------|----------------|-----------------|--|
| | | | 2021 | Not Submitted | Not submitted |
| | | | 2020 | Not Submitted | Not submitted |
| | | Statement of Public Debt | 2023 | Not Submitted | Not submitted |
| | | | 2022 | Not Submitted | Not submitted |
| | | | 2021 | Not Submitted | Not submitted |
| | | | 2020 | 02/03/23 | Audit in Progress |
| 7 | Industry and Commerce | Standards Development Fund | 2023 | 10/04/24 | Not commenced |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development | Agriculture Revolving Fund | 2023 | Not Submitted | Not submitted |
| | | | 2022 | 29/11/23 | Not commenced |
| | | Water Fund | 2023 | Not submitted | Not submitted |
| | | Tobacco Levy Fund | 2023 | 20/5/24 | Audit in progress |
| | | Lands and Resettlement Fund | 2023 | Not submitted | Not submitted |
| | | Pig Levy Fund | 2023 | 22/4/24 | Audit in progress |
| | | Lands Compensation Fund | 2023 | 30/5/24 | Not commenced |
| | | National Co-ordination Unit (NCU) | 2023 | Not submitted | Not submitted |
| | | | 2022 | 16/02/24 | Not commenced |
| | | | 2021 | Not submitted | Not submitted |
| 9 | Mines and Mining Development | Special Gold Unit Fund | 2023 | 03/04/24 | Not commenced |
| | | Mining Industry Loan Fund | 2023 | 03/04/24 | Not commenced |
| 11 | Transport and Infrastructural Development | Appropriation Account | 2023 | 06/03/24 | Audit in progress |
| | | Department of Roads Fund | 2023 | 17/04/24 | Not commenced |
| | | | 2022 | 06/01/24 | Audit in progress |
| 13 | Local Government and Public Works | Appropriation Account | 2023 | 31/01/24 | Audit in progress |
| | | National Civil Protection | 2023 | 02/05/24 | Not Commenced |
| | | | 2022 | 12/12/23 | Audit in progress |
| | | | 2021 | 12/12/23 | Audit in progress |

| Vote No | Ministry/Commission | Account | Financial Year | Dated Submitted | Status of Audit Not commenced/ Audit In progress |
|---------|--|---|----------------|-----------------|--|
| 14 | Health and Child Care | Health Services Fund | 2023 | Not submitted | Not submitted |
| 15 | Primary and Secondary Education | School Services Fund | 2023 | 28/02/24 | Audit in progress |
| 16 | Higher and Tertiary Education, Innovation, Science and Technology Development | Appropriation Account | 2023 | 12/04/24 | Audit in progress |
| | | Tertiary Education & Training Development Fund | 2023 | Not submitted | Not submitted |
| | | | 2022 | Not submitted | Not submitted |
| | | | 2021 | 27/03/23 | Audit in progress |
| | | | 2020 | 27/03/23 | Audit in progress |
| | | Colleges Amenities Fund | 2023 | Not submitted | Not submitted |
| | | | 2022 | Not submitted | Not submitted |
| | | Skilled Manpower Trade Testing and Certification Fund | 2023 | Not submitted | Not submitted |
| | | | 2022 | Not submitted | Not submitted |
| | | National Education and Training Fund | 2023 | Not submitted | Not submitted |
| | | | 2022 | Not submitted | Not submitted |
| | | Innovation and Commercialization Fund | 2023 | Not submitted | Not submitted |
| | | | 2022 | Not submitted | Not submitted |
| | | | 2021 | Not submitted | Not submitted |
| | | | 2020 | Not submitted | Not submitted |
| | | Vocational and Technical Examinations Fund | 2023 | Not submitted | Not submitted |
| 17 | Women Affairs, Community, Small and Medium Enterprises Development | Women's Development Fund | 2023 | 10/04/24 | Not Commenced |
| | | Small and Medium Enterprises Revolving Fund | 2022 | 04/09/23 | Audit in progress |
| | | Small and Medium Enterprises Revolving Fund | 2023 | 10/04/24 | Not Commenced |

| Vote No | Ministry/Commission | Account | Financial Year | Dated Submitted | Status of Audit Not commenced/ Audit In progress |
|----------------|--|--|-----------------------|------------------------|---|
| | | Zimbabwe Community Development Fund | 2021 & 2022 | 04/09/23 | Audit in progress |
| | | Zimbabwe Community Development Fund | 2023 | 10/04/24 | Not Commenced |
| 19 | Justice, Legal and Parliamentary Affairs | Legal Aid Directorate Fund | 2023 | 03/05/24 | Not Commenced |
| | | | 2022 | 03/05/24 | Not Commenced |
| | | | 2023 | 03/05/24 | Not Commenced |
| | | Guardian's Fund | 2023 | 22/05/24 | Not Commenced |
| 21 | Youth, Sports, Arts and Recreation | Youth Development and Employment Creation Fund | 2023 | Not submitted | Not submitted |
| | | | 2022 | Not submitted | Not submitted |
| | | | 2021 | Not submitted | Not submitted |
| | | | 2020 | Not submitted | Not submitted |
| 23 | Information Communication Technology and Courier Services | Appropriation Account | 2023 | 28/02/24 | Audit in progress |
| 24 | National Housing and Social Amenities | National Housing Fund | 2023 | Not submitted | Not submitted |
| | | Housing and Guarantee Fund | 2023 | 09/04/24 | Audit in progress |
| | | Civil Service Housing Loan Fund | 2023 | 02/04/24 | Audit in progress |
| 25 | Judicial Services Commission | Courts Administration Fund | 2021 & 2022 | 16/02/24 | Not commenced |
| | | Courts Administration Fund | 2023 | Not Submitted | Not submitted |
| 26 | Public Service Commission | Public Service Transport Management Fund | 2023 | 03/04/24 | Audit in progress |
| | | Public Service Training Centres Amenities Fund | 2023 | 03/04/24 | Audit in progress |
| | | | 2022 | 25/01/23 | Audit in progress |

| Vote No | Ministry/Commission | Account | Financial Year | Dated Submitted | Status of Audit Not commenced/ Audit In progress |
|----------------|--|---|-----------------------|------------------------|---|
| | | Civil Service Training Loan Fund | 2023 | 03/04/24 | Audit in progress |
| | | Government Employees Mutual Savings Fund | 2023 | Not submitted | Not submitted |
| | | | 2022 | 12/04/24 | Not commenced |
| | | Skills Attraction, Retention and Development Fund | 2023 | 03/04/24 | Not commenced |
| | | Civil Service Funeral Assistance Fund | 2023 | 03/04/24 | Audit in progress |
| | | Public Service Pension Management Fund | 2023 | 15/04/24 | Not commenced |
| | | | 2022 | 15/04/24 | Not commenced |
| | | | 2021 | 31/03/23 | Audit in progress |
| | | | 2020 | 27/02/23 | Audit in progress |
| | | | 2019 | 27/02/23 | Audit in progress |
| 27 | National Council of Chiefs | Appropriation Account | 2023 | 31/01/24 | Audit in progress |
| 31 | Zimbabwe Anti-Corruption Commission | Appropriation Account | 2023 | 02/01/24 | Audit in progress |
| | | Appropriation Account | 2022 | 07/06/23 | Audit in progress |
| 32 | Zimbabwe Electoral Commission | Appropriation Account | 2023 | 29/02/24 | Audit in progress |
| 35 | Zimbabwe Media Commission | Appropriation Account | 2023 | Not submitted | Not submitted |
| | | Appropriation Account | 2022 | 29/09/23 | Audit in progress |

ANNEXURE E

ANALYSIS OF BUDGET UTILISATION BY MINISTRIES/COMMISSIONS

| ANALYSIS OF BUDGET UTILISATION BY MINISTRIES/COMMISSIONS | | | | | | | |
|--|--|-----------------|----------------------|-------------------|-----------------------------|----------------------------------|------------------------|
| Vote | Name | Original budget | Unallocated Reserves | Total Budget | Expenditure Amount Reported | Underspending/ (Overspending) | Percentage Utilisation |
| | | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | % |
| 3 | Public Service, Labour and Social Welfare | 92 620 309 000 | 93 100 841 087 | 185 721 150 087 | 170 938 628 513 | 14 782 521 574 | 92% |
| 6 | Office of the Auditor-General | 10 858 381 000 | 5 508 120 448 | 16 366 501 448 | 16 065 675 283 | 300 826 165 | 98% |
| 7 | Industry and Commerce | 15 630 381 000 | 15 242 158 125 | 30 872 539 125 | 27 898 750 279 | 2 973 788 846 | 90% |
| 8 | Land, Agriculture, Fisheries, Water and Rural Development | 362 520 603 000 | 2 200 660 453 518 | 2 563 181 056 518 | 2 419 817 876 027 | 143 363 180 491 | 94% |
| 9 | Mines and Mining Development | 12 987 529 000 | 26 527 193 811 | 39 514 722 811 | 34 065 082 599 | 5 449 640 212 | 86% |
| 10 | Environment, Climate, Tourism and Hospitality Industry | 14 199 197 000 | 46 576 194 532 | 60 775 391 532 | 58 096 914 630 | 2 678 476 902 | 96% |
| 12 | Foreign Affairs and International Trade | 81 864 071 000 | 163 285 016 464 | 245 149 087 464 | 241 798 812 977 | 3 350 274 487 | 99% |
| 14 | Health and Child Care | 473 758 209 000 | 1 088 767 253 908 | 1 562 525 462 908 | 1 476 833 361 127 | 85 692 101 781 | 95% |
| 15 | Primary and Secondary Education | 631 279 722 000 | 2 358 039 491 452 | 2 989 319 213 452 | 2 864 836 267 868 | 124 482 945 584 | 96% |
| 17 | Women Affairs, Community, Small and Medium Enterprises Development | 18 541 814 000 | 45 364 146 396 | 63 905 960 396 | 57 307 316 868 | 6 598 643 528 | 90% |

| | | | | | | | |
|----|--|----------------------------|----------------------------|-----------------------------|----------------------------|--------------------------|------------|
| 18 | Home Affairs and Cultural Heritage | 293 009 806 000 | 1 056 356 952 020 | 1 349 366 758 020 | 1 134 455 527 929 | 214 911 230 091 | 84% |
| 19 | Justice, Legal and Parliamentary Affairs | 120 833 701 000 | 270 110 722 766 | 390 944 423 766 | 372 345 901 288 | 18 598 522 478 | 95% |
| 20 | Information, Publicity and Broadcasting Services | 10 119 877 000 | 38 338 013 947 | 48 457 890 947 | 39 467 148 108 | 8 990 742 839 | 81% |
| 21 | Youth, Sport, Arts and Recreation | 25 336 050 000 | 63 727 958 434 | 89 064 008 434 | 84 018 220 861 | 5 045 787 573 | 94% |
| 22 | Energy and Power Development | 15 468 309 000 | 44 755 884 223 | 60 224 193 223 | 46 774 514 229 | 13 449 678 994 | 78% |
| 24 | National Housing and Social Amenities | 27 679 072 000 | 337 399 315 419 | 365 078 387 419 | 358 739 565 212 | 6 338 822 207 | 98% |
| 25 | Judicial Services Commission | 37 940 833 000 | 76 325 445 104 | 114 266 278 104 | 92 288 577 770 | 21 977 700 334 | 81% |
| 26 | Public Service Commission | 107 473 955 000 | 229 775 125 691 | 337 249 080 691 | 259 152 002 550 | 78 097 078 141 | 77% |
| 28 | Zimbabwe Human Rights Commission | 4 740 600 000 | 8 589 494 004 | 13 330 094 004 | 12 629 634 848 | 700 459 156 | 95% |
| 29 | National Peace and Reconciliation Commission | 2 957 230 000 | 9 821 197 930 | 12 778 427 930 | 11 284 768 236 | 1 493 659 694 | 88% |
| 30 | National Prosecuting Authority | 11 341 414 000 | 29 597 611 387 | 40 939 025 387 | 37 815 356 325 | 3 123 669 062 | 92% |
| 33 | Zimbabwe Gender Commission | 3 485 660 000 | 5 246 470 337 | 8 732 130 337 | 8 303 350 335 | 428 780 002 | 95% |
| 34 | Zimbabwe Land Commission | 10 372 281 000 | 12 440 638 534 | 22 812 919 534 | 22 174 973 317 | 637 946 217 | 97% |
| | TOTAL | \$2 385 019 004 000 | \$8 225 555 699 537 | \$10 610 574 703 537 | \$9 847 108 227 179 | \$763 466 476 358 | 93% |

ANNEXURE E (Continued)

CONSTITUTIONAL AND STATUTORY APPROPRIATIONS

| ANALYSIS OF BUDGET UTILISATION BY MINISTRIES/COMMISSIONS | | | | | | | |
|--|---|--------------------------|-------------------------------|----------------------------|---|---|--------------------------------|
| Vote | Name | Original budget ZWL\$ | Unallocated Reserves ZWL\$ | Total Budget ZWL\$ | Expenditure Amount Reported ZWL\$ | Underspending/ (Overspending) ZWL\$ | Percentage Utilisation % |
| 3 | Public Service, Labour and Social Welfare | 89 700 000 | - | 89 700 000 | 473 487 765 | (383 787 765) | 528 |
| 6 | Office of the Auditor-General | 8 579 000 | 15 816 998 | 24 395 998 | 24 395 998 | - | 100 |
| 19 | Justice, Legal and Parliamentary Affairs | 24 521 246 000 | - | 24 521 246 000 | 877 375 353 | 23 643 870 647 | 4 |
| 25 | Judicial Service Commission | 1 758 585 000 | 11 048 011 558 | 12 806 596 558 | 12 806 596 545 | 13 | 100 |
| 26 | Public Service Commission | 277 497 667 000 | 1 074 653 651 612 | 1 352 151 318 612 | 1 350 397 886 360 | 1 753 432 252 | 100 |
| 30 | National Prosecuting Authority | 43 128 000 | 144 975 958 | 188 103 958 | 185 708 328 | 2 395 630 | 99 |
| | Total | \$303 918 905 000 | \$1 085 862 456 126 | \$1 389 781 361 126 | \$1 364 765 450 349 | \$25 015 910 777 | 98% |

ANNEXURE F

STATEMENT OF ARREARS PAYMENTS REPORTED BY MINISTRIES AND COMMISSIONS

| Vote No. | Ministry/Commissions | ZWL\$ | US\$ | Rand | Euro | Swiss Francs |
|----------|---|-------------------|-------------|---------|--------|--------------|
| 2 | Parliament of Zimbabwe | 5 171 426 580 | 7 336 211 | - | - | - |
| 3 | Public Service, Labour and Social Welfare | 306 849 287 519 | - | - | - | - |
| 4 | Defence and War Veterans | 513 789 566 474 | | | | |
| 5 | Finance and Economic Development | Not submitted | - | - | - | - |
| 7 | Industry and Commerce | 604 294 306 | - | - | - | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development | 1 628 581 275 317 | 280 521 389 | - | - | 118 717 |
| 9 | Mines and Mining Development | 804 811 437 | 89 950 | - | - | - |
| 10 | Environment, Climate Change, Tourism and Hospitality Industry | 131 704 143 | 1 120 426 | - | - | - |
| 11 | Transport and Infrastructural Development | 14 834 708 752 | 231 580 250 | - | - | - |
| 12 | Foreign Affairs and International Trade | - | 8 405 515 | - | - | - |
| 13 | Local Government and Public Works | Not submitted | - | - | - | - |
| 14 | Health and Child Care | 107 172 264 306 | 13 153 669 | 733 058 | - | - |
| 15 | Primary and Secondary Education | 112 653 580 895 | 1 095 994 | - | - | - |
| 16 | Higher and Tertiary Education, Innovation, Science and Technology Development | 1 734 691 780 | - | - | - | - |
| 17 | Women Affairs, Community, Small and Medium Enterprises Development | 1 830 433 887 | - | - | - | - |
| 18 | Home Affairs and Cultural Heritage | 1 116 555 690 | 800 684 | - | - | - |
| 19 | Justice, Legal and Parliamentary Affairs | 50 348 200 653 | 3 581 707 | - | 39 483 | - |
| 20 | Information, Publicity and Broadcasting Services | 7 435 147 439 | - | - | - | - |
| 21 | Youth, Sports, Arts and Recreation | 4 093 749 149 | 791961 | - | - | - |
| 22 | Energy and Power Development | 943 736 859 | 63 547 | - | 41 212 | - |
| 23 | Information Communication Technology and Courier Services | 50 517 571 237 | 8 275 162 | - | - | - |

| | | | | | | |
|----|--|-------------------------------|------------------------|-----------------|----------------|-------------------|
| 24 | National Housing and Social Amenities | 4 366 586 295 | 130 386 | - | - | - |
| 25 | Judicial Services Commission | 62 339 188 | - | - | - | - |
| 26 | Public Service Commission | 104 622 493 843 | | | | |
| 27 | National Council of Chiefs | Not submitted | - | - | - | - |
| 28 | Zimbabwe Human Rights Commission | Not submitted | - | - | - | - |
| 29 | National Peace and Reconciliation Commission | - | - | - | - | - |
| 30 | National Prosecuting Authority | 4 776 208 813 | - | - | - | - |
| 31 | Zimbabwe Anti-Corruption Commission | 248 080 938 | - | - | - | - |
| 32 | Zimbabwe Electoral Commission | Not submitted | | | | |
| 33 | Zimbabwe Gender Commission | 306 350 616 | - | - | - | - |
| 34 | Zimbabwe Land Commission | 1 434 616 749 | - | - | - | - |
| 35 | Zimbabwe Media Commission | Not submitted | - | - | - | - |
| | Total | ZWL\$2 924 429 682 865 | US\$556 946 851 | R733 058 | €80 695 | CHF118 717 |

**ANNEXURE G
EXPENDITURE NOT ADEQUATELY SUPPORTED**

| Vote | Ministry/Commission | Nature of Expenditure | Expenditure Amount not supported | |
|------|--|--|----------------------------------|-----------------------|
| | | | ZWL\$ | US\$ |
| 1 | State Enterprise Restructuring Agency | Procurement of goods and services | 10 157 018 | |
| 2 | Parliament of Zimbabwe | Procurement of goods and services | 92 247 705 | - |
| 2 | Parliament of Zimbabwe : Constituency Development Fund | Procurement of goods and services | 3 510 359 | - |
| 3 | Child Welfare Fund | Procurement of goods and services | 92 433 257 | - |
| 3 | Disabled Persons Fund | Procurement of goods and services | 11 954 103 | - |
| 4 | Defence and War Veterans | Procurement of fuel | 527 552 503 | - |
| 4 | Defence and War Veterans | Vehicle Hire | 1 348 129 728 | - |
| 7 | Standards Development Fund | Procurement of goods and services | 26 045 231 | - |
| 14 | Health and Child Care | Procurement of goods and services | 58 764 115 247 | - |
| 14 | Health and Child Care | Conference costs | 583 484 155 | - |
| 16 | Industrial Training and Trade Testing Fund | Procurement of goods and services | 1 193 173 | - |
| 16 | Skilled Manpower Trade Testing and Certification Fund | Procurement of goods and services | 12 529 741 | - |
| 18 | Home Affairs and Cultural Heritage | Procurement of goods and services | 894 131 565 118 | - |
| 19 | Justice, Legal and Parliamentary Affairs | Procurement of goods and services | 1 296 353 828 | |
| 19 | Justice, Legal and Parliamentary Affairs | Procurement of motor vehicles | - | 8 153 000 |
| 19 | Justice, Legal and Parliamentary Affairs | Procurement of motor vehicles | - | 1 132 357 |
| 21 | Youth, Sport, Arts and Recreation | Procurement of goods and services | 871 378 155 | - |
| 22 | Energy and Power Development | Procurements of goods and services | 251 209 449 | - |
| 24 | National Housing and Social Amenities | Procurement of goods and services | 3 219 509 363 | - |
| 26 | Public Service Commission | Procurement of goods and services: Rentals | 5 586 051 827 | - |
| 30 | National Prosecuting Authority | Procurement of motor vehicles | - | 1 000 000 |
| 33 | Zimbabwe Gender Commission | Procurement of goods and services | 48 366 628 | - |
| | Total | | ZWL\$ 966 877 786 588 | US\$10 285 357 |

**ANNEXURE H
 VARIANCES BETWEEN SUB-PAYMASTER GENERAL'S ACCOUNTS RECONCILIATIONS
 AND APPROPRIATION ACCOUNTS**

| Vote No | Ministry/Commission | Sub-PMG Account ZWL\$ | Appropriation Account ZWL\$ | Variance ZWL\$ |
|----------------|--|------------------------------|------------------------------------|-------------------------|
| 7 | Industry and Commerce | 27 874 617 627 | 27 898 750 279 | (24 132 654) |
| 10 | Environment, Climate, Tourism and Hospitality Industry | 58 038 403 439 | 58 096 914 630 | (58 511 191) |
| 14 | Health and Child Care | 1 479 021 349 251 | 1 476 833 361 127 | 2 187 988 124 |
| 18 | Home Affairs and Cultural Heritage | 1 221 184 098 592 | 1 134 455 527 929 | 86 728 570 663 |
| 20 | Information, Publicity and Broadcasting Services | 39 459 086 477 | 39 467 148 106 | (8 061 629) |
| 30 | National Prosecuting Authority | 38 000 912 161 | 38 001 064 653 | (152 492) |
| | Total | \$2 863 578 467 547 | \$2 774 752 766 724 | \$88 825 700 823 |

