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The following extract is intended to assist persons to understand the reasons for the Financial Adjustments Bill, 2019, gazetted on 12th November 2019. *Veritas*

**EXTRACT FROM**

**Report of the Public Accounts Committee on   
Compliance Issues for the   
Ministry of Finance and Economic Development**

**[S.C. 7, 2019 of July 2019 ]**

**6.4 Supplementary estimates for excess expenditure for 2016 and 2017 financial years.**

6.4.1 Section 305(5) of the Constitution provides the following:

*(5) If the money appropriated to a purpose under an Appropriation Act is insufficient or if expenditure is needed for a purpose for which no money has been appropriated, the Minister responsible for finance must cause an additional or supplementary estimate to be presented to the National Assembly, and if the National Assembly approves the estimate the Minister must cause an additional or supplementary appropriation Bill to be introduced into the National Assembly providing for the necessary money to be issued from the Consolidated Revenue Fund.”*

6.4.2 The Accounting Officer explained that he was trying to understand the law and come up with the necessary structures to ensure compliance. He acknowledged that there could be issues that had not been handled properly and agreed that there was need to regularize them. On the 2018 budget deficit amounting to about **$ 2,5 million**, the Accounting Officer stated that he had not been in a position to seek condonation before verifying the amount.

6.4.3 The Committee noted that the Ministry had not been complying with section 305 (5) of the Constitution that requires the Minister of Finance and Economic Development to present additional or supplementary estimates. The Committee observed that failure to comply with the provision was a serious non-compliance and undermining of Parliament and the budget process. The table below shows the revenues and expenditures for the years 2014 to 2018 and the budget deficits for each year.

**Years 2014 2015 2016 2017 2018**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Revenue** | $3 727.2bn | $3 727bn | $3 502.2bn | $3 869.9bn | $5 296.8bn |
| **Expenditure** | $3 911.6bn | $4 119.6bn | $4 923.2 | $6 390bn | $8 161.4bn |
| **Deficit** | $-184.4m | $-392.6m | $-392.6m | $-2 520.1bn | $-1 566.bn |

6.4.4 Where there is continuous over expenditure outside the budget, it makes Parliament’s budget process a nullity, an exercise in futility and pointless. It is the Executive itself which prepares an annual budget with estimates of revenue and expenditure as required by the law. Therefore, it is only logical that Government must comply and respect its own framework and budget. The efficacy of public finance management and indeed the control of the Consolidated Revenue Fund is only made possible if Government lives within its means and complies with the approved appropriations and relevant legislation.

***Recommendation:***

***Government must at all times adhere to the approved budget.***

***The Minister of Finance and Economic Development must as a matter of urgency bring to the National Assembly, bills seeking condonation of all the unauthorised expenditure incurred since 2014. Such condonation must be sought by end of 31 August 2019.***