REPORT

of the

Auditor-General

for the

FINANCIAL YEAR ENDED DECEMBER 31, 2021

on

APPROPRIATION ACCOUNTS, FINANCE

AND REVENUE STATEMENTS

AND

FUND ACCOUNTS

Presented to Parliament of Zimbabwe 2022

OAG ZIMBABWE
Office of the Auditor-General

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

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

Dear Sir,

I hereby submit my Report on the audit of Appropriation Accounts, Revenue and Finance Statements and Fund Accounts of Zimbabwe for the year ended December 31, 2021 in terms of Section 309 (2) of the Constitution of Zimbabwe as read together with Section 10 (1) of the Audit Office Act [*Chapter 22:18*].

Yours faithfully,

M. CHIRI,
AUDITOR-GENERAL.

HARARE

June 24, 2022.

OAG ZIMBABWE
Office of the Auditor-General

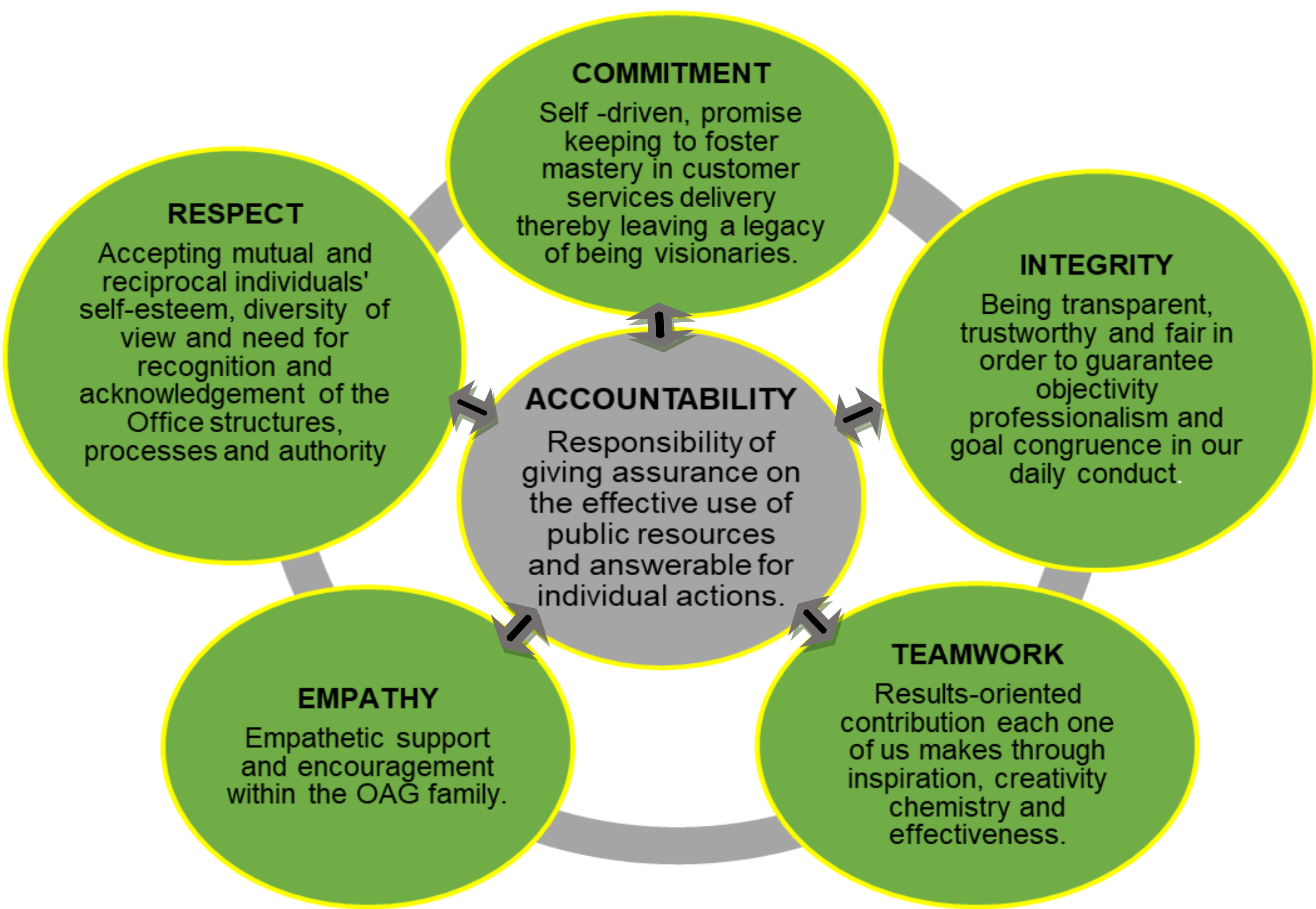
OAG VISION

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

OAG MISSION

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

OAG VALUES



LIST OF ACRONYMS

ACCA	Association of Chartered Certified Accountants
AFROSAI-E	African Organisation of English speaking Supreme Audit Institutions
BOI	Board of Inquiry
BWP	Botswana Pula
CAAZ	Civil Aviation Authority of Zimbabwe
CAD	Computer Aided Design
CAM	Computer Aided Manufacturing
CBZ	Commercial Bank of Zimbabwe
CMED	Central Mechanical Equipment Department
COVID-19	Corona Virus Disease of 2019
CPD	Continuous Professional Development
CRF	Consolidated Revenue Fund
DDF	District Development Fund
DMFAS	Debt Management Financial Analysis System
DSA	Debt Sustainability Analysis
EUR	Euro Currency
GAAP	Generally Accepted Accounting Practice
GBP	British Pound
GFS	Government Finance Statistics
HTE	Higher and Tertiary Education
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
JV	Journal Voucher
MTDS	Medium Term Debt Strategy
NOCZIM	National Oil Company of Zimbabwe
NPA	National Prosecuting Authority
OAG	Office of the Auditor-General
PAAB	Public Accountants and Auditors Board
PCB	Printed Circuit Board
PDMO	Public Debt Management Office
PFM	Public Finance Management
PFMS	Public Financial Management System
PMG	Paymaster General's Account
PMU	Procurement Management Unit
PRAZ	Procurement Regulatory Authority of Zimbabwe
RBZ	Reserve Bank of Zimbabwe
SAP	Systems Application Products in Data Processing
SDF	Standards Development Fund
SSB	Salary Service Bureau
SUB-PMG	Sub-Paymaster General's Account
TBS	Treasury Bills
UR	Unallocated Reserve
USD	United States Dollar
ZACC	Zimbabwe Anti-Corruption Commission
ZBC	Zimbabwe Broadcasting Corporation
ZEC	Zimbabwe Electoral Commission
ZIMRA	Zimbabwe Revenue Authority
ZINWA	Zimbabwe National Water Authority
ZNA	Zimbabwe National Army
ZWL	Zimbabwean Dollar

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FOREWORD AND EXECUTIVE SUMMARY

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FOREWORD

1 SUBMISSION OF ANNUAL REPORT

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

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 monies have 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 BASIS OF PREPARATION OF PUBLIC ACCOUNTS

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

4 CONDUCT OF THE AUDIT

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

I conducted audits at Head Offices of Ministries. Due to COVID-19 travel restrictions and lockdowns I did not manage to visit outstations. Resources permitting coupled with reduction in COVID-19 cases, I would like to visit outstations as most Ministries and government departments have decentralized in line with National Development Strategy (NDS1) and the devolution strategy, where a number of activities are taking place at district and provincial level.

Audits of some Appropriation Accounts and Funds were still in progress at the time of concluding this report mainly due to the backlog created by the pandemic which saw my 2020 report being tabled on March 08, 2022 coupled with the capacity issue of limited staff numbers, transport challenges and inadequate number of computers.

I also carried out Value for Money and Special Audits on the following areas and the reports were tabled separately:

- Management of Medicines and Allied Substances by the Medicines Control Authority of Zimbabwe (MCAZ)
- Management and Protection of Wetlands by the Environmental Management Agency (EMA)
- COVID 19 Pandemic Financial Management and Utilisation of Public Resources in the Country's Provinces by Ministries, Departments and Agencies.

5 STAFF LEVELS, MOVEMENTS, TRAINING AND DEVELOPMENT

Despite efforts to fill vacant posts in 2021, resignations continued to increase during the year resulting in decrease in staff levels. My Office lost qualified and experienced staff due to uncompetitive conditions of service. **Annexure A** shows the staff establishment and movements during 2021.

While the office continued with some training programmes, the number of in-house programmes undertaken were reduced due to the limitation of face to face interactions. The Office was not quite prepared and ready to undertake remote training programmes due to limited capacity in equipment and connectivity challenges. Training and development programmes for articled clerks with ICAZ, ACCA and ICPAZ to which the Office is accredited continued, however at a slow pace as well.

With the assistance of the African Organisation of English speaking Supreme Audit Institutions (AFROSAI-E), Development and Technical Partners, my Office participated in some programmes that were conducted mainly online. My staff continued to attend online Continuous Professional Development (CPDs) in order to keep abreast with new developments in the audit profession.

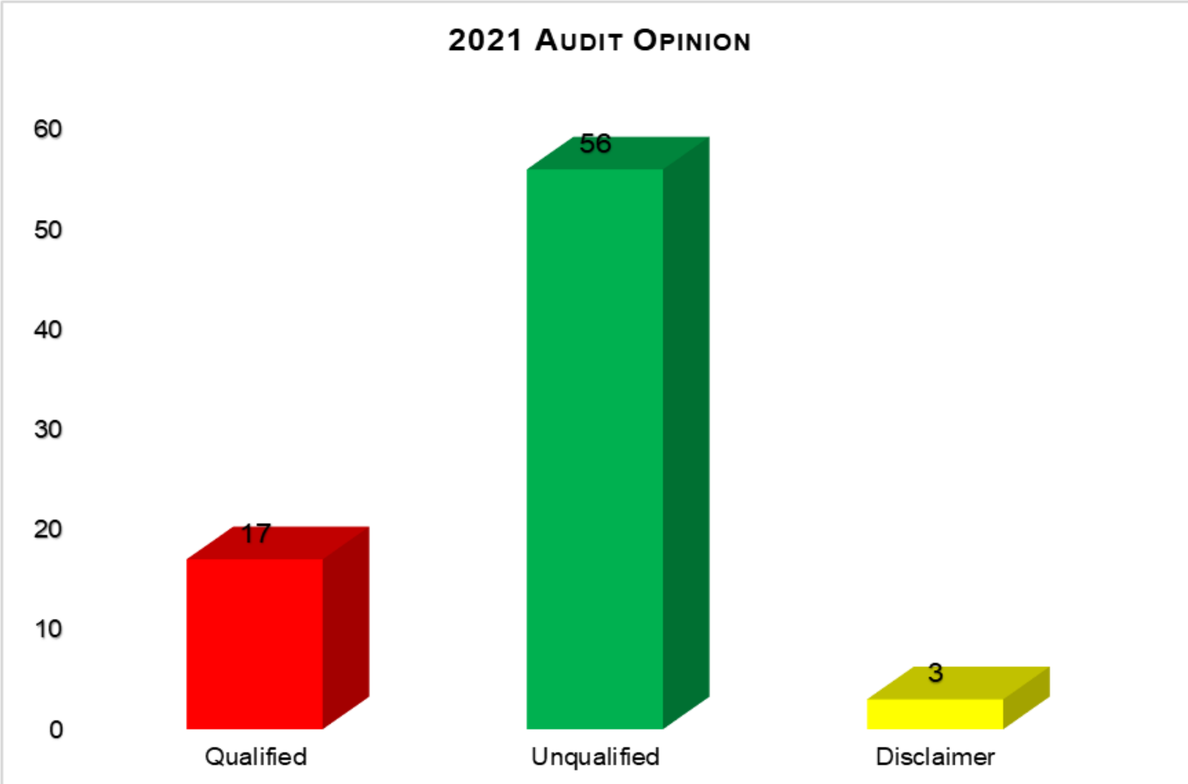
6. CERTIFICATION OF PUBLIC ACCOUNTS

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, the Audit Office Act [*Chapter 22:18*] and the Public Finance Management Act [*Chapter 22:19*].

AUDIT OPINION

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

Seventy-six financial statements comprising Appropriation Accounts, Finance and Revenue Statements and Fund Accounts were audited, and of these, twelve (12) had no issues. The audit opinions for the accounts are shown in the graph below:



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

ACKNOWLEDGEMENTS

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

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

HARARE
June 24, 2022.

M. CHIRI,
AUDITOR-GENERAL.

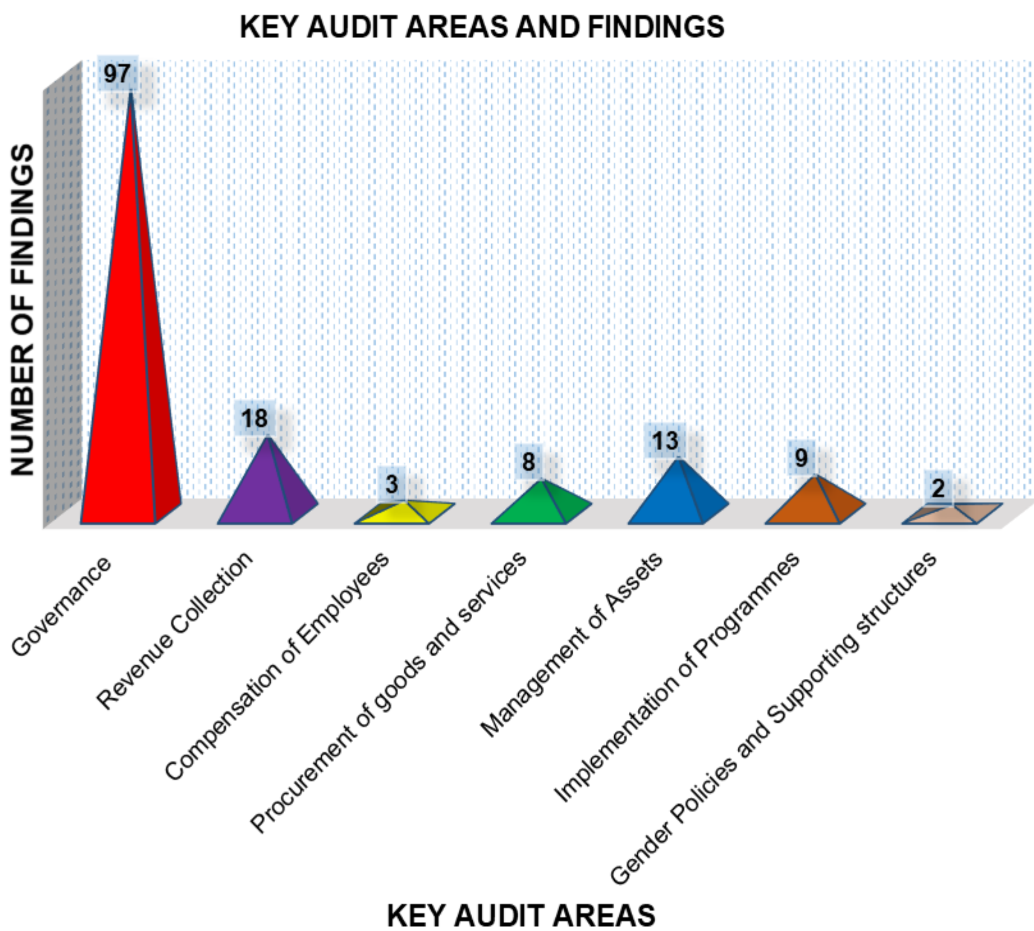
EXECUTIVE SUMMARY

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

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

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

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



Key issues raised in this report were mainly on ineffective budget utilisation and control, unreconciled variances between complementary accounting records, ineffective management of public resources, payments made from exchequer accounts, ineffective debt recovery systems, absence of supporting documents, non-delivery of procured assets, inadequate accounting records and implementation of programmes.

1. Budget Utilisation and Control

The total allocated budget for Voted funds in terms of the Appropriation (2021) Act, 2020 for 15 Ministries and Commissions included in this report was $91 697 499 187. The Ministries and Commissions utilised $78 865 410 715 resulting in a total underspending of $12 832 088 472. The underutilisation of the budget was mainly as a result of non-release of funds by Treasury due to low revenue inflows. Consequently, this affected achievement of some programme targets and service delivery by the affected Ministries and Commissions.

2. Variances between Complementary Accounting Records

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

Account Area	Submitted Account Figure $	Corresponding/ Related Document Figure $	Variance $
Exchequer account-Receipts closing Balance	979 715 997	1 408 776 910	429 060 913
Principal and interest repayments of Treasury Bonds and Bills	1 918 623 351	1 953 686 040	35 062 689
Paymaster-General's Account-Expenditure	23 313 314 135	26 025 418 400	2 712 104 265
Compensation of Employees	50 745 609 692	50 721 703 770	23 905 922

3. Management of Public Resources

There were instances where investments were made without the authority of Treasury and the investments were not disclosed as public financial assets. There is need for Government through line Ministries to have accurate and up to date records of all investments made so that Treasury comes up with a consolidated return that is accurate. This will facilitate following up by line Ministries on receipt of dividends where shares have been acquired and repayment of loans hence improving on revenue generation.

A total amount of $7 731 437 taken from Funds was used by some Ministries to finance their Appropriation activities without obtaining Treasury authority. This deprived the Funds from undertaking planned activities. There was no evidence produced to show that the Funds had been reimbursed.