**ANNEXURE I
UNDELIVERED GOODS**

| Vote | Ministry | Description of goods | Qty | Amount | |
|------|--|----------------------|--------|-------------|---------|
| | | | | ZWL\$ | US\$ |
| 2 | Parliament of Zimbabwe | 60 seater bus | 1 | 71 195 687 | - |
| | | 30 seater bus | 2 | | |
| 5 | Finance and Economic Development | Motor vehicles | 7 | - | 425 866 |
| 7 | Industry and Commerce - Standards Development Fund | Motor vehicles | 1 | 10 840 000 | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development – Surveyor General Department | Motor vehicles | 3 | 116 974 107 | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development – Veterinary Department | Motor vehicles | 4 | 203 844 148 | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development – Veterinary Department | Motor vehicles | 2 | 59 224 231 | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development – Policy and Administration | Desks Chairs | 7 7 | 41 941 457 | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development – Policy and Administration | Laptops | 7 | 90 444 570 | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development – Policy and Administration | Cellphones | 1 | 4 788 662 | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development – Policy and Administration | Voice recorders | 1 | 6 525 000 | - |
| 9 | Mines and Mining Development | Motor vehicle | 1 | - | 96 500 |
| 10 | Environment, Climate Change, Tourism and Hospitality Industry | Motor vehicles | 7 | - | 437 871 |
| 18 | Home Affairs and Cultural Heritage | Motor vehicles | 2 | - | 104 573 |
| 18 | Home Affairs and Cultural Heritage | Laptops | 124 | - | 386 130 |
| 18 | Home Affairs and Cultural Heritage | Printers | 22 | - | 116 218 |
| 19 | Justice, Legal and Parliamentary Affairs | Motor vehicles | 2 | 11 427 173 | - |
| 19 | Justice, Legal and Parliamentary Affairs | Motor vehicles | 11 | - | 568 430 |
| 19 | Master of High Court | Motor vehicles | 3 | - | 201 807 |
| 20 | Information, Publicity and | Motor | 7 | 32 862 108 | - |

| | | | | | |
|----|-----------------------------------|----------------|----|---------------------------|----------------------|
| | Broadcasting Services | vehicles | | | |
| 21 | Youth, Sport, Arts and Recreation | Motor vehicles | 10 | 231 277 485 | - |
| 28 | Zimbabwe Human Rights Commission | laptops | 36 | 310 316 303 | - |
| 28 | Zimbabwe Human Rights Commission | 6 drawer desks | 3 | 505 248 948 | - |
| | | 3 drawer desks | 10 | | |
| | | Swivel chairs | 28 | | |
| | Total | | | ZWL\$1 696 909 879 | US\$2 337 395 |

**ANNEXURE J
REVENUE COLLECTION AND DEBT MANAGEMENT**

| Vote | Ministry / Commission | Receivables / Amount Outstanding ZWL\$ | Receivables / Amount Outstanding US\$ |
|--------------|---|---|--|
| 1 | Office of the President and Cabinet: District Development Fund 2022 | 1 103 924 078 | - |
| 7 | Industry and Commerce | 268 970 659 | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development: Pig Levy Fund 2022 | 2 274 982 | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development: Land Compensation Fund 2022 | 1 853 692 445 | - |
| 8 | Lands, Agriculture, Fisheries, Water and Rural Development | 2 624 624 225 | - |
| 15 | Primary and Secondary Education: School Services Fund 2022 | 3 635 284 | - |
| 16 | Higher and Tertiary Education, Innovation, Science and Technology Development: Amenities Fund | 44 346 389 | - |
| 16 | Higher and Tertiary Education, Innovation, Science and Technology Development: National Education and Training Fund – Loans receivable | 1 986 820 | - |
| 16 | Higher and Tertiary Education, Innovation, Science and Technology Development: National Education and Training Fund – Other receivables | 2 014 224 | - |
| 16 | Higher and Tertiary Education, Innovation, Science and Technology Development: Skilled Manpower Trade Testing and Certification Fund– Trade receivables | 1 510 731 | - |
| 24 | National Housing and Social Amenities: National Housing Fund 2022 | 160 152 126 | - |
| 24 | National Housing and Social Amenities: Public Service Training Centers Amenities Fund 2022 | 152 162 163 | - |
| 26 | Public Service Commission | 956 525 156 | - |
| 26 | Public Service Commission: Public Service Training Centres Amenities Fund 2022 | 152 162 163 | - |
| 29 | National Peace and Reconciliation Commission | 1 016 674 | 3 090 |
| 30 | National Prosecuting Authority | 162 751 305 | - |
| Total | | ZWL\$7 491 749 424 | US\$3 090 |