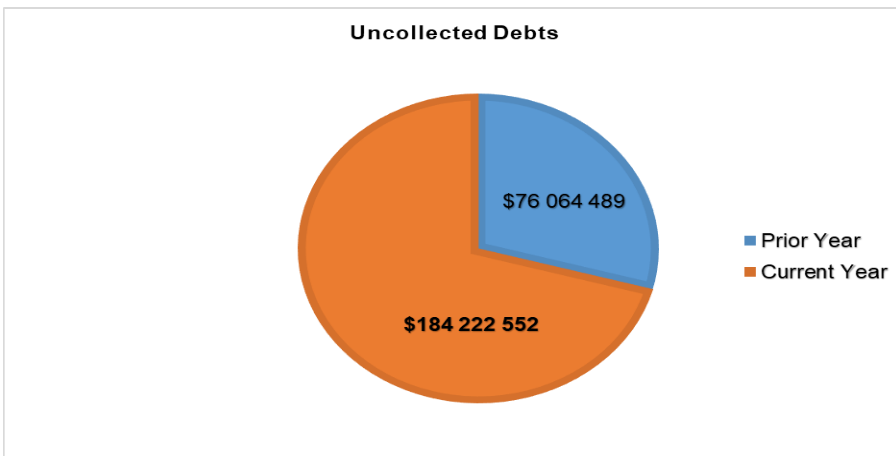
4. Payments made from Exchequer Accounts

The Exchequer Account, an account for receiving revenue was used to make payments totaling $6 099 800 744 to various service providers during the financial year ended December 31, 2019.

Furthermore, payments of US$26 714 103, EUR 100 809 and ZAR 385 358 060 were made from Sub-Exchequer Accounts, which are also revenue receiving accounts. The respective supporting documents for the payments were not availed. In terms of government accounting all expenditure is supposed to be paid from the Paymaster General's Account. Monies paid from the Exchequer Account may not be properly accounted for and disclosed.

5. Debt Recovery Systems

There was an increase in non-collection of monies due to Government by the Fund Accounts. The Fund managers did not apply effective strategies to collect amounts due to Fund Accounts. Amounts that remained uncollected are indicated in the graph below. Service delivery remained constrained in the respective Funds as resources were tied in debtors. If the trend continues the outstanding amounts will be rendered valueless due to the inflationary environment.



6. Supporting Documents

Some Ministries did not avail for audit inspection documents relating to payments amounting to $84 688 794 made to various suppliers of goods and services. Regulations require transactions to be accurate, complete and supported with adequate documentation. Therefore, audit could not ascertain the validity of these payments. Unavailability of supporting documents leads to lack of transparency in the usage of public resources.

7. Procurement- Delivery of Assets

An amount of $320 364 074 was paid for procurement of assets by some ministries. Full payment was made in advance as a precondition of the contracts. However, at the time of concluding the audit, the suppliers had not delivered the assets. Payments in advance may result in loss of public funds in the event that the supplier fails to deliver. Public service delivery is compromised if assets procured are not delivered on time. Annexure D has details.

Furthermore, there were cases where Ministries were refunded by suppliers who had failed to deliver. However, the refunds could not procure the same quantities due to inflation. Ministries should consider including clauses in contracts which will compel service providers to reimburse funds which will enable them to procure same quantities in the event of a breach of contract. There is also need for Ministry of Finance and Economic Development in conjunction with PRAZ to assist MDAs in drafting contract agreements that will safeguard public resources.

8. Accounting Records

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

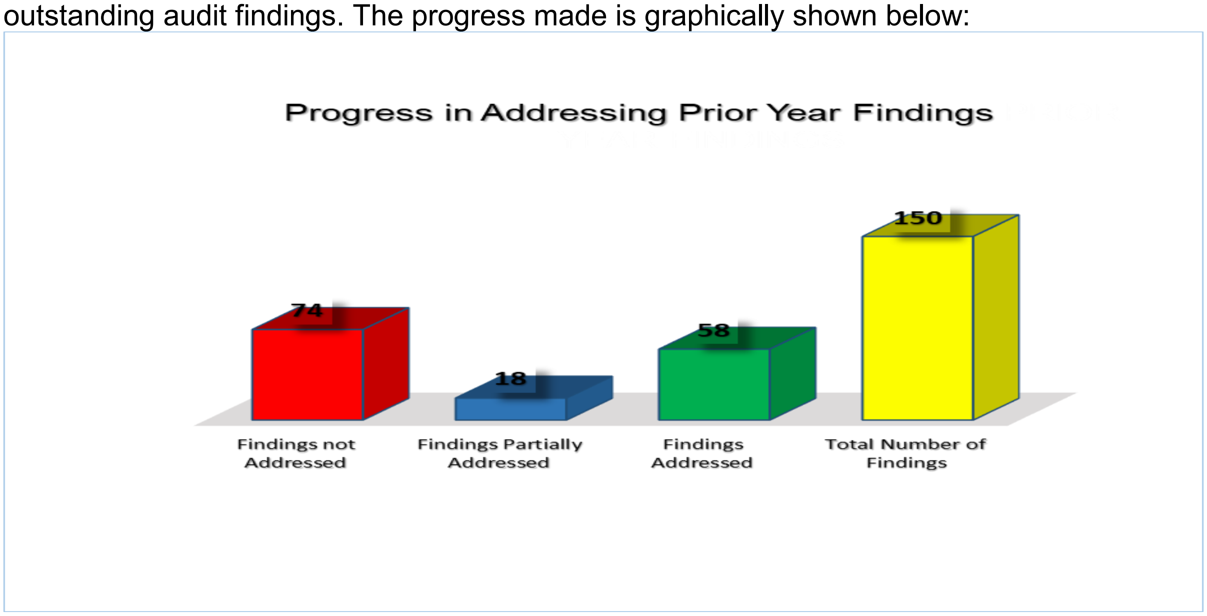
9. Implementation of Programmes

An evaluation of programme implementation revealed an improvement on the achievement of set targets. This was attributed to the adoption of programme based budgeting coupled with monitoring and evaluation mechanisms. Implementation of some of the programs was curtailed by the Covid-19 pandemic which had a significant negative effect.

However, there is still need to improve on documentation of performance information, as some entities could not avail non-financial information which indicates planned and achieved outputs and outcomes and record of budget committee meetings for the 2021 financial year as required by Treasury circular number 06 of 2019. Consequently, audit was not able to assess performance of these entities during the financial year under review.

10 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The efforts of the Ministries which have taken steps to address the audit findings highlighted in the 2020 Annual Audit Report of the Auditor-General, are appreciated. Out of 150 audit findings that were raised, 58 (39%) were fully addressed, 18 (12%) were partly addressed and 74 (49%) were not addressed. Accounting Officers are urged to fully address the outstanding audit findings. The progress made is graphically shown below:



APPROPRIATION ACCOUNTS,

FINANCE AND REVENUE

STATEMENTS

AND

FUND ACCOUNTS

SUMMARY OF CONTENTS

VOTE 3.- PUBLIC SERVICE, LABOUR AND SOCIAL WELFARE

APPROPRIATION ACCOUNT 2021

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.

Qualified Opinion

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

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

Voted Funds	**Unallocated Reserve Transfers**	**Total Allocated**	**Expenditure**	**Net Under/ (Over) spending**
$6 929 000 000	$454 629 000	$7 383 629 000	$5 867 713 446	$1 515 915 554
Constitutional and Statutory Appropriation				
$3 000 000	-	$3 000 000	$10 160 819	($7 160 819)

In my opinion, except for the possible effect of the matter described in the basis for Qualified Opinion section of my report, the financial statements present fairly the state of affairs of the Ministry of Public Service, Labour and Social Welfare as at December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Sub- Paymaster General's Account

Finding

The expenditure disclosed in the Appropriation Account of $5 877 874 263 differed with the Sub-Paymaster General Account balance of $4 835 866 711. From the difference of $1 042 007 552, $985 714 446 was identified as unpresented payments and direct payment made by Treasury, thus leaving an unreconciled variance of $56 293 106. Under normal circumstances the two figures are supposed to reconcile. As a result, I could not ascertain the accuracy and completeness of the figure disclosed in the Appropriation Account.

Risks/Implications

In the absence of a reconciliation of the two figures, the reported financial statements might have been misstated.

The financial information could be misleading to users and decision makers.

Recommendation

The Ministry should investigate the unreconciled expenditure of $56 293 106 disclosed in the Appropriation Account to enhance credibility of the financial statements.

Management Response

We are still investigating the variance of $56 293 106.

However, below are other issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Dual Payments

Finding

The Ministry made dual payments amounting to $2 481 650 to the Public Service Commission training centres in respect of quarantine centres expenditure. The second payments were done using duplicate invoices in violation of section 59 (3b) of the Public Finance Management (Treasury Instructions), 2019.

Risk/Implication

Dual payments may result in fruitless and wasteful expenditure which will negatively affect the Ministry in carrying out its mandate.

Recommendation

The Ministry should ensure that payments are made on the basis of original invoices only, to minimize the risk of dual payments.

Management Response

It is acknowledged that dual payments amounting to $1 149 760 and $1 331 890 were made to Bikita and Inyathi Public Service Training Institutes respectively at the peak of the COVID-19 when the two centres, among others, were designated quarantine centres. The Public Service Commission which is the controlling authority for the two has been contacted and written to, and promise has been made to refund before the end of June, 2022.

1.2 Expenditure: Basic Education Assistance Module (BEAM)

Finding

The Ministry made overpayments amounting to $794 842 under the BEAM programme, to a number of schools, due to lack of scrutiny of invoices upon payment. This was contrary to section 53 (1) of the Public Finance Management (Treasury Instructions), 2019 which states that all payments made should be appropriately authorised, accurate, complete and adequately supported.

Risk/Implication

Other deserving pupils might fail to access the much needed assistance under the BEAM programme.

Recommendation

The Ministry should carry out a detailed audit in order to determine the actual number of schools which were affected and make the appropriate redress.

Management Response

The overpayments that were made under the BEAM programme were due to system problems on the BEAM payroll and these have since been corrected and all overpaid amounts are being recovered.

1.3 Risk Management

Finding

The Ministry did not have an updated risk management policy. No formal risk assessments were performed during the year under review. This was contrary to the requirements of Section 162 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to carry out a risk assessment of their Ministry`s operations on an annual basis and take deliberate steps to identify, quantify, assess, document and come up with mitigation measures for the risks identified.

Risks/Implications

Absence of an updated risk management policy may lead to ineffective risk management processes.

The Ministry would be exposed to numerous risks which could negatively impact on its performance.

Recommendation

The Ministry should update the risk management policy and carry out risk assessments to mitigate any potential risks.

Management Response

The Ministry reviewed its Risk Management Policy in the second half of 2021 following the creation of new Departments in both Policy and Administration and Labour Administration. The new Risk Policy and Risk registers have been developed and are now with the printers, after which the registers shall be distributed to all offices including sub- national and districts. Assessments will be undertaken in 2022.

1.4 Disaster Recovery Plan

Finding

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 a disastrous interruption of services.

Section 44 (1) (a) (i) of the Public Finance Management Act [*Chapter 22:19*] requires an accounting authority for a public entity to establish and maintain an effective, efficient and transparent systems of financial and risk management and internal controls.

Risk/Implication

Data and assets may be lost in the event of a disaster.

Recommendation

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

Management Response

Management is still to respond.

1.5 Non Appointment of Staff to Carry out IT Initiatives

Finding

For the third year running, the Ministry did not have an Information Technology (IT) policy and IT Strategic Plan. The Ministry also did not have an IT strategic and IT steering committees to advise management on IT initiatives and to ensure that the IT department was in harmony with the organization's mission and objectives. This was caused by the fact that the respective IT personnel had not been appointed.

Risks/Implications

In the absence of a well-resourced IT department, the Ministry may not be able to develop and implement IT policies and plans that support business requirements, and may fail to uphold the principles of efficiency and economical use of resources.

Recommendation

The Ministry should appoint IT personnel to safeguard IT resources and information as well as to formulate the related policies and plans.

Management Response

It is acknowledged that the Ministry did not have an Information Technology Policy and committees at the time of the audit. This was due to the fact that up to 2021 the Ministry did not have its own IT staff, but relied on personnel seconded by UNICEF under the Child Protection Fund. The Ministry got Treasury concurrence to fill in its new IT posts last year and appointments in that capacity have been done. This development allowed the Ministry to start developing its own IT policy, with the relevant committees being put in place. Everything should be in place before the end of the financial year.

2. MANAGEMENT OF ASSETS

2.1 Departmental Asset Certificate

Finding

The Ministry carried out an asset count in six provinces leaving out Masvingo, Midlands, Matabeleland North and Bulawayo, citing inadequate resources as the impediment. This was contrary to section 105 (1) of the Public Finance Management (Treasury Instructions), 2019 which states that Accounting Officers shall carry out physical asset counts regularly and at least twice a year to establish existence, status and usability. As a result, I could not confirm the completeness and accuracy of the asset certificate submitted for audit.

Risk/Implication

Assets could be lost without trace if their physical existence and general condition is not confirmed on an annual basis.

Recommendations

The Ministry should ensure that asset counts are carried out in all provinces to ensure completeness and accuracy of the asset certificate.

The Ministry should train officials at provincial offices on conducting asset counts so that they are able to produce accurate and complete asset information for consolidation into the Ministry's asset certificate.

Management Response

It is acknowledged that the Ministry was only able to carry out assets checks in only six out of the ten Provinces. This situation was occasioned by inadequacy of the budget. For 2022 the Ministry shall without fail comply with the provisions of section 105(1) of the Public Finance Management (Treasury Instructions), 2019 and undertake the required physical check at least once during the year.

2.2 Motor Bikes

Finding

The one hundred and twenty (120) motor bikes donated to the Ministry by UNICEF in 2015, were being underutilised as the social workers who were supposed to use them were not trained, hence they were lying idle at provincial offices. This was contrary to section 101 (1) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to ensure that there is no waste in the use of Government property under the custody or control of their agencies or departments.

Risk/Implication

Underutilization of available resources may result in the Ministry failing to realize its goals.

Recommendation

Training of social workers should be conducted so that the motorcycles can be put to good use.

Management Response

Admittedly, the motor bikes have been underutilised due to lack of training of staff. Arrangements have been made for our staff to attend training with the Zimbabwe Republic Police, and the requisite protective kits have been sourced. The Ministry is expected to make full use of them before the end of 2022.

3. IMPLEMENTATION OF PROGRAMMES

3.1 Implementation of Programs (Program Based Budgeting)

Finding

The Ministry did not have a gender policy as required to guide in the implementation of programs. However, despite the absence of a written policy, gender balance was observed in trainings and recruitment as evidenced by the registers. The Ministry also did not submit performance reports to allow a detailed analysis of the performance of each programme against the plans. Section 32 (3a) of Public Finance Management Act requires an annual report and audited financial statements containing a report on the activities, outputs and outcomes of the Ministry to be submitted for audit.

Risks/Implications

It will be difficult to effectively implement gender mainstreaming in the programs without a policy document.

Without performance reports for each programme, it would be difficult to assess whether set targets for outputs and outcomes for each programme were achieved.

Recommendations

The Ministry should come up with a gender mainstreaming policy document to provide guidelines in implementation of gender issues by responsible personnel.

All the programmes should produce performance reports to be compared against plans to validate that the budget was channeled towards the achievement of programme outcomes and review achievement of targets.

Management Response

It is acknowledged that the Ministry did not have its own internal Gender Policy, but has placed reliance on the National Gender Policy and Treasury circulars on Gender Based Budgeting. The Ministry has recently appointed a Gender focal person to champion matters of Gender in the Ministry. However, you may have observed that matters of gender have been included in all gender sensitive programmes, with data disaggregated according to gender in all instances. For the future all returns on outputs and outcomes will be submitted with the Appropriation Statements.

3.2 Advances from Programmes

Finding

The Ministry utilized funds for Public Assistance and Sustainable Livelihoods programmes amounting to $81 419 197 for other purposes without Treasury authority as required by section 37 of the Public Finance Management (Treasury Instructions), 2019. The funds had not been reimbursed by May 30, 2022.

Risk/Implication

The programmes may fail to meet their objectives if funds are utilized without Treasury authority and are not timeously reimbursed.

Recommendation

The Ministry should reimburse the funds to the Public Assistance and Sustainable Livelihoods programmes.

Management Response

It is acknowledged that the parent Ministry borrowed amounts of $25 929 364 and $22 732 786 from the Public Assistance and Sustainable Livelihoods Programme Accounts respectively, with a view of reimbursing once the Vote is funded. This happened when the Ministry had important activities to cover. The amounts shall be reimbursed within 2022.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry did not make progress in addressing audit findings raised in my previous audit report. Out of the seven (7) findings, one (1) was addressed, three (3) were partially addressed, and three (3) had not been addressed as indicated below:

4.1 Dual Payments

The dual payments dating as far back as 2018 had been partially recovered. However, other dual payments were made again during the year 2021 as reported on paragraph 1.1 above.

4.2 Expenditure Reconciliations

The recommendation was not addressed as expenditure reconciliations were not done again during the year 2021 as indicated on the basis for qualification above.

4.3 Payment Vouchers

The recommendation was not addressed as the payment vouchers were not submitted for audit.

4.4 Advances from Statutory Funds

The recommendation was partially addressed as no advances were made from Statutory Funds. However, advances were made from programmes during the year under review without Treasury authority.

4.5 Information Technology System Administration

The recommendation was not addressed as indicated on paragraph 1.7.

4.6 Rental Income

The recommendation was partially addressed as the Ministry was now maintaining journal vouchers indicating payments being made.

4.7 Collection of Outstanding Advances

The recommendation was addressed.

CASH TRANSFER FOR URBAN VULNERABLE PERSONS FUND 2020

Objective of the Fund

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

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	98 000 000
Expenditure	90 075 112
Surplus	**$7 924 888**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-current	934 625	-
Current	6 990 263	-
Accumulated Fund	-	7 924 888
Total	**$7 924 888**	**$7 924 888**

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

However, the following are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Constitution and Accounting Officer’s Instructions of the Fund

Finding

The Fund used a draft Constitution and draft Accounting Officers’ Instructions during the year under review. This was in contravention of Section 18 (2) of the Public Finance Management Act [Chapter 22:19] which requires a constitution and instructions to guide and regulate the affairs of the Fund to be drawn up and approved before use.

Risks/Implications

In the absence of an approved Constitution and Accounting Officer's Instructions, there is no legal basis to assess the Fund's performance.

The Fund may also fail to fulfil its intended mandate and funds can be misused as a result of lack of guidelines.

Recommendation

The Ministry should prioritise the finalisation of the Fund's Constitution and the Accounting Officer's Instructions.

Management Response

It is acknowledged that at the time of the audit, the draft constitution and the detailed Accounting Officer's Manual had not been approved by Treasury. Follow up action will continue until the documents have been approved by Treasury.

1.2 Unallocated NetOne Sim Cards

Finding

The Fund procured 207 787 Net one sim cards for use in disbursing funds to the vulnerable. However, funds were disbursed to only 202 076 registered beneficiaries as per the databases submitted for audit leaving a balance of unallocated sim cards of 5 711.

Risk/Implication

Unallocated sim cards may erroneously be funded and the funds could be converted to personal use by unintended persons resulting in misappropriation.

Recommendation

The Fund should ensure that the unallocated sim cards are repossessed and returned to the service provider.

Management Response

It is acknowledged that 207 787 sim cards were procured for the fund, of which 202 076 were used to send allowances to beneficiaries. This left a total of 5 711 sim cards unutilised. It should be noted that the Ministry had targeted to assist 1 000 000 urban vulnerable persons who were affected by the COVID-19 containment measures. When it was noted that there were problems in the manner in which the targeting was done, the program was suspended pending improvement in the targeting. This resulted in the 5 711 remaining unused.

1.3 Outstanding balances with NetOne

Finding

I noted that a balance of $8 616 505 remained with NetOne when the programme on disbursement of funds to the vulnerable was suspended pending improvement in the targeting of beneficiaries. Additionally, an amount of $6 990 263 remained in the Fund`s bank at the end of the financial year. Value for money might be lost if it takes long for beneficiaries to access their allowances.

Risk/Implication

If the unutilised funds remain in the bank account and with NetOne they will continue to lose value and be unable to achieve the intended objective.

Recommendation

Management should seek guidance from Treasury on how to proceed with the outstanding balances.

Management Response

The Ministry is making arrangements to recall the sum of $8 616 505 which remained in the NetOne Wallet accounts when the programme was suspended. Meanwhile, the $6 990 263 which was in the account at the close of the financial year is still available whilst policy guidance is sought on continuity or otherwise, of the programme.

1.4 Social Allowance Benefits

Findings

There was no system in place for the identification, verification and payment of allowances to beneficiaries who were running small to medium businesses whose operations were disrupted by the COVID-19 containment measures. The processes of identification and assessment of intended beneficiaries was not properly coordinated, resulting in unreliable databases of beneficiaries, processing of payments to duplicate beneficiary names. It was also noted that payments were made to beneficiaries with fictitious identity numbers and suspicious names, incorrect and insufficient contact addresses.

Additionally, no efforts were made to verify the existence of the beneficiaries and no reconciliations were done with the mobile money service provider to confirm whether all the payments reached the intended beneficiaries as there were instances where the mobile money service provider issued two (2) different Net One lines to the same individual, with some allowances being sent to wrong provinces and districts, thus not reaching the intended user.

Risk/Implication

The intended objectives of the programme may not have been achieved.

Recommendation

Management should ensure that all uncollected sim cards are returned to the service provider and uncollected allowances refunded to the Ministry.

Management Response

The data which was used for the purposes of coming up with the programme's database came from the Ministry of Small and Medium Enterprises, local authorities, vendors' associations among other interested groups. Due to the emergency nature of the programme the Ministry was not involved in the identification or verification of

the beneficiaries. COVID-19 containment measures and lockdown restrictions also made mobility difficulty, hence monitoring and follow up could not be undertaken as a result substantial numbers of NetOne lines remained uncollected. The Ministry has since assigned its internal audit to undertake a special audit to establish the correct position with respect to the programme and issue out a report. All uncollected sim cards are to be returned and the uncollected allowances shall be send back to Treasury once the auditors have completed their work.

2. MANAGEMENT OF ASSETS

2.1 Asset valuation

Finding

The assets procured by the Fund during the year under review were not depreciated. This was contrary to Section 11 (6) of the Public Finance Management (Treasury Instructions), 2019. Although management provided evidence that guidance had been sought from Treasury on the depreciation policy, there was no evidence that follow ups with Treasury on the issue had been made.

Risk/Implication

There is risk that the assets may be improperly valued.

Recommendation

The Ministry should ensure that the depreciation policy is in place to enable accurate valuation of assets.

Management Response

Delays in coming up with a depreciation policy was precipitated by delays in finalising the Accounting Officer’s Manual. Treasury directed that this policy be included in the Accounting Manual. This should be completed before the end of the year.

CHILDREN ON THE STREET FUND 2020

Objective of the Fund

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

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	2 000 056
Expenditure	1 843
Surplus	**$1 988 212**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Accumulated Fund	-	1 998 328
Current	1 998 328	-
Total	**$1 998 328**	**$1 998 328**

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

However, the following are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Government Grant

Finding

The main source of income for the Fund are moneys appropriated by Parliament. However, the Fund did not get the government grant until December 24, 2020. As a result, it could not perform its mandate of removing children from the streets for re-unification with their families or placements in the institutions as required by Section 3 of the Constitution of the Fund.

Risk/Implication

The Fund may fail to fulfil its intended mandate as set out in its Constitution.

Recommendation

The Fund should make follow-ups on grant payments with Treasury to ensure that funds are received on time so that the needs of children living in the streets and homes are catered for.

Management Response

It is acknowledged that the Fund was only given a grant on December 24, 2020. This was mainly due to lack of fiscal space on the Ministry's budget, which made it difficult to provide it with money earlier in the year. The sum of $2 000 000 which was availed was carried over into the year 2021 where it was utilised together with that year's allocation.

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 the other one was not addressed as indicated below:

2.1 Preparation of Budget

The Fund prepared a budget for the year under review.

2.2 Accounting Controls

The books of accounts were not checked again during the year under review.

COMMUNITY RECOVERY FUND 2020

Objective of the Fund

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

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	115
Expenditure	1 083
Deficit	**($968)**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Accumulated Fund	-	48 865
Current	48 865	-
Total	**$48 865**	**$48 865**

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

However, the following are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Constitution of the Fund

Finding

In my previous audit, I raised the issue of absence of an approved constitution of the Fund to guide and regulate its affairs. However, during my current audit, I observed that the position had not changed contrary to requirements of the Public Finance Management Act [*Chapter 22:19*]. No draft constitution had been drawn up at the time of concluding my audit on January 20, 2022.

Risk/Implication

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

Recommendation

The Fund should finalise the drafting of the constitution and ensure that the same is approved so as to provide legal basis for the Fund's existence.

Management Response

It is acknowledged that at the time of the audit, the draft constitution and the detailed Accounting Officer's Manual had not been approved by Treasury. Follow-up action will continue until the documents have been approved by Treasury.

1.2 Non-utilisation of funds

Finding

The Fund had $49 833 and $39 833 in its bank account as at December 31, 2019 and December 31, 2020 respectively. Besides making advances to the parent Ministry and financing bank charges, the funds remained largely unutilised during the year. There was no evidence that appropriate measures were put in place to ensure these funds were channelled towards the Fund's mandate of rebuilding livelihoods of the disadvantaged communities in rural and peri-urban parts of Zimbabwe as part of the recovery process.

Risk/Implication

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

Recommendation

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

Management Response

The allocation for the Community Recovery Fund was not utilised due to a shortage of social development officers to spearhead the programme as well as the outbreak of the COVID-19 pandemic which gave the Ministry additional responsibilities of manning quarantine centres.

DISABLED PERSONS FUND 2019 AND 2020

Objective of the Fund

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

Opinion

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

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

Statement of Comprehensive Income

Item	**Amount $**
Income	17 500 000
Expenditure	17 104 668
Surplus	**$393 322**

Statement of Financial Position

Item	**Assets ($)**	**Liabilities ($)**
Current	1 438 509	742 266
Accumulated Fund	-	696 243
Total	**$1 438 509**	**$1 438 509**

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

However, the following are issues noted during the audit:

1. DEBT MANAGEMENT AND RECOVERY

1.1 Advances to Parent Ministry

Finding

The Fund made payments on behalf of the Parent Ministry amounting to $181 391 in 2019 and as at the time of concluding my audit, on May 4, 2022, the amount had not yet been reimbursed. There was no evidence that Treasury authority had been sought as outlined by Section 116 (9) of the Public Finance Management (Treasury Instructions), 2019 that the accounting authority should seek Treasury authority before utilizing funds from statutory fund accounts for funding the Appropriation Account.

Risk/Implication

Utilisation of the Fund`s resources for purposes not budgeted for could negatively affect the fulfilment of the Fund's mandate of promoting the welfare of disabled persons.

Recommendations

The Ministry should seek prior Treasury authority to utilize money from a Statutory Fund as required by regulations.

The Ministry should reimburse all funds that were paid for and on behalf of the Parent Ministry by the Fund.

Management Response

It is acknowledged that at the time of audit, the sum of $181 391 was outstanding arising from advances which had been made to the Parent Ministry. Prior Treasury authority had not been sought. The Ministry shall endeavour to desist from borrowing from the Statutory Funds and all the amounts that have been borrowed shall be reimbursed before close of the 2022 financial year.

1.2 Micro-finance Activities

Finding

The Fund has still not recovered $109 647 which was owed by beneficiaries in respect of loans advanced to them under the micro finance. Some of the loans date as far back as 2015. Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 requires officers responsible for collecting debts to take adequate steps to collect any sums due to the Government on due dates and not allow a debt to become extinguished through lapse of time.

Risk/Implication

Failure to recover amounts owed by debtors may disadvantage other would be benefactors of the micro finance loan programme of the Fund.

Recommendation

The Fund should recover the amounts loaned out so that other legible candidates can also access the microfinance loans.

Management Response

It is acknowledged that an amount of $109 647 was owing in loans arising from the Fund's micro finance activities. The Ministry has had problems in encouraging beneficiaries under this facility to repay the loans that would have been made to them for small income generating projects meant to empower them. This has been a perennial problem for the last five consecutive years hence the Ministry is coming up with a new method under which persons with disabilities can benefit. Instead of loans being made to individuals, the proposal is to make loan advances to groups, where it is felt that group members can encourage each other to repay loans so that they can

continue to benefit. As regards to the existing loans, Treasury authority shall be sought to write them off as instituting legal actions may not be the best in the circumstance.

1.3 Sundry Receivables

Finding

The Fund disclosed an amount of $102 772 as sundry receivables arising from dual payments to institutions and erroneous payments made from the Fund's bank account. This was in contravention of Section 59 (17) of the Public Finance Management (Treasury Instructions), 2019. There was no evidence that these funds were reimbursed to the Disabled Persons Fund at the time of concluding my audit.

Risk/Implication

Dual payments are indicative of weaknesses in internal checks and controls hence risk of other leakages cannot be ruled out.

Recommendation

The Fund should ensure that all dual payments are recovered and institute measures to curb recurrence of the same in future.

Management Response

The observation is noted. However, the amounts in question were fully recovered by set off against the institutions' 2021 entitlements. Delays in recovering arose from the fact that reconciliations were only done at the close of the financial year and those reconciliations enabled the discovery of the dual payments.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the two (2) recommendations, one (1) was implemented, one (1) was partially implemented as indicated below:

2.1 Acquittal of Disbursements to Provinces

The recommendation was addressed as the acquittals for 2019 were subsequently submitted and reviewed by audit.

2.2 Micro-finance activities

The Fund did not recover any of the loans which were outstanding although no further loans were issued during the period 2019-2020 as indicated in paragraph 1.1 above.

NATIONAL DROUGHT FUND 2020

Objective of the Fund

The Fund was established for the purpose of alleviating the effects of drought and other natural hazards adversely influencing food security and to promote the development of food production designed to counteract drought and or purposes incidental thereto.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	576 385 061
Expenditure	575 396 254
Surplus	**$988 807**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Accumulated Fund	-	1 117 250
Current	1 117 250	-
Total	**$1 117 250**	**$1 117 250**

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

However, the following are issues noted during the audit: -

1. GOVERNANCE ISSUES

1.1 Fuel Management

Finding

There was no record in the fuel register of how 9 285 litres of diesel coupons and 1 710 litres of petrol coupons worth $1 448 390 were utilised although the coupons were recorded as received. I therefore could not validate whether they were used for the purposes of the Fund. This was contrary to Section 104 (1) of the Public Finance Management (Treasury Instructions) 2019 which requires maintenance of fuel coupons records.

Risk/Implication

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

Recommendations

The register should be properly maintained so as to enhance transparency and accountability in the management of fuel coupons. Management should also avail to audit a record of how the fuel coupons were used.

Management Response

The fuel procured for drought fund was issued to districts as per the attached copies of issue vouchers.

Evaluation of Management Response

Evidence submitted showed that only 1 760 litres of fuel were issued to the districts leaving a balance of 7 525 litres unaccounted for.

1.2 Advances to Parent Ministry

Findings

The Fund made an advance of $992 482 to the parent Ministry during the period under review without obtaining authority from Treasury as required by regulations. This amount increased the total owing to $1 117 108 from the $128 260 brought forward from the 2019 financial year.

However, at the time of concluding my audit on January 6, 2022, the Ministry had reimbursed $480 371.

Risk/Implication

The Fund may fail to achieve its obligations if funds are diverted to meet expenses on behalf of the Ministry.

Recommendation

The Fund should ensure that funds are utilized for the intended purposes as provided for by its constitution and the balance should be fully recovered.

Management Response

The observation is acknowledged, to date the Ministry has reimbursed $480 371. In future the Ministry will desist from borrowing from the Fund.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDING

The Fund partially addressed one (1) audit finding raised in my previous audit report as indicated below: -

2.1 Social Assistance

The 2019 itineraries were later availed for audit. No payments were made towards repairs and maintenance of District Development Fund (DDF) and the Zimbabwe National Army (ZNA) trucks for the year under review. The Fund paid hire fees for the services received during the year under review.

NATIONAL REHABILITATION CENTRES WELFARE FUND 2019 AND 2020

Objective of the Fund

The Fund was established for the purpose of providing funding for the training and welfare of disabled ex-combatants at the three Rehabilitation Centers namely: Ruwa, Lowden Lodge and Beatrice.

Opinion

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

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

Statement of Comprehensive Income for the year ended December 31, 2020

Item	Amount $
Income	1 956 776
Expenditure	1 670 552
Surplus	**$286 224**

Statement of Financial Position as at December 31, 2020

Item	Assets ($)	Liabilities ($)
Accumulated Fund	-	306 531
Non-Current	61 326	-
Current	265 935	20 730
Total	**$327 261**	**$327 261**

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

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Administration of School Project

Finding

The Ruwa Rehabilitation Centre operated a High School, enrolling forms one to form six students, without administrative and financial instructions. These would have helped in giving guidance in the execution of functions and recording of transactions and serve as a training tool for officers thereby reducing inefficiencies and inconsistencies. Operation without administrative and financial instructions and at the same time serving as training tool for officers reduces inefficiencies and inconsistencies. Section 28 (7) of the Public Finance Management (Treasury Instructions), 2019 requires Accounting Officers to issue detailed written instructions to govern the conduct of financial business and the control of all public moneys and the property for which they are responsible.

Risk/Implication

Absence of guidelines may result in inconsistencies occurring in the operation of the Fund. This may hinder the achievement of the center's objectives.

Recommendation

The Ministry should issue Financial and Administrative Instructions governing the operations of the school.

Management Response

The Ministry came up with a manual which is in draft form. Delays in completing the manual was due to COVID-19 containment measures which included lockdown. Review is expected to be through before end of year 2022.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Debt Management

Finding

Financial statements for 2020 disclosed outstanding debtors of $177 453, an increase of $143 648 (425%) from the previous year's figure of $33 805. No evidence was submitted to audit showing efforts by the Fund to recover the long outstanding debts with some dated as far back as 2010.

Risks/Implications

Failure to timeously collect revenue received from debtors may result in the debts becoming irrecoverable.

Potential revenue due to the Fund may remain uncollected resulting in the Fund failing to carry out its mandate.

Recommendation

The Fund should ensure that revenue due to Government is recovered in compliance with section 49 (1) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

It is acknowledged that the figure for the trade receivables increased due to COVID-19 lockdown measures which made recovery difficult. Our figure for 2020 debtors is now $302 137. Delays in recovering outstanding receivables were due to students leaving the school and some are no longer reachable. Follow ups are being done and we have recovered $93 439 of the 2020 debtors. In the event of debts remaining irrecoverable, write off procedures shall be instituted in the normal way.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Management addressed one (1) audit finding raised in my previous audit report as indicated below:

4.1 Advance Receivables

The recommendation was implemented as the Fund fully recovered the advances in 2019.

VOTE 4.- DEFENCE AND WAR VETERANS AFFAIRS

APPROPRIATION ACCOUNT 2020

Mandate

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

Qualified Opinion

I have audited the financial statements of the Ministry of Defence and War Veterans Affairs for the financial year ended December 31, 2020. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$3 112 708 000	$8 798 929 176	$11 911 637 176	$11 612 587 971	$299 049 205
Constitutional and Statutory Appropriations				
$22 100 000	-	$22 100 000	-	$22 100 000

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 the state of affairs of the Ministry of Defence and War Veterans Affairs for the year ended December 31, 2020 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Unallocated Reserves

Finding

The Appropriation Account disclosed Unallocated Reserve transfers amounting to $8 798 929 176 while the Treasury schedule had a figure of $8 730 031 596 resulting in a variance of $68 897 580. The two figures were not reconciled. I could not ascertain the accuracy and completeness of the figure disclosed in the Appropriation Account.

Risk/Implication

The Appropriation Account could be materially misstated resulting in stakeholders failing to make informed decisions.

Recommendation

The Ministry should reconcile its Unallocated Reserve transfers with Treasury and establish the correct amount before compiling Appropriation Accounts.

Management Response

Treasury is responsible for uploading Unallocated Reserves in the PFMS and then furnish us with Unallocated Reserve letters. However, the schedules they gave us left out some of the disbursed Unallocated Reserves. We have approached them regarding the missing Unallocated Reserve letters.

(ii) **Variances between the Sub-PMG Account and the Appropriation Account**

Findings

The Appropriation Account submitted for audit had total expenditure of $11 612 587 971 while the Ministry directly incurred $9 641 019 882 through their Sub-Paymaster General's Account. An additional $1 957 030 027 being direct payments were made by Treasury on behalf of the Ministry resulting in a total expenditure bill of $11 598 121 909. Resultantly, there was an imbalance of $14 466 062 between expenditure disclosed in the Appropriation account and what was in the Sub-Paymaster General's Account plus direct payments. The imbalance was not explained.

The Ministry did not submit monthly reconciliations of the Sub-Paymaster General's Account for audit. These should be submitted on or before the seventh day of each month covering the previous month`s transactions to the Accountant General as required by section 61 (1) of the Public Finance Management (Treasury Instructions), 2019.

Risk/Implication

In the absence of a reconciliation of the Sub-Paymaster General's Account, expenditure reported may be misstated as errors or omissions could go undetected.

Recommendation

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

Management Response

It was not possible to carry out the monthly reconciliations due to the National Lockdown as most staff members were not reporting for duty. We had only 25% of the staff reporting for duty. Our expenditure might have been overstated by unfunded batches which were not reversed during the 13th period. An exercise is underway to address the anomaly.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Risk Assessment

Finding

The Ministry did not carry out risk assessment and provide the risk profile report for audit despite that these are annual requirements. This was in violation 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

Risks may not be identified in a timely manner. Furthermore, without a risk profile report the Ministry may fail to assign numerical values to variables representing different types of threats and dangers that the Ministry faces.

Recommendation

Formal risk assessment should be carried out and a risk profile report be produced for management use and also be availed for audit inspection.

Management Response

The Risk Management Policy Framework is in place. The Ministry is working on establishing the Risk Management Unit and the Risk Management Committee.

1.2 Procurement Management Unit

Finding

In my 2019 audit report, I mentioned that the Ministry had not established a Procurement Management Unit (PMU) as required by Section 67(2) of the Public Finance Management (Treasury Instructions), 2019. During the year under review, the PMU had not been established. This shows continued non-compliance with the standing regulations in respect of the setting up of a PMU.

Risk/Implication

Procurement regulations may be flouted resulting in fruitless and wasteful expenditure being incurred.

Recommendation

The Ministry should put in place a Procurement Management Unit as required by the standing regulations.

Management Response

The Procurement Management Unit is now in place, however there are consultations between the Ministry and PRAZ to come up with customised policies which are unique to Defence.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Rental and Hire Expenditure

Finding

I noted that Program 2, Sub-program 2 paid Synergy Harare Car Rental through voucher number 1900250235 with a total amount of $3 073 345 for various invoices that did not have purchase orders. In addition, the invoices submitted for audit amounted to $1 035 778 against a total payment of $3 073 345, leaving a variance of $2 037 567 which had no invoices. This was against the provisions of Section 59 (2) of the Public Finance Management (Treasury Instructions), 2019 requiring that purchase orders be attached to the suppliers' invoice as they are used as supporting documents to a payment voucher.

Risks/Implications

Without purchase orders it is difficult to determine whether the services rendered were requested by the Ministry.

Further payments made without an invoice showing service being paid for may result in fraudulent payments. It is also not possible to determine whether the supplier has actually provided the service resulting in payments being made for non-existing service.

Recommendation

Purchase orders and invoices should be attached to payment vouchers as they act as supporting documents that itemise and record the transaction between the Ministry and seller.

Management Responses

Purchase orders will be attached to payment vouchers in compliance with Treasury Instructions.

The noted document had the other invoice erroneously detached when presented for audit. The document is now complete with all its invoices.

3 PROGRESS IN ADRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing audit findings raised in my previous audit report. Out of the eleven (11) findings, eight (8) were addressed, three (3) had not been addressed as indicated below:

3.1 Variances in Employment Costs – 2019

Monthly payroll reconciliations were not done as mandated by Treasury Circular Number B/1 88 dated June 5, 2018 resulting in differences between SSB records and the Ministry's ledgers. The issue was addressed.

3.2 Audit Committee

The issue was addressed as the Audit Committee is now in place.

3.3 Unsupported Expenditure on Foreign Services – 2019

The Ministry had incurred $15 550 706 on Foreign Services but did not provide supporting evidence. The issue was solved as a schedule detailing the payments was submitted for audit.

3.4 Segregation of Duties – 2019

The issue of segregation of duties was resolved as previously vacant posts were filled.

3.5 Scanned Invoices - 2019

Scanned Tax invoices were used as attachments for payments made. The Ministry had promised to avail the receipts for the payments. The issue was not resolved as the receipts were not availed.

3.6 Travel and Subsistence Advances - 2019

The issue that the Ministry had not been maintaining travel and subsistence ledger cards was addressed as they are now in place.

3.7 Inventory Management - 2019

The Ministry had no evidence of stock takes or random checks for its inventory. The inventory registers now had evidence that checks were being done.

3.8 Direct Payments – 2018

Treasury made payments for goods and services directly to suppliers for $5 447 320 with an instruction for the Ministry to get confirmations. The receipts have been availed for audit verification.

3.9 Expenditure Control and Reporting – 2018

The Ministry incurred Appropriation expenditure using a Fund account without authorisation. The issue was not resolved as the use of Fund accounts continued.

3.10 Supporting Documents for Payments – 2018

The Ministry did not avail sufficient information for requested documents for the expenditure amounting to $4 113 758. I was not able to validate the expenditure incurred in that financial year. The issue is still to be addressed.

3.11 Maintenance of Utilities Register – 2018

The Ministry did not maintain a register for utility bills and did not carry out reconciliations. Resultantly, there were variances between payments made to service providers. The issue was addressed as the registers and receipts are now in place.

WAR VETERANS FUND 2019

Objective of the Fund

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

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	38 290 000
Expenditure	27 966 560
Surplus	**$10 323 440**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	1 811 355	-
Accumulated Fund	-	(6 308 238)
Current	3 848 836	11 968 429
Total	**$5 660 191**	**$5 660 191**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, the following is an issue noted during the audit:

1 GOVERNANCE ISSUES

1.1 Use of Manual Accounting Systems

Finding

I noted that the Fund maintained its financial transactions on a manual system of accounting. Further, the Fund does not keep ledger accounts property, plant and equipment account, investment account, trade and other payables, and accumulated fund account. This was against the requirements of Section 119 (2) of the Public Finance Management (Treasury Instructions), 2019.

Risk/Implication

A manual system is susceptible to errors that may result in misstatement of the financial statements.

Recommendations

The Fund should adhere to Section 119 (2) of the Public Finance Management (Treasury Instructions), 2019.

The Accounting Officers should ensure that a minimum set of books including the cashbook, journal book, asset register, advances register, and the ledger are maintained.

Management Response

The observation is noted. We are in the process of implementing the e-governance system being spearheaded by the Office of the President and Cabinet so as to minimize errors. In addition, management has written to Treasury to seek authority to use Pastel accounting software for the Fund.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the three (3) findings, two (2) were addressed, one (1) had not been addressed as indicated below:

2.1 Maintenance of financial records

The Fund managers managed to identify and clear the suspense figure of $613 310

2.2 Competitive bidding

The finding on failure to follow procurement regulations on the purchase of goods and services amounting to $122 829 was not solved in retrospect, the Fund promised to follow procurement regulations in the future.

2.3 Depreciation of Assets

The finding on failure to depreciate non-current assets as required by standards was not resolved as the non-current assets were valued at their purchase price.

VOTE 5.- FINANCE AND ECONOMIC DEVELOPMENT

STATEMENT OF PUBLIC DEBT 2019

BACKGROUND INFORMATION

Accounts are maintained for all public debt represented by loans made to the State. The outstanding balances of all loans are reduced from time to time by repayments and by nominal value of stocks purchased and cancelled by the Debt Redemption Fund and through operations of the Sinking Fund's trustees.

Qualified Opinion

I have audited the Statement of Public Debt for the Ministry of Finance and Economic Development for the year ended December 31, 2019.

Below is a summary of what was borrowed and repaid during the year:

Details	**External Borrowings $**	**Domestic Borrowings $**	**Prior Year Adjustment $**	**Total $**
Balance as at January 1, 2019	7 693 874 790	4 714 087 730	20 798 842	12 428 761 362
Borrowings	556 591 323	5 047 240 135	-	5 603 831 458
Adjustments	2 061 462 386	(318 090 876)	-	1 743 371 510
Total	$10 311 928 499	$9 443 236 989	$20 798 842	$19 775 964 330
Repayments	(680 487 100)	(1 667 424 858)		(2 347 911 958)
Adjustment on External Borrowings	121 358 564 614	-	-	121 358 564 614
Balance at December 31, 2019	**$130 990 006 013**	**$7 775 812 131**	**$20 798 842**	**$138 786 616 986**

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 Public Debt as at December 31, 2019 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Discrepancies on Repayments of Treasury Bonds and Bills

Finding

I observed that figures of principal and interest repayments of Treasury Bonds and Bills amounting to $1 918 623 351 disclosed in the Statement of Public Debt for year ended December 31, 2019 disagreed with the corresponding total figure of $1 953 686 040 extracted from the SAP system resulting in a variance of $35 062 689. The two figures were not reconciled.

Risk/Implication

It would be difficult to ascertain the country's correct domestic indebtedness if variances are not reconciled.

Recommendation

The Ministry of Finance and Economic Development through the Public Debt Management Office (PDMO) should investigate and reconcile the above-mentioned variances.

Management Response

The balance of $42 015 466 which is made up of $15 915 739 and $26 099 727 is from external borrowings. For accounting purpose, $15 915 739 Bond issues (RBZ Debt Assumption) should be excluded from this figure.

Evaluation of Management Response

The issues remained unresolved since the management response did not address or seek to adequately explain circumstances surrounding the noted variance of $35 062 689.

(ii) Maintenance of Records

Finding

The PDMO did not have source documents to support arrears of interest, other charges and penalty interest disclosed in the Statement of Public Debt for the year 2019 amounting to $1 418 664 203 and $642 798 183 respectively. Hence, I could not confirm the accuracy and completeness of these figures.

Risk/Implication

Lack of source documents for interest arrears, other charges and penalties might result in uncertainty over the country's debt obligations.

Recommendation

The PDMO should avail source documents used to compile the figures for interest arrears and penalties.

Management Responses

Calculation of these penalties has been done outside the Debt Management Financial Analysis System (DMFAS) using excel templates provided by the creditors. The DMFAS is only able to capture penalty estimates. Engaging creditors became a challenge as there were no longer cooperating in providing up to date penalty templates. Many letters have been written to creditors and in most cases there were no responses especially from the Paris Club creditors. The Public Debt Management Office (PDMO) has to make use of the DMFAS to come up with estimated penalty figures.

Treasury has engaged the Paris Club and has started making quarterly token payments of US$100 000 to each of the 16 Paris Club creditors. Through this gesture, it is anticipated that communication with all creditors will improve paving way for regular validation and reconciliation exercises

However, below is another issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Borrowing Plan and Debt Sustainability Analysis

Finding

The Public Debt Management Office (PDMO) operated in year 2019 without an approved Borrowing Plan, which should guide the Office on the maximum borrowing limit for each year. The Debt Sustainability Analysis (DSA) was not availed for my examination and I could not therefore ascertain whether debt management controls were working effectively throughout the year.

Risks/Implications

Unauthorised excess borrowing puts financial pressure on the fiscus to settle foreign repayment obligations.

Lack of a borrowing plan results in unplanned loans at exorbitant interest rates and penalty charges.

Recommendations

The Public Debt Management Office should have borrowing thresholds to adhere to as prescribed by section 11 (1) of the Public Debt Management Act [Chapter 22:21]

The Public Debt Management Office should come up with an annual Borrowing Plan and conduct a Debt Sustainability Analysis in line with international best practice in debt management

Management Response

Management acknowledges the absence of the borrowing plan for 2019 and the inherent risks associated with its unavailability. The Public Debt Management Office (PDMO) has been operationalising the provisions of the Public Debt Management Act [*Chapter 22:21*] since its promulgation in year 2015, however the provisions could not be fully operationalised all at once. To this end, the Office has started to formulate annual borrowing plans for each respective financial year with effect from year 2020 and the latest is included in the 2022 Public Debt Statement presented in November 2021 by the Minister together with the 2022 budget in line with the Public Debt Management Act [*Chapter 22:21*] and international best practice. Funds permitting, the Debt Sustainability Analysis (DSA) will be formulated and updated on a regular basis.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Treasury made some progress in addressing audit findings raised in my previous audit report. Out of the six (6) findings, four (4) were addressed and two (2) were not addressed.

2.1 Take-on Balances

Treasury resolved the issue of misstated opening balances.

2.2 Debt Repayments

The issue is still recurring and has been raised again in the current report on finding (i) detailing discrepancies on repayments of treasury bonds and bills

2.3 Medium Term Debt Strategy (MTDS)

The matter was addressed as the Public Debt Management Office produced a copy of the published MTDS covering the period 2017-2021.

2.4 Penalty Interest Charges

Penalty interest charges on external debt which have reached maturity are still being calculated outside the system.

2.5 Interest for Treasury Bills and Bonds

The issue was addressed during the course of the audit.

2.6 Loan Identification number

The issue has been addressed.

STATEMENT OF PUBLIC FINANCIAL ASSETS 2017, 2018 AND 2019

BACKGROUND INFORMATION

The Statement of Public Financial Assets reflects the loans issued (and still outstanding) and investments by Government to and in various institutions. These are Government assets of a financial nature.

Qualified Opinion

I have audited the Statement of Public Financial Assets for the Ministry of Finance and Economic Development for the years ended December 31, 2017, 2018 and 2019.

Below is a summary of the Statement of Public Financial Assets for the year 2019:

Service	Balance as at December 31, 2018 $	Expenditure 2019 $	Recoveries 2019 $	Adjustments $	Balance as at December 31, 2019 $
Long term loans	2 076 144 522	1 523 890 420	-	9 937 900	3 609 972 842
Investments	5 688 713 195	-	-	1 705 810 022	7 394 523 217
Short term loans	12 619 900	-	-	-	12 619 900
Total	**$7 777 477 617**	**$1 523 890 420**	**-**	**$1 715 747 922**	**$11 017 115 959**

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 Public Financial Assets as at December 31, 2019 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Misstated Opening Balances

Finding

The financial statements submitted for audit reflected opening balance as at January 1, 2019 of $7 819 902 515 that did not agree with the closing balance as at December 31, 2018 of $7 777 477 617 resulting in a variance of $42 424 898. This trend was the same for the previous years 2017 and 2018. Section 29 (4) (d) and (f) of the Public Finance Management (Treasury Instructions), 2019 requires the Director of Finance to put in place systems of internal checks and control to ensure preparation of accurate accounts. Opening balances of each financial year should be matched and agreed to the prior year certified closing balances.

Risk/Implication

Inaccurate financial reporting might mislead policymakers.

Recommendation

Treasury should reconcile and explain the above-mentioned discrepancies between opening and closing balances.

Management Response

Observation is noted. However, the variances are emanating from Ministries' submissions to Treasury which have different figures from the audited Statements of Public Financial Assets for the years 2017, 2018 and 2019. We have noted that Ministries are not submitting the audit adjustments and Audited Returns to Treasury after having been audited. This has caused variances in the opening and closing balances for years 2017, 2018 and 2019 respectively. In order to avoid a recurrence of this anomaly we are going to use certified and audited balances for 2019 as opening balances for 2020 Public financial assets return.

(ii) Variances between Treasury and Line Ministries' Returns

Finding

I observed variances on opening balances, expenditure figures, amounts recovered, accounting adjustments and closing balances between the Treasury consolidated return and returns from line Ministries in year 2019 totalling $7 919 368 755 (2018: $1 326 755 953) and (2017: $1 500 157 008). This was in contravention of Section 157 (2) (c-d) of the Public Finance Management (Treasury Instructions), 2019 which bestows a responsibility on Accounting Officers to put in place a system of internal control that avoids or detects accounting errors and avoid unfavourable audit reports

Risk/Implication

Distorted accounting information leads to preparation of inaccurate financial statements.

Recommendation

Treasury should investigate and reconcile the above-mentioned discrepancies with the concerned line Ministries.

Management Response

It should be noted that production and submission of 2016 Statement of Public Financial Assets was delayed and hence the audited statement was only received in 2019. Consolidation of the returns from line Ministries had been done then using balances on the returns from the line Ministries. Note that there were adjustments which brought about changes to the opening balances. Treasury is working around this timing difference in order to consolidate the audited returns from line Ministries.

(iii) Missing Information

Finding

The Treasury Consolidated return submitted for audit did not include public financial assets for Zimbabwe Electoral Commission and Zimbabwe Anti-Corruption Commission in contravention of Section 32 (1) of the Public Finance Management Act [*Chapter 22:19*]. Therefore, I could not ascertain the completeness of the Treasury Consolidated return.

Risk/Implication

The overall Public Financial Assets might be understated thereby misinforming decision makers.

Recommendation

Treasury should enforce that all Ministries, Departments and Commissions submit statutory returns in order to promote transparency and accountability.

Management Response

The Zimbabwe Electoral Commission (ZEC) and the Zimbabwe Anti-Corruption Commission (ZACC) did not submit their Statements of Public Financial Assets to Treasury for Consolidation purposes. In our submission of the consolidated return we indicated that these two (2) Commissions had not submitted their returns. We have now requested them to make these submissions for the financial years 2017, 2018 and 2019. These returns will be taken into account and consolidated for full disclosure of Public Financial Assets.

(iv) Investment in Pamberi/Qhubekani (Private) Limited

Finding

I noted that the Ministry of Justice, Legal and Parliamentary Affairs formed and registered a private company in year 2007 called Pamberi/Qhubekani Investments (Private) Limited with an initial capital of $40 000. The company focuses on farming and ranching. However, this investment was not disclosed in the Consolidated Statement of Public Financial Assets for the year ended December 31, 2019. In addition, no Treasury Authority was availed for audit inspection to support the formation of the company.

Risk/Implication

The Government might not realise financial benefits from the invested public funds if the investment is not recorded and returns monitored.

Recommendations

Treasury should account for the investment made in Pamberi/Qhubekani Investments (Private) Limited and dividends generated since year 2007.

Treasury should put in place a system to monitor and account for all investments made by line Ministries, Departments and Agencies.

Management Response

This investment in a private company by the Department of Prisons and Correctional Services had not been disclosed to Treasury. Treasury is now in receipt of the application for condonation from the Ministry.

(v) Investment in Colcom Limited

Finding

The Ministry of Justice, Legal and Parliamentary Affairs made an investment in Colcom Limited before year 2017. The Ministry was later issued 11 048 shares upon 100% take-over of Colcom Limited by Innscor Company in year 2017. No share certificates were availed for audit inspection and this investment was not disclosed in the Consolidated

Statement of Public Financial Assets for the years ended December 31, 2017, 2018 and 2019.

Risk/Implication

Government investments might not be traceable and fully accounted for.

Recommendation

Treasury should account for the 11 048 shares invested in Colcom Limited and returns realized from this investment since year 2017.

Management Response

The observation has been noted. This investment in Colcom Limited by the Ministry of Justice and Legal Affairs is again not known by Treasury, neither was it disclosed in the Ministry's Statement of Public Financial Assets. We have now requested the Ministry of Justice and Legal Affairs to avail the necessary documents including Share Certificates so that we can record them and adjust our records.

(vi) Loan to Zimbabwe Broadcasting Corporation (ZBC)

Finding

The Ministry of Information, Publicity and Broadcasting Services advanced a loan of $5 000 000 to Zimbabwe Broadcasting Corporation (ZBC) at an annual interest rate of 5% during the year ended December 31, 2019. However, the Ministry did not report both the principal amount and interest as a public financial asset and this loan was also not disclosed in the Consolidated Statement of Public Financial Assets for the year under review. This was against the requirements of Section 29 (4) (f) of the Public Finance Management (Treasury Instructions), 2019 which mandates the Director Finance to prepare accurate accounts.

Risk/Implication

The exact amount of loans granted by the Government might not be known with certainty if they are not disclosed in the financial statements.

Recommendation

Treasury should ensure that the loan of $5 000 000 advanced by the Ministry of Information, Publicity and Broadcasting Services to ZBC is properly recorded and reported in the Consolidated Statement of Public Financial Assets.

Management Response

The loan of ZW$5 million advanced by the Ministry of Information, Publicity and Broadcasting Services to one of its Parastatals, Zimbabwe Broadcasting Corporation (ZBC) Private Limited was not disclosed to Treasury. This loan was not disclosed in the Ministry's Statement of Public Financial Assets; neither did the Ministry seek clearance with Treasury. Clarifications were sought from this Ministry and Treasury is now in receipt of documents on this particular loan. The loan was repaid in 2021.

1 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Treasury made some progress in addressing audit findings raised in my previous audit report. Out of the eight (8) findings, two (2) were addressed, two (2) were partially addressed and four (4) were not addressed.

1.1 Treasury Public Financial Assets Ledger

The issue was partially addressed as the new chart of accounts Government Finance Statistics (GFS) 2014 has various ledgers to record Government loans and investments, however, there is capacity gap in terms of Chart of Accounts training which management is keen to address this year to avoid recurrence of the same.

1.2 Adjustments

The issue was addressed as the adjustments were explained to the audit team.

1.3 Prior year inconsistency in balances between Treasury and line Ministries

The issue was not addressed.

1.4 Classification of Loans

Reclassification of loans was not done.

1.5 Non-Recovery of Loans

No improvement was noted.

1.6 Loan Agreements

Copies of the loan agreements were availed for audit inspection.

1.7 Late Submission of Return for audit

Treasury was making efforts to meet the statutory deadlines, however some delays were noted in the submission of the years 2017, 2018 and 2019 financial statements.

SUMMARY OF TRANSACTIONS ON THE EXCHEQUER ACCOUNT 2019

BACKGROUND INFORMATION

This is the account where all revenues, as described in section 22 of the Public Finance Management Act [*Chapter 22:19*] are deposited. It is one of the accounts making up the Consolidated Revenue Fund. The Act lays down the procedures to be followed when securing the release of moneys there from. Issues from the Exchequer Account are transferred directly to the Paymaster-General's Account from which account all payments are made in respect of services and transactions sanctioned by Parliament.

Qualified Opinion

I have audited the Summary of Transactions on the Exchequer Account for the Ministry of Finance and Economic Development for the financial year ended December 31, 2019.

Below is a summary of Exchequer Account Transactions as at December 31, 2019.

Balance as at January 1, 2019	Deposits	Total	Transfers	Balance as at December 31, 2019
($2 995 635 225)	**$30 429 830 535**	**$27 434 195 310**	**$26 025 418 400**	**$1 408 776 910**

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 Summary of Transactions on the Exchequer Account as at December 31, 2019 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Deposits by Receivers of Revenue

Finding

The Main Exchequer Account disclosed an amount of $30 429 830 535 as deposits by Receivers of Revenue, while the Statement of Receipts and Disbursements had deposits into the Main Exchequer Account of $25 197 882 645 resulting in a difference of $5 231 947 890 that was not reconciled. Therefore, I could not ascertain the accuracy of the amount disclosed in the Exchequer Account. The variances were caused by lack of reconciliation between the Ministries' records and the Main Exchequer Account.

Risk/Implication

The financial statements may be materially misstated.

Recommendation

Treasury should investigate and reconcile the variance of $5 231 947 890.

Management Response

Summary of the transaction on the Exchequer Accounts reflects revenue received. In addition, it includes transactions that are not on line Ministries, Departments and

Agencies such as Zimbabwe Revenue Authority (ZIMRA), Treasury Bills (TBs) issuance and other revenues deposited in the main Exchequer. Reconciliation of the variances is in progress.

(ii) Transfers to the Paymaster-General's Account

Finding

Transfers to the Paymaster-General's Account amounted to $26 025 418 400 while the Summary of Appropriation Account reflected total expenditure figure of $23 313 314 135 resulting in a variance of $2 712 104 265. This had the effect of understating the total expenditure incurred by line Ministries during the financial year under review.

Risk/Implication

There is risk of misstatement of expenditure as a result of not posting expenditure through the PFMS.

Recommendation

Treasury should reconcile the variance of $2 712 104 265 and in future all expenditure should be processed through the Public Finance Management System (PFMS) and accounted for by the respective line Ministries.

Management Response

The SAP System does not allow for pay run in Rands, BWP, EUR, and GBP. However, payments done outside the system are later on regularized through use of Journal Vouchers (JVs). Prior to 2020 Treasury introduced expenditure into cashbooks of line Ministries. Not all line Ministries were recognizing such expenditure. In 2020 we used PMG GL to introduce such expenditure. Treasury is also making efforts to improve SAP in introducing pay runs in other currencies, US$ transactions are the only ones with pay runs but they cannot be connected on the Eagle Switch.

Evaluation of Management Response

The matter remains unresolved since Treasury had not yet managed to reconcile the variance of $2 712 104 265 at the time of concluding the audit.

(iii) Payments made from Exchequer Accounts

The Exchequer Account, an account for receiving revenue was used to make payments totaling $6 099 800 744 to various service providers during the financial year ended December 31, 2019.

Furthermore, payments of US$26 714 103, EUR 100 809 and ZAR 385 358 060 were made from Sub-Exchequer Accounts, which are also revenue receiving accounts. The respective supporting documents for the payments were not availed. In terms of government accounting all expenditure is supposed to be paid from the Paymaster General's Account.

Risk/Implication

Public funds might not be properly accounted for if the Exchequer Account is used to make payments, it is designated for receiving revenue deposits.

Recommendations

Treasury should adhere to the purpose of the Exchequer Account and ensure that all payments to service providers are only processed through the Paymaster General's Account or sub- Paymaster General's Accounts.

Treasury should avail source documents to support payments made to the various service providers.

Management Response

Management is still to respond.

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Unsupported warrants

Finding

Out of total transfers of $26 025 418 400 made from the main exchequer account to the Paymaster General`s Account in year 2019, an amount of $8 889 034 400 was not supported with warrants. The Accountant-General is empowered by section 23 (3) of the Public Finance Management Act [*Chapter 22:19*] to issue out to Accounting Officers in each financial year warrants authorising them to meet any commitment or expenditure.

Risk/Implication

Absence of warrants defeats the purpose of budget monitoring and management and unauthorised expenditure might have been incurred.

Recommendation

Warrants for all transfers from the Main Exchequer Account to the Sub-Paymaster-General's Accounts in compliance with the Act to promote good budgetary control and internal controls.

Management Response

The Accountant General's warrants for 2019 were prepared after approval by Cabinet. However, Treasury is still waiting for condonation for the excess expenditure.

1.2 Bank Overdraft/Loan Facility

Finding

As previously reported, Treasury was operating an overdraft facility with the Reserve Bank of Zimbabwe reflected by a negative balance of $2 995 635 227 on the Summary of

Transactions on the Exchequer Account reflected for years 2018 (as closing balance) and 2019 (as opening balance) respectively. Treasury indicated that the overdraft facility has since been stopped and converted into a loan. However, the details of the loan agreement were not availed for audit inspection, hence, I was not able to verify compliance with the terms and conditions of the loan facility.

Risk/Implication

It was difficult to ascertain the purpose for which the loan was contracted in the absence of a binding loan agreement.

Recommendation

Treasury should avail the loan agreement for audit examination.

Management Response

The overdraft facility was stopped in June 2019, hence the reason we had an opening balance of overdraft in January 2019 which was the closing balance in 2018. A correspondence was issued to initiate the process of converting overdraft into debt instrument.

1.3 Closing Balances for the Main Exchequer and Sub-Exchequer accounts.

Finding

The closing balance of $979 715 997 as per notes on the Main Exchequer and Sub-Exchequer accounts reflected in the account submitted for audit did not agree with the closing balance of $1 408 776 910 as per bank certificates resulting in an unreconciled imbalance of $429 060 913.

Risk/Implication

The financial statements may be materially misstated.

Recommendation

Treasury should investigate and reconcile the imbalance of $429 060 913.

Management Responses

The Summary of Transactions on the Exchequer Account is a consolidation of what was transferred to the Paymaster-General Account (PMG) as well as deposits from Receivers of Revenue. Revenue include ZIMRA deposits and disbursements to the Main Exchequer Account by line Ministries. In other words, all revenues made to the Consolidated Revenue Fund (CRF) and payments from CRF entail the inflows and outflows from the Main Exchequer Account.

In a normal environment, by the end of December 31 each year Sub-Exchequer Accounts should have nil balances. The closing balance on the Summary of Transactions on the Exchequer Account is made up of balances of all Treasury Main Exchequer Accounts. However, the closing balances in the Sub-Exchequer Accounts are the amounts not yet transferred to the Main Exchequer Account, therefore will be

accounted for in the next year when transferred to the Main Exchequer Account. The balances thereof are shown in the Receipts and Disbursement return.

Evaluation of Management Responses

I acknowledge the response from Treasury, however the continued holding of funds in Sub-Exchequer Accounts after December 31, 2019 constitute a violation of Government regulations that require unexpended balances at the end of each year to be repaid to the Consolidated Revenue Fund (CRF). Treasury as the manager of all public resources should have made sweeping arrangements with banks to ensure swift transfer of remaining Sub-Exchequer Account balances into the Main Exchequer Account.

2 EXPENDITURE CONTROL

2.1 Set-Off Payments

Finding

Treasury did not avail for audit inspection invoices relating to set-off payments amounting to $138 059 243 to the Zimbabwe Revenue Authority (ZIMRA) in respect of tax obligations for various vendors/suppliers who had supplied goods and services on credit to Government. This was in contravention of Section 53 (1) of the Public Finance Management (Treasury Instructions), 2019 that requires transactions to be accurate, complete and supported with adequate documentation. Therefore, I could not ascertain the validity of these payments.

Risk/Implication

Unavailability of supporting documents leads to lack of transparency in the usage of public resources.

Recommendation

Treasury should avail invoices to support set-off payments totaling $138 059 243.

Management Response

Section 17 (1) (a) of the Public Finance Management Act [Chapter 22-19] states that no charge upon the CRF shall be made without the written authority of the Treasury. Set off payments were made with the approval of the Secretary hence the satisfaction obtained by management. Treasury's mandate is to transfer resources to PMG, we do not receive such invoices. The same with set off. Invoices are kept with line Ministries who obtained the invoices.

VOTE 7.- INDUSTRY AND COMMERCE

APPROPRIATION ACCOUNT 2021

Mandate

The mandate of the Ministry of Industry and Commerce is to promote the development of vibrant, sustainable and globally competitive industrial and commercial enterprises.

Opinion

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

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

Voted Funds	Unallocated Reserve Transfers	Total	Expenditure	Net Under spending
$2 345 000 000	-	**$2 345 000 000**	**$1 244 110 846**	**$1 100 889 154**

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

However, the following are the issues noted during the audit;

1 PROCUREMENT

1.1 Procurement of Motor Vehicles

Finding

The Ministry purchased twenty-five vehicles from Motor City Toyota made up of 20 Toyota Hilux 4x4 Double Cabs and 5 Toyota Corolla sedans worth $192 617 272 in December, 2021. A full payment was made in advance as stated in the contract as a precondition. However, at the time of concluding the audit on June 6, 2022, the supplier had not delivered the vehicles stating that the delay in delivery was due to global shutdown caused by COVID-19. The Ministry has made several follow ups as evidenced by correspondence availed for audit inspection. Not much has been achieved.

Risk/Implication

Paying in advance for goods not delivered may result in loss of public funds in the event that the supplier fails to deliver.

Recommendations

The Ministry should engage legal experts to enforce fulfilment of the contract through delivering the vehicles as per contract.

There is need to review contract clauses in future contracts so that Government is not prejudiced.

Management Response

The Ministry is making vigorous follow ups to make sure that the vehicles are delivered.

2. IMPLEMENTATION OF PROGRAMMES

2.1 Transfer of Funds between Programmes

Finding

There was no evidence that requests for the transfer of funds between programmes was initiated and approved by programme managers or sub- programme managers. I was therefore, not satisfied that the allocation of resources to programme and the transfer of funds between programmes was done properly. Section 11 and 12 of Treasury Circular number 6 of 2019 states that the roles of programme managers and sub programme managers includes authorizing the transfer of funds within the same programme and to other programmes.

Risk/Implication

By not having authority of programme managers to transfer financial resources, this may deprive some programmes of resources to undertake planned activities.

Recommendation

Sub-programme and programme managers should approve transfer of financial resources as stated in Treasury Circular to ensure that activities planned for are effectively funded.

Management Response

The observation has been noted. Going forward the Ministry will endeavour to adhere to Treasury Circular number 6 of 2019.

3. GENDER POLICIES AND OTHER SUPPORTING STRUCTURES

3.1 Gender Committee

Finding

Apart from having a Gender Focal person, the Ministry did not have a gender committee to coordinate awareness and other activities. I was therefore, not satisfied that a coordinated approach was being undertaken by the Ministry to raise awareness and other related activities.

Risk/Implication

By not having a gender committee in place the Ministry may fail to fully implement gender awareness and related activities.

Recommendation

The Ministry should prioritize appointing a gender committee that will coordinate awareness and related activities.

Management Response

The Ministry takes note of the audit observations and will set up the gender committee, while awaiting the filling of the vacant directorate post by the Public Service Commission. Once staff is in place they will prioritise crafting of plans and policies.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of the five (5) findings, two (2) were addressed and three (3) were not addressed as indicated below:

4.1 Receipts and Disbursements Return

The Ministry did not address the audit finding as different amounts between the return and SAP printouts of $145 348 was not reconciled.

4.2 Recording of Import and Export Licenses

The Ministry did not produce for audit inspection source documents for trade licenses valued at $249 403. The source documents were said to be held by ZACC pending finalization of a criminal investigation.

4.3 Covid-19 Procurement Plans

Audit recommendations were addressed as the Ministry managed to provide procurement plans for 2021.

4.4 Variance on Compensation of Employees Cost

Audit findings were addressed as the Ministry managed to clear the variance of $2 179 188.

4.5 Deficiency in State Property

The Ministry did not convene Boards of Inquiry for three laptops that were reported as stolen in 2020.

STANDARDS DEVELOPMENT FUND 2020

Objective of the Fund

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

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	382 616 074
Expenditure	47 769 955
Surplus	**$334 846 119**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Accumulated Fund	29 522 901 -	- 387 837 402
Current	382 925 599	24 611 098
Total	**$412 448 500**	**$412 448 500**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Standards Development 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).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Variances in Expenditure Balances

Findings

The Fund procured goods and services outside the Public Finance Management System (PFMS), in violation of Section 13 (2) of the Public Finance Management (Treasury Instructions), 2019 requiring that all Statutory and other funds to utilise the same accounting package unless authorised by Treasury to run independent systems instead of using the PFMS, used by government. The manual accounting system being used is susceptible to human errors and manipulation as the financial information can easily be erased without trace.

As a result, there was a variance of $9 519 696 between the expenditure balance in the financial statements submitted for audit and the balances extracted from the SAP ledgers for procurement of goods and services.

Risk/Implication

The credibility of the financial statements is reduced if there are variances between PFMS ledger balances and those in the financial statements.

Recommendations

The Fund should utilise the system based accounting package approved by Treasury that has an audit trail.

Variances should be investigated and adjustments made

Management Response

The Fund started recording its expenditure on SAP with effect from 01 April 2020. The Expenditure incurred over the period 1 January 2020 to 31 March 2020 was not brought forward to SAP hence the variance. Prior to 01 April 2020 the Fund was paying its creditors for services rendered and goods supplied through CBZ paynet.

2. REVENUE COLLECTION AND DEBT MANAGEMENT

2.1 Investment of Excess Cash

Findings

As indicated in my 2019 audit report, there was no evidence indicating that management had taken steps to invest its surplus cash averaging around $9 million per month for the first ten months of the year and around $200 million for the months of November and December 2020. If excess cash had been invested, investments could have generated interest for the benefit of the Fund. Section 13 (2) of the Standards Development Fund Act [Chapter 14:19] states that any part of the Fund not immediately required for the purpose of the Fund may be invested in such manner as the Minister may determine.

The only investment in the form of Treasury Bills of $2 257 246, matured in 2020 and no other investment was undertaken by the Fund. I was not provided with a reason why the Fund did not reinvest the amount and kept the huge balances in its bank account.

Risk/Implication

The Fund could be losing a substantial amount of revenue in the form of interest on investments on the surplus cash.

Recommendation

The Fund should consider investing surplus cash to generate additional income as per Section 13 (2) of the Standards Development Fund Act [Chapter 14:19].

Management Response

The Standards Development Fund is currently considering the potential viability of properties which it intends to invest in. During the year 2020 such possible investment properties had not been identified. Ministry of Local Government and Public Works had been engaged to assist in identifying such properties.

2.2 Rent Debtors

Finding

The Fund did not apply effective strategies to collect rental arrears due to it. There were tenants who had rental arrears as at December 31, 2020 $1 305 361 (2019: $136 013). No evidence was provided to show that follow-ups were being made on the outstanding amounts.

Risk/Implication

Failure to make regular follow-ups may result in the Fund being unable to collect income from rentals which is key to the financing of its operations.

Recommendation

The Fund managers should implement effective debt recovery strategies on all outstanding tenants.

Management Response

The tenants observed by auditors were evicted and the offices have since been leased to new tenants. The evicted tenants left their property with the Fund which they can only claim on clearance of their debt.

2.3 Collection of Penalties on Rental Arrears

Finding

From a sample of lease agreements reviewed, the Fund did not charge penalties to tenants whose rent was in arrears to the tune of $69 296 as at December 31, 2020. Clause 3 (a) of the Agreement of Lease, requires that a minimum penalty of 20% be charged annually on all late payments of rentals.

Risk/Implication

By not applying the penalty clause in the lease agreement, the Fund may be prejudiced of potential revenue.

Recommendation

The Fund should charge a minimum penalty of 20% on all late payments as per the terms of the Agreement of Lease.

Management Response

The observation has been noted. The 20% charge on overdue payments is now being implemented.

3. MANAGEMENT OF ASSETS

3.1 Motor vehicles

Finding

According to the motor vehicle register provided for audit inspection, three motor vehicles (ADI 1207, AAN 4705-Mazda DX and AAP 2403-Nissan Hardbody) were recorded as part of vehicles owned by the Fund. The Fund was deprived the use of these three vehicles as they were being used by officers based at the Ministry Head Office. Audit was not provided with justification for the transfer of the vehicles nor was there any documentary evidence regularising the transfer of the three vehicles.

Risks/Implications

The transfer of motor vehicles may result in the Fund's failure to meet the stated objectives.

Also the transfer of assets without relevant documents, may compromise proper accountability.

Recommendations

The Fund should make effective use of all motor vehicles procured for the purposes of fulfilling its objectives.

All assets transferred to other departments should be supported by relevant documentation to ensure proper accountability and audit trail.

Management Response

Observation has been noted. The above vehicles are only being used by the Ministry while waiting for a Board of Survey to be conducted and auction the vehicles. The vehicles are still under Standards Development Fund (SDF) and on disposal all proceeds go to the Fund.

Evaluation of Management Response

A Board of Survey is only instituted for assets that have become redundant or are of no use. However, these vehicles are still in use and as such should be used for the fulfillment of fund objectives.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The management did not make progress in addressing audit findings raised in my previous year audit report. All the three (3) findings were not addressed as follows:

4.1 Accounts Receivable – Levy Debtors

No recoveries were made from companies that had made payment plans to settle their levies with Standards Development Fund amounting to $3 428 563. Furthermore, no follow-ups were made with Civil Division to find out whether debtors with outstanding levies amounting to $53 123 were still recoverable.

4.2 Levy Income

I could not compare the levy income figure disclosed of $46 861 350, with the system report as the computerized accounting system in use did not have a cut-off period and it did not produce monthly collections reports. The recommendation was not addressed.

4.3 Budget Preparation

The Fund did not prepare its budget in line with the chart of accounts outlining a list of accounts identified by the Fund for recording transactions.

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

METEOROLOGICAL SERVICES FUND 2019

Objective of the Fund

The Fund was established for the purpose of facilitating the provision of weather related services and products and to undertake projects that enable the smooth running of the Meteorological Services Operations. The Fund also provides additional funding for the importation of equipment and raw materials not available in Zimbabwe.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	7 343 969
Expenditure	1 990 669
Surplus	**$5 353 300**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Assets	110 167	-
Accumulated Fund	-	7 902 184
Current	7 793 208	1 191
Total	**$7 903 375**	**$7 903 375**

In my opinion, the financial statements, present fairly, in all material respects, the financial position of Meteorological Services Fund as at December 31, 2019 its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Maintenance of Weather Stations

Finding

Despite the Fund having budgeted a total amount of $54 000 for maintenance, the technicians did not conduct any scheduled maintenance for equipment at the weather stations as I was not availed with maintenance schedule for the year under review.

Risk/Implication

The Meteorological data produced may not be accurate.

Recommendation

The Fund Administrators should ensure that equipment at weather stations is maintained by technicians on a regular basis.

Management Response

The Department did not do the required maintenance of weather stations as there were no resources in terms of vehicles. However, tremendous effort has been made in the procurement of ten vehicles for the Department, which should assist in the mobility of staff carrying out the maintenance.

1.2 Climatology Database

Finding

The Fund did not have an updated real time climatology database. Furthermore, the digitalization of climate data was still at year 2013 as at April 1, 2022. This was contrary to Section 4 (d) of the Meteorological Services Act [Chapter 13:21] which requires up to date climatology database containing historical weather reports.

Risk/Implication

The Meteorological Service Department may not be able to make accurate and reliable seasonal forecasts as this requires the use of climate data that stretches for a long period of time such as thirty years.

Recommendation

The Fund Administrators should liaise with the Public Service Commission to increase staff levels in the Database Section.

Management Response

There were low staff levels in the Database Section to clear the existing eleven (11) year backlog. Every effort will be made in the coming financial year to increase the staff levels in the section.

2 REVENUE COLLECTION AND MANAGEMENT OF DEBTORS

2.1 Trade Debtors

Finding

Debts owed to the Fund increased to $7 224 216 (2018: $2 332 219) during the year under review. Furthermore, the Statement of Comprehensive Income submitted for audit had no provision for doubtful debts. The high increase in debts was caused by lack of effective procedures for debt collection. The issue of not having provision for doubtful debts figure in the financial statements was caused by lack of policy pronouncement by the Management

Committee. This was contrary to Section 49 (2) of the Public Finance Management (Treasury Instructions) 2019.

Risks/Implications

The Fund's liquidity position and its ability to sustain service delivery could be adversely affected if the amounts remain uncollected for too long.

The outstanding amount may become irrecoverable.

Recommendation

The Fund Administrators should ensure that all debts are collected in time and that doubtful debts are provided for in the financial statements in compliance with Section 49 (2) of the Public Finance Management (Treasury Instructions) 2019.

Management Response

The Department is engaging the legal section of the Ministry in order to ensure collection of outstanding debts from Civil Aviation Authority of Zimbabwe (CAAZ).

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

3.1 Statement of Cash Flows

The issue of non-submission of the statement of cash flows was addressed. The statement of cash flows was submitted for audit.

3.2 Prepayment for the Hydrogen Generator

The issue was still outstanding at the time of this report.

3.3 Unsupported Expenditure

The matter was addressed.

3.4 Submission of Revenue Returns

The submission of revenue returns from Civil Aviation Authority of Zimbabwe (CAAZ) remains behind affecting the submission of financial statements for audit.

3.5 Internal Audit Reports

The matter was resolved as the Internal Audit function plan takes into consideration the audit of Meteorological Service Fund.

WATER FUND ACCOUNT 2020

Objective of the Fund

The Fund was established for the purpose of providing for the development and utilisation of the water resources of Zimbabwe; establishment of powers and procedures of the catchment councils and sub catchment councils, grant of permits for the use of water, control of the use of water when it is in short supply, acquisition of servitudes in respect of water, protection of environment and prevention and control of water pollution, approval of combined water schemes, matters relating to dam works and to provide for matters incidental to or connected with the foregoing.

Opinion

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

Below is a Summary of Statement of Comprehensive Income and Statement of Financial Position for the year.

Statement of Comprehensive Income

Item	Amount $
Income	2 195 676
Expenditure	1 422 128
Surplus	**$773 548**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	200 169	-
Accumulated Fund	-	1 073 389
Current	873 220	-
Total	**$1 073 389**	**$1 073 389**

In my opinion, the financial statements, present fairly, in all material respects, the financial position of the Water 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).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Unauthorised Expenditure

Finding

The Fund purchased laptops and cell phones amounting to $358 000 and $461 500 respectively, which were not covered by an approved budget. The expenditure was therefore incurred without appropriate authority. Furthermore, the laptops and cell phones were classified as office supplies instead of disclosing them as non-current assets and communication supplies, respectively. This was contrary to Section 43 (a) and 45 (1) (a) (b) of the Zimbabwe National Water Authority Act [*Chapter 20:25*].

Risk/Implication

Fund resources would be exposed to misuse if expenditure is incurred without appropriate authority.

Recommendations

The Fund should budget for all expenditure and ensure approval of the budget and incidental expenditure by the Minister.

The laptops should be disclosed as non-current assets in the financial statements.

Management Response

The observation is acknowledged. The Fund shall regularise the expenditure with the Minister who is the Administrator of the Fund and going forward the financial statements disclosure shall be aligned to the accounting policy.

1.2 Property, Plant and Equipment

Finding

The Fund procured a motor vehicle in 2019 for $200 169 which was disclosed at cost in the financial statement, without adjusting the carrying amount for annual depreciation. This was contrary to Section 10 (2) and 11 (6) of the Public Finance management (Treasury Instructions) 2019.

Risk/Implication

If non-current assets are not depreciated the asset value and accumulated fund may be overstated.

Recommendation

The Fund should comply with Sections 10 (2) and 11 (6) of the Public Finance management (Treasury Instructions) 2019.

Management Response

The observation is noted. The Fund shall adhere to the policy going forward.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Management made progress in addressing audit findings raised in my previous audit report. All three (3) findings raised were addressed as below.

2.1 Revenue Collection

The issue was addressed administratively as the Zimbabwe National Water Authority (ZINWA) is no longer required to remit revenue it collects to the Fund as it also administers the Zimbabwe National Water Authority Act [*Chapter 20:25*].

2.2 **Budgetary Control**

The issue was addressed. The Fund`s expenditure was within the budgeted income during the year under review.

2.3 Unsupported Water Infrastructure Expenditure

The issue was addressed. The Fund administrators submitted the requisite supporting documents.

VOTE 9.- MINES AND MINING DEVELOPMENT

APPROPRIATION ACCOUNT 2021

Mandate

The mandate and purpose of the Ministry of Mines and Mining Development 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.

Opinion

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

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

Voted Funds	Unallocated Reserves	Total Allocated	Expenditure	Net Under spending
$1 399 000 000	**-**	**$1 399 000 000**	**$1 175 962 825**	**$223 027 175**

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

However, the following issue was noted:

1 SERVICE DELIVERY/MANAGEMENT OF PROGRAMMES

1.1 Annual Performance Reports

Findings

Ministry of Mines and Mining Development did not submit for audit the Annual Performance Reports for the year ended December 31, 2021. I was therefore unable to assess the Ministry's achievement of the targets set in the Strategic Plan and its contribution to the National Development Strategy 1 (NDS1).

I was also not availed with minutes of meetings held during the period by management on programmes being implemented.

Risks/Implications

In the absence of periodic progress and annual reports it would be difficult to monitor and evaluate the Ministry's planned goals and objectives set in the Strategic Plan.

If deliberations in the management meetings are not documented, planned actions and follow-ups cannot be done effectively without minutes of management meetings.

Recommendations

The Ministry should report on progress made on the planned targets.

Minutes of management meetings should be documented and filed for reference.

Management Response

Management is still to respond.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

2.1 Public Financial Assets

The balances in the Public Financial Assets Return were corrected.

2.2 Gender Committee

The Gender Committee had not yet been appointed.

MINES AND MINING DEVELOPMENT FUND 2019 AND 2020

Objective of the Fund

The Fund was established to support and sustain the operations of the computerised mining titles system, the development of the mining industry through provision of services for the growth of the sector and the necessary capacity for the sustainable management of the computerised mining titles system including other professional and technical services by the Ministry of Mines and Mining Development.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	36 007 541
Expenditure	24 431 251
Surplus	**$11 576 290**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Accumulated Fund	24 832 188 -	5 400 000 22 178 692
Current	2 896 626	150 122
Total	**$27 728 814**	**$27 728 814**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Mines and Mining Development 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).

However, below is an issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 Expenditure Breakdown

Findings

The Fund did not avail the breakdown or ledgers to support the expenditure figures disclosed in the financial statements, amounting to $7 371 128 and $24 431 251 for the years ended December 31, 2019 and 2020 respectively.

The expenditure line items in the Public Financial Management System were different from the line items on the financial statements. Furthermore, notes to the financial statements for 2019 were not provided. I could not therefore verify the accuracy and completeness of these amounts in the absence of the supporting documents.

Risk/Implication

The expenditure figures may be misstated.

Recommendation

The Ministry should provide the breakdown of the figures posted to the financial statements and also align the items according to the PFMS layout for ease of reference and posting.

Management Response

The Mines and Mining Development Fund budgets for the year 2019 and 2020 were in the PFMS. The expenditure was being done through the system and as such, the general ledgers are in the system. The ledgers can be viewed under the cost centre for the Mines and Mining Development Fund.

Evaluation of Management Response

It is acknowledged that the ledgers for expenditure are in the Public Financial Management System, however, when the financial statements were prepared the ledger balances were combined and no summary was submitted for audit.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The management made some progress in addressing the audit finding raised in my previous audit report. The audit finding raised was partially addressed as shown below.

2.1 Computerisation of Mining Titles System

The recommendation has been partially addressed as some of the offices have had the system installed.

VOTE 10.- ENVIRONMENT, CLIMATE CHANGE, TOURISM AND HOSPITALITY INDUSTRY

APPROPRIATION ACCOUNT 2021

Mandate

The mandate and purpose of the Ministry of Environment, Climate Change, Tourism and Hospitality Industry is to develop, coordinate, and monitor implementation of policies and programmes for environment, tourism, climate change and meteorology that promote sustainable economic development.

Opinion

I have audited the financial statements for the Ministry of Environment, Climate Change, Tourism and Hospitality Industry for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns.

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

Summary of what was allocated and spent during the year

Voted Funds	Unallocated Reserves	Total Allocated	Expenditure	Net Under spending
$1 786 600 000	$36 917 888	$1 823 517 888	$ 1 454 306 192	$369 211 695

In my opinion, the financial statements present fairly the state of affairs of the Ministry of Environment, Climate Change, Tourism and Hospitality Industry for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Unrecovered Duplicate Payments for Air Tickets

Finding

The Ministry did not recover air ticket funds paid in duplicate by the bank amounting to $507 127. This comprised $310 982 paid to Genesis Travel and Tours, on November 12, 2021 and $196 145 paid to Blueberry Travel on December 10, 2021. After the discovery of the duplicate payments, the Ministry advised the service providers to reimburse the funds on February 24, 2022. However, the Ministry indicated that efforts to recover funds from Genesis Travel and Tours were futile as the service provider indicated that they could not process the reimbursement due to outstanding amounts from other services previously rendered. The outstanding amount from Blueberry Travel was still to be recovered as at the time of audit on May 27, 2022.

Risk/Implication

There is a risk that the Ministry could be exposed to fraudulent transactions when payments are done in duplicate through the bank.

Recommendations

The Ministry should perform monthly bank reconciliations so that duplicate payments are identified in time.

In addition, the Ministry should pursue recovery of the amount from Blue Travel so that the funds do not continue to lose value.

Management Response

Observation noted. The Ministry is making efforts to recover all the outstanding amounts. The Ministry has already instructed the Reserve Bank of Zimbabwe to recover the duplicate amount in respect of Blueberry Travel and Genesis Travel and Tours.

1.2 Outstanding Payments

Findings

The Ministry owed a total amount of US$1 079 919 dating back from 2010 to various World International protocols and partnerships. Invoices and other documents to support the balances in arrear were not availed. Only Kavango Zambezi Transfrontier Conservation Park had documents to support the outstanding amount Government owes of US$420 000 as at 31 December 2021.

Furthermore, the Ministry owed a total amount of $18 066 498 to various local service providers who rendered services dating back to 2013. There were no invoices and statements for the transactions listed on the payment arrears schedule. As a result, I could not validate the correctness of the total amounts for arrears submitted for audit.

Risks/Implications

Delays to pay creditors may tarnish the image of the Ministry/Country.

In addition, when creditors records are not up to date, the Ministry may over pay some of the creditors.

Recommendations

The Ministry should continue engaging Treasury so that all creditors are paid. This will mitigate against reputational risk.

In addition, the Ministry should update the creditors records so that risks associated with over payments are reduced.

Management Response

The observation has been noted. The payments could not be paid due to lack of funding from Treasury. However, out of the outstanding foreign subscriptions we managed to pay Kavango Zambezi Transfrontier Conservation Park (KAZA) The KAZA outstanding amount of USD$420 000 has been reduced to US$330 000 after having paid US$150 000.

2 COMPENSATION OF EMPLOYEES

2.1 Accounting for Tourism Attaches' Salaries

Finding

My audit noted that a total amount of ZWL$7 000 455 for employment costs for the months of May to November 2021 for Tourism Attaches stationed outside the country were not posted in the Public Finance Management System (PFMS) and did not go through the Ministry's Bank Account hence it was not reported in the Appropriation Account. This was contrary to Section 147 (1) of Public Finance Management (Treasury Instructions), 2019 which states that, all funds from whatever source shall, be accounted for through the PFMS.

Risk/implication

There is risk that compensation of employee costs might have been understated.

Recommendation

The Ministry should follow up with Treasury and Foreign Affairs so that it is established whether the amount is to be refunded to Ministry of Foreign Affairs. Proper accountability for the expenditure will improve the credibility of the reported financial statements.

Management Response

The observation has been noted. The observation relates to the change of procedure in payment of external based staff. The Ministry has requested for the instruction from the Ministry of Foreign Affairs and International Trade which transferred the mandate from all other Ministries to the Ministry of Foreign Affairs and International Trade on the disbursements for all foreign offices salaries.

Evaluation of Management Response

The salaries relate to the period prior to the new payment arrangement, hence the need for expenditure to be accounted for by the Ministry.

3 MANAGEMENT OF ASSETS

3.1 Board of Inquiry for Motor Vehicles

Finding

The Ministry did not conduct Boards of Inquiries (BOI) for four out of five vehicles that were involved in accidents in 2021. Refer to table below for details. This was in violation of Section 103(15) of the Public Finance Management (Treasury Instruction), 2019 which states that a convening order should be issued within 14 working days of holding the BOI.

Vehicles Involved in Accidents in 2021

Date of Accident	Vehicle No	Date of BOI
19/7/21	METHI 003	13/8/21
07/8/21	AES 6158	Not done
28/9/21	AFE 2302	Not done
30/11/21	METHI 020	Not done
19/11/21	AFE 8558	Not done

Source: Vehicle Accident register.

Risk/Implication

Delays in conducting boards of inquiry will result in those responsible not being held to account.

Recommendation

The Ministry should ensure that boards of inquiry are held for all the vehicles that were involved in accidents. This will facilitate holding those responsible to account timeously.

Management Response

The observation has been noted. However, the Ministry constituted the board of enquiry committee but members are failing to meet due to various excuses mostly the COVID 19 pandemic related. The Chairman of the Board has scheduled the meeting to the 6th of June 2022.

3.2 Motor Vehicle Asset Register

Finding

The Ministry acquired 32 motor vehicles in 2021. Audit noted that only 20 motor vehicles were recorded in the Asset registers. Interviews held with Ministry officials revealed that the balance of 12 vehicles had been recorded in the vehicle register for the Department of Meteorological Services and not head office. All the vehicles were also not posted in the PFMS asset register. This was in violation of Section 100(4) of the Public Finance Management Act which require Accounting Officers to maintain appropriate and up to date records for both fixed assets and inventories. These records are to be kept at Head Office and within Departments.

Risk/Implication

Motor vehicles may not be properly accounted for if they are not uploaded into the PFMS.

Recommendation

The Ministry should comply with Section 100(4) of the Public Finance Management Act to enable it to account for the vehicles.

Management Response

The Ministry has since consolidated the Departmental Assets Register to the Ministry's Master Asset Register. Uploading into the PFMS system is in progress.

3.3 Undelivered Assets

During the year ended December 31, 2020 the Ministry paid an amount of
$2 976 472 for the Acquisitions of 13 Laptops, 13 Samsung Galaxy Tablets and 50 School desks and Chairs but the assets had not been delivered as at the date of audit on June 23, 2021. The amount was reimbursed on November 9, 2021 and January 22, 2022 but the Ministry could not procure the same quantities from monies refunded due to inflation.

Risk/Implication

The Ministry will not be able to procure the same quantities after reimbursements.

Recommendations

The Ministry should consider including clauses in contracts which will compel service providers to reimburse funds that will enable procurement of the same quantities in the event of a breach of contract. Thus, restitution should restore the initial quantities ordered. This will go a long way in safeguarding public funds from unscrupulous service providers.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of the fifteen (15) findings, three (3) were addressed, and twelve (12) had not been addressed as indicated below:

4.1 Inactive Audit Committee

My audit noted that the Audit Committee did not meet in 2020. There was a partial improvement as the Committee met twice in 2021.

4.2 Unreconciled Compensation of Employee Costs-Local Staff

A comparison of Salary Services Bureau (SSB) wage bills and expenditure posted in the PFMS for local staff showed a variance of $191 778 in 2020. The variance remained unresolved.

4.3 Payments Made Based On Proforma Invoice/Quotation Values

The Ministry made payments amounting to $8 793 834 based on proforma invoice/quotation. The issue is still outstanding.

4.4 Unsigned Procurement contracts

Audit noted that procurement contracts for acquisition of non-financial assets with a value of $3 573 893 were not signed by the representative of the suppliers and the Accounting Officer. The Ministry had addressed the issues of signing of procurement contracts.

4.5 Delays to Conduct Boards of Inquiry

The Ministry delayed to conduct boards of inquiry for the assets which were stolen in 2020. The issue is still outstanding and in 2021 the same issue was raised.

4.6 Donations Received Without Authorisation from Treasury

I noted that there were gifts and donations received by the Ministry but Treasury approval for acceptance was not sought. Currently all authorisations for the donations were given by Treasury.

4.7 Unreconciled Expenditure Amounts

The total expenditure of $130 052 892 incurred through the bank (Sub-PMG and Nostro) did not agree with the expenditure of $130 171 088 disclosed in the Appropriation Account leaving a balance of $118 196. The imbalance was reconciled and only the figure of $896 remained uncleared. The outstanding amount was not cleared.

4.8 Misallocation of Expenditure

The Ministry was given by Treasury an amount of $5 200 900 for the African Union Wildlife Economy Summit (AUWES) which was held from June 23 to 26, 2019. The expenditure of $475 889 was included under AUWES expenditure instead of being posted to the respective expenditure heads. The issue was not resolved.

4.9 Expenditure not processed through the Appropriation Account Cost Centre

The Ministry transferred $13 000 000 direct from the Sub-PMG account to the Re-Afforestation Fund account without processing it through the Public Financial Management System (PFMS) Appropriation Account cost centre. This resulted in the understatement of total expenditure by $13 000 000 as per the Appropriation Account PFMS report. The transaction was not reversed and posted to the appropriate cost centre.

4.10 Variances on Employment Costs

The difference of $207 102 on employment costs confirmed by SSB and the total from SSB pay sheets remained unresolved.

4.11 Current Transfers

The amount of $3 329 266 which was not supported by the budget remained unresolved. The Ministry wrote to Treasury on July 19, 2019 highlighting that the transaction was never effected via the Ministry. The reply had not yet been received from Treasury. The issue is still outstanding.

4.12 Foreign Missions Expenditure

The outstanding invoices amounting to $701 769 from Missions which were not processed in the Public Finance Management System were not actioned as at the day of audit. However, the Ministry made a request to Treasury on January 29, 2019 and a follow up on February 27, 2020 to open the prior periods. The issues had not been resolved.

4.13 Domestic and Outbound Tourism Survey programme

The matter was partly resolved as the outstanding amount was acquitted leaving a balance of $54 810. The Ministry stated that it will continue to engage ZimStats. The issues had not been resolved.

4.14 Acquittal of Foreign Missions Expenditure

The issue has been partly resolved as the outstanding acquittals have been received. However, the Ministry awaits the opening of prior year periods in order to clear the expenditures in the SAP system. The issue is still outstanding.

4.15 Foreign Missions

The tourism attachés activity reports on tourism promotion had still not been availed for audit examination.

VOTE 14.- HEALTH AND CHILD CARE

HEALTH SERVICES FUND 2019 AND 2020

Objective of the Fund

This 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.

Qualified Opinion

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

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

Statement of Comprehensive Income

Item	**Amount $**
Income	245 160 545
Expenditure	159 227 745
Surplus	**$85 932 800**

Statement of Financial Position

Item	**Assets ($)**	**Liabilities ($)**
Accumulated Fund	-	125 675 902
Current	127 146 093	1 470 191
Total	**$127 146 093**	**$127 146 093**

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 Health Services Fund as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Accounting Records

Finding

For the financial year ending December 31, 2020, the Head Office, Harare Dental Centre and Government Analyst Laboratory did not maintain complete and proper accounting records relating to the Health Services Fund. The departments only maintained a cash book which was used to prepare financial statements. As a result, the reporting did not comply with procedures for preparing financial statements which include the compilation of a trial balance from ledger accounts. Sections 8 and 9 of the Fund's Financial and Accounting

Procedures Manual show the list of books of accounts, primary source documents, ledgers and related records which should be maintained.

Risk/Implication

Failure to maintain proper accounting books and records may result in the preparation of incorrect financial statements.

Recommendation

The Ministry should ensure that proper books of accounts are maintained and procedures to prepare financial statements are followed to ensure full accountability.

Management Response

The observation is noted. The Ministry will ensure proper books of accounts are maintained.

However, below are other issues noted during the audit:

1 GOVERNANCE

1.1 Segregation of Duties

Findings

Segregation of duties in the accounts department was not observed during the period under review at the Government Analyst Laboratory and Harare Dental Centre. The officer who was responsible for receiving revenue was the one receipting, banking, updating the cashbook and preparing the bank reconciliations.

Furthermore, at Harare Dental centre, the officer who was responsible for approving requisitions was also responsible for certifying and passing vouchers for payments. Section 46 (11) of the Public Finance Management (Treasury Instructions) 2019, states that the Head of Office shall assign a responsible officer to receive revenue and wherever practicable, ensure that officers assigned this duty are not the same officers responsible for receipting and banking. This was an override of internal controls.

Risks/Implications

When there is no segregation of duties, health institutions might be exposed to possible fraudulent activities.

It will also be difficult to detect errors.

Recommendation

Management should ensure that effective internal controls are put in place and processes are clearly defined.

Management Response

The Ministry is advocating for additional staff for Government Analyst through Human Resources to ensure segregation of duties. Harare Dental centre now has two accounts personnel and segregation of duties is now being observed.

1.2 Statement of Cash Flows

Findings

The Ministry did not prepare and submit for audit a consolidated statement of cash flows for the Fund rendering the financial statements incomplete. This was contrary to section 37 of the Public Finance Management Act [*Chapter 22:19*] which requires that entities prepare and submit a full set of financial statements which include the statement of cash flows.

For the 2020 financial year, the Government Analyst Laboratory, Harare Dental Centre and 6 provinces prepared and submitted the statements of cash flows except for the Head Office, Manicaland and Matabeleland Provinces. There was no evidence of consistent follow ups by the Head Office on reporting units to prepare and submit the statement of cash flows.

Risk/Implication

Failure to prepare a statement of cash flows deprives users of critical financial information about how cash was generated and deployed during a financial period. Also, because of the significance of cash generated by the Fund, the Fund’s financial statements are materially incomplete.

Recommendation

A statement of cash flows should be prepared to enhance transparency and accountability.

Management Response

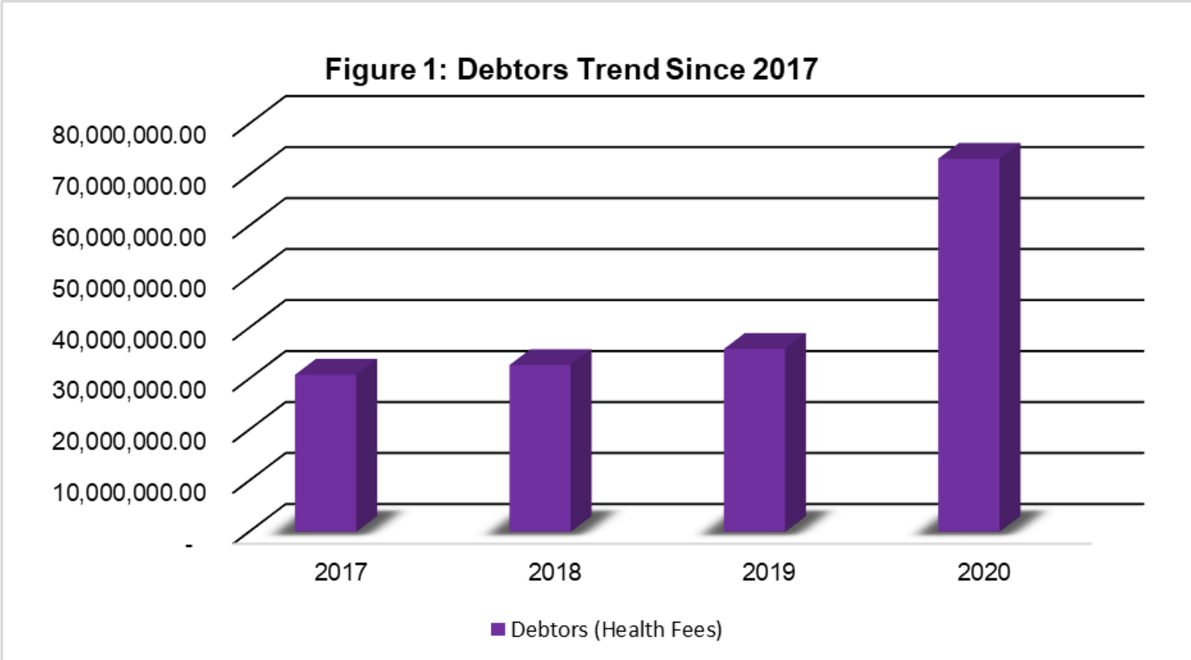
The observation is noted. The Ministry will ensure that the consolidated statement of cash flows is prepared and submitted together with the consolidated Statement of Financial Position and Statement of Comprehensive Income starting with the 2021 financial year.

2 REVENUE COLLECTION AND DEBT RECOVERY

2.1 Debtors

Finding

The Fund’s debtors amounted to $73 849 817 as at December 31, 2020 (2019: $35 854 792) translating to a significant 104% increase from the 2019 debtors amount. In 2019 the Ministry applied for authority to write off irrecoverable debts worth $66 388 081 but no follow ups with Treasury were made. Figure 1 below shows the trend of the debtors’ amount since 2017.



Risks/Implications

If debtors remain outstanding for a very long time the amounts may not be recovered at all. Also the inclusion of irrecoverable debts or bad debts in the debtors' amount overstates the current assets and consequently misstates the Fund's financial position.

Recommendation

The Ministry should resolve the issue of long outstanding debtors.

Management Response

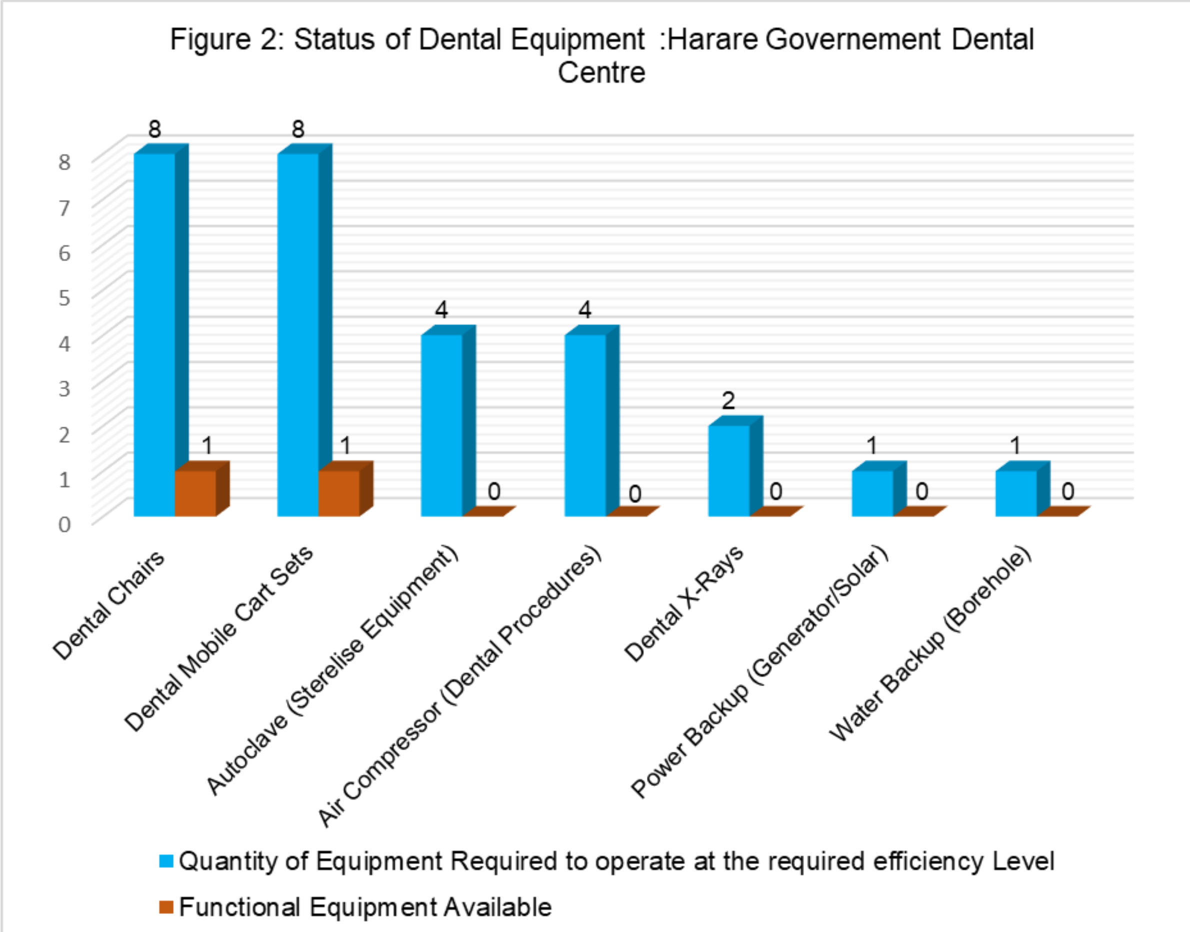
The Ministry wrote to Ministry of Finance requesting for authority to write off the irrecoverable debts in December 2019. However, the Ministry of Finance have not responded.

3 SERVICE DELIVERY

3.1 Dental Services

Findings

Harare Government Dental Centre is the largest referral centre in the country which offers oral health services to patients and provide training and internship to dental technicians, therapists and assistants. However, I noted that delivery of dental services was negatively affected as the health institution was operating below capacity. The health institution did not have sufficient human resources, financial resources, infrastructure and equipment. During my visit to the health institution, patients were being turned away because of the unavailability of dental equipment to perform the necessary dental procedures. Figure 2 below shows the status of equipment at the centre as at November 25, 2021.



Analysis of human resources showed that in 2019 employees in posts were 63% of the establishment whilst in 2020 employees in post decreased to 53%.

Further to the above, the health institution was offering training for dental therapists and assistants, however, the number of students had significantly declined. The institution should be training thirty (30) therapists each year yet in 2019, fifteen (15) therapists were trained and in 2020, 10 therapists were trained.

Risks/Implications

Service delivery to the citizens was not being effectively rendered as there is a limited number of patients being assisted.

The country may end up with no therapists if annual numbers of trainees continue to decline.

The Fund is losing revenue through non provision of dental services and training.

Recommendation

The Ministry should offer adequate support in terms of human and financial resources to recapitalise the Centre. If the Centre is revamped it will be able to generate its own revenue to sustain it whilst offering effective service delivery to the nation.

Management Response

The Ministry is engaging the Ministry of Finance and Economic Development for funds to equip the Dental Centre. The shortage of equipment is hindering the operationalisation of the Dental Centre at full capacity.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The management is still to make progress in addressing audit findings raised in my previous audit report. Out of ten (10) findings, one (1) was fully addressed, one (1) was partially addressed, and eight (8) were not addressed as indicated below:

4.1 Port Health Fees

In 2018, the Ministry failed to comply with guidelines on utilisation and distribution of port health fees and utilised the fees to meet other re-current expenditure. During the year under review, the Fund adhered to the guidelines.

4.2 Recovery of Debtors

There was no improvement in debt recovery. Most of the amounts remained outstanding.

In addition, irrecoverable debts were not written off.

4.3 Variances on Financial Statements Amounts

The issue of variances was partially addressed. Adjustments were made to clear the variances between amounts disclosed in the Midlands consolidated financial statements. However, the adjustments were not explained.

4.4 Manual Accounting and Reporting System

The Fund was still operating a manual accounting and reporting system.

4.5 Public Private Partnership

The Public Private Partnership between Nyanga District Hospital and Nyaradzo Funeral Assurance Company was not regularised and remained a verbal agreement.

4.6 Status of Hospital Ambulances and Medical Equipment

No ambulances were procured in 2019 and 2020. Audit is still to visit provinces and districts to assess progress made.

4.7 Medical Aid Claims

Previously, I reported that Karoi District took long to submit medical aid claim forms to the Medical Aid Societies. Marondera Provincial, Bindura Provincial and Karoi District Hospitals had medical aid claim forms for Premier Service Medical Aid Society (PSMAS) and National Social Security Authority (NSSA) that were rejected and had not been followed up.

4.8 Liabilities

In 2018, I reported that Masvingo and Gweru Provincial Hospitals failed to support creditors' balances as they did not maintain creditors records. The situation is still the same.

4.9 Unsupported Expenditure

Eleven health institutions visited in 2018 incurred expenditure amounting to $160 295 that was not fully supported by source documents such as requisitions, invoices/ receipts, goods received notes. The finding was not addressed.

4.10 Procurement Procedures

Nine health institutions visited in 2018 incurred expenditure amounting to $143 154 without seeking competitive quotations and subsequently compiling comparative schedules. Also, the health institutions had no service level agreements in cases where acquisition of goods and services was from a sole supplier.

VOTE 15.- PRIMARY AND SECONDARY EDUCATION

APPROPRIATION ACCOUNT 2021

Mandate

The Ministry's mandate is to provide access to quality, inclusive, relevant and competent driven infant, junior, secondary and non-formal education.

Qualified Opinion

I have audited the financial statements for the Ministry of Primary and Secondary Education for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, finance and revenue statements and other supporting returns.

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

Voted Funds	Unallocated Reserve Transfer	Total Allocated	Expenditure	Net Underspending
$55 221 000 000	**$6 304 890 731**	**$61 525 890 731**	**$56 387 621 147**	**$5 138 269 584**

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements fairly present the state of affairs of the Ministry of Primary and Secondary Education as at December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Compensation of Employees variances

Finding

The Salary Services Bureau (SSB) record for employment costs had total expenditure of $50 721 703 770 whilst the Ministry's PFMS ledgers had expenditure amounting to $50 745 609 692 resulting in a variance of $23 905 922 that was not reconciled as required by Treasury. Further to the above no evidence was produced to show that monthly reconciliations were being done.

Risk/Implication

The employment costs reported for the financial year under review may be misstated and also salaries may be paid for services not rendered if reconciliations are not done.

Recommendation

Management should put in place a proper supervision mechanism to ensure that employment costs billed by SSB are reconciled monthly against the employment cost figures shown in the PFMS ledgers to ensure that any variances are traced on time.

Management Response

The Ministry will consult SSB for reconciliation of the variances.

However, below are other issues noted during the audit;

1 GOVERNANCE ISSUES

1.1 Expenditure Variances

Findings

The expenditure figure of $56 387 621 146 reported in the Appropriation Account was more than the PFMS expenditure figure of $56 358 683 478 giving a variance of $28 937 669. The variance was made up of a duplicate payment amounting to $26 425 000 and debit entries on the PMFS amounting to $2 512 669. The variance arose after the Ministry released $26 425 000 to Manicaland province to pay allowances to teachers who attended a Continuous Assessment Learning Activity (CALA) workshop. A further $26 425 000 was processed outside the system and transferred to Manicaland Provincial Office in error. The funds were not reversed but were instead deposited into a provincial account and were used in January 2022 to cater for expenditure which was not related to the CALA workshop.

The Ministry had not taken steps to regularise the expenditure by the time of finalising the audit in May 2022. The expenditure has not been captured in the accounting system and payment vouchers relating to the expenditure were not availed for audit inspection. The duplicate payment contravened Section 59 (17) of the Public Finance Management (Treasury Instructions), 2019 which requires Directors of Finance to institute a system of internal checks to guard against dual payments.

Risks/Implications

Duplication of payments may result in the Ministry incurring unbudgeted expenditure.

The unexplained debit balances may be an indication of system failure or the unauthorised entry into the system.

Recommendations

The Ministry should strengthen internal checks to prevent cases of duplicating payments. Steps should be taken to regularize the payments.

The Ministry should engage the projects office to investigate and clear the negative figures appearing in the system.

Management Response

The variance was caused by expenditure of $26 425 000 that was done outside the system. The balance is made up of negative figures which are appearing in the expenditure column totaling $2 512 666.

Evaluation of Management Response

The Ministry did not take steps to investigate the negative balance in an effort to clear the amount.

2 PROCUREMENT

2.1 Expenditure Validation

Findings

Out of a sample of 65 transactions valued at $81 552 438, payment vouchers amounting to $40 260 408 were not availed for audit inspection and as a result I could not determine whether the expenditure was properly incurred. This was caused by an inefficient filing system. Failure to avail payment vouchers for audit inspection was in violation of Section 59 (5) of the Public Finance Management (Treasury Instructions) 2019.

The remaining $41 292 030 worth of transactions were processed without completing either payment vouchers nor purchase orders. Payments were done basing on invoices while in some cases schedule of payments were the only documents supporting the transactions.

Risks/Implications

If payment vouchers are not properly filed, it would be difficult to retrieve them when they are required and audit trail would not be enhanced.

In the absence of adequate supporting documents, payments may be made for services not rendered, resulting in improper expenditure.

Recommendation

The Ministry should ensure that all source documents are attached to relevant vouchers when making payments to enhance accuracy and validity of expenditure. The Ministry can introduce a numbering system in the filing of payment vouchers.

Management Response

The Ministry will look for the documents needed by audit. Schedule of payments are used for payments processed from Provinces and documents can be accessed by audit at the Provincial Offices.

3 IMPLEMENTATION OF GOVERNMENT PROGRAMMES

3.1 Submission of Annual Report

Finding

The Ministry did not submit for audit examination an Annual report which contains information on activities, outputs and outcomes. This made it difficult for me to assess the performance of the Ministry in implementing programmes. This was contrary to the provisions of Section 32(3) of the Public Finance Management Act which states that such a report should be submitted.

Risk/Implication

Failure to submit the report made it difficult for me to assess the performance of the Ministry and its programmes.

Recommendation

The Ministry should prepare and submit an annual report to be tabled by the Minister for evaluation of Ministry programmes by Parliament.

Management Response

Observation has been noted.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

There were five (5) audit findings reported in the 2020 audit report. Out of the 5 findings, two (2) were not resolved and three (3) were addressed as shown below:

4.1 Compensation of Employees Variances

The issue was not addressed as indicated in paragraph (i) of this report.

4.2 Long outstanding Amounts on Suspense Accounts

The issue was not addressed as the suspense accounts remained uncleared.

4.3 Uploading financial information in the Public Financial Management System

The issue was addressed.

4.4 Contracts performance

The issue was addressed. The contract was terminated.

4.5 Contracts management

The issue was addressed. The contract was terminated.

EDUCATION MATERIALS DISBURSEMENT FUND 2020

Objective of the Fund

The Fund was established for the purpose of acquiring, designing, producing and distributing, after appropriate research, of curricula material in order to improve the quality of teaching at educational institutions.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	376 525
Expenses	318 065
Surplus	**$58 460**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	-	-
Accumulated Fund	-	141 671
Current	739 311	597 640
Total	**$739 311**	**$739 311**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Education Materials Disbursement 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).

However, below is an issue noted during the audit:

1. GOVERNANCE ISSUES

1.1 Trade Payables

The Fund remitted $368 313 to the Ministry of Finance and Economic Development during the year under review without paying book evaluators their dues amounting to $559 819. This reflected non-prioritisation of payment of evaluation fees. The Fund failed to comply with the provision of section 59 (5) of the Public Finance Management (Treasury Instructions), 2019, which stipulates that all claims against Government should be dealt with promptly.

Risks/Implications

The Fund might end up incurring legal expenses should any of the book evaluators decide to take legal action.

Book evaluators may end up declining offers to provide evaluation services to the Ministry if payments are not made on time.

Recommendation

Management should ensure that contracted book evaluators are paid what is due to them.

Management Response

Due to limited movement during lockdowns, some of the contracted evaluators could not supply the evaluation office with the pre-requisite documents like pay-slips for processing.

Evaluation of Management Response

The debts worth $559 819 have been outstanding since 2018 well before the onset of COVID-19 pandemic.

2. PROGRES IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of the five (5) findings raised in my previous audit report, one (1) was addressed whilst (4) were not addressed as indicated below:

2.1 Maintenance of Accounting Records

The ledgers were now being maintained.

2.2 Revenue

Regulations governing the charging of evaluations fees had not been put in place.

2.3 Updating of Accounting Officers' Instructions.

The Accounting Officers' Instructions had still not been updated.

2.4 Risk Management Policy

The Risk Management Policy is still awaiting Treasury approval.

2.5 Temporary Deposit

The Temporary Deposit Account was not cleared.

INDEPENDENT COLLEGES GUARANTEE FUND 2020

Objective of the Fund

The Fund was established for the purposes of providing funds to defray any expenses that may be incurred by the Secretary for Primary and Secondary Education in ensuring that acceptable standards of education are maintained in all registered Independent Colleges and to refund wholly or partially to students, any fees paid in the event of failure by colleges for whatever reasons to meet their obligations to students.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	2 650 800
Expenditure	92 930
Surplus	**$2 557 870**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	23 755	-
Current	6 886 604	-
Accumulated Fund	-	5 450 061
Current Liabilities	-	1 460 298
Total	**$6 910 359**	**$6 910 359**

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

The following, is an issue noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Accounts Receivable

Finding

The accounts receivable increased from $1 992 990 as at December 31, 2019 to $4 030 537 as at December 31, 2020. The increase of $2 037 547 was an indication of weak recovery action by the Ministry coupled with ineffective debt management system. Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 requires officers who are responsible for collecting debts to take adequate steps to collect any sums due to the Government on due date.

Risk/Implication

Outstanding amounts may become irrecoverable due to passage of time if recovery action is not taken.

Recommendation

Management should collect all the revenues due to the fund.

Management Response

The sharp increase in accounts receivable balance has been caused by the COVID-19 pandemic. Travelling restrictions and closure of schools for a long period of time made colleges unable to come and pay their subscriptions timely. Capacity development workshops were run in the 10 provinces during the period 6-10 January 2020 whereby college principals and college owners were invited and educated on the need for them to pay subscriptions annually as a way of trying to reduce the accounts receivable balance. Currently there is an exercise going on which is closing all unregistered colleges. This will reduce the accounts receivables amount significantly as they are now required to pay up all dues prior to reregistration.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

2.1 Mandate of the Fund

During the year 2020 the fund's revenue was not used to commemorate international literacy day as happened in the previous year.

2.2 Investment income

During the year under review no investment was redeemed by the fund managers.

2.3 Creditors

For the third year running the amount of $12 936 was appearing in the 2020 Statement of Financial Position as part of current liabilities.

SCHOOL SERVICES FUND 2019 AND 2020

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.

Qualified Opinion

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

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

Statement of Other Comprehensive Income

Item	**Amount $**
Income	300 913 642
Expenditure	255 078 630
Surplus	**$45 835 012**

Statement of Financial Position

Item	**Assets ($)**	**Liabilities ($)**
Non-Current	935 651	-
Accumulated Fund	-	61 379 499
Current	217 716 522	157 272 674
Total	**$218 652 173**	**$218 652 173**

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

Basis for Qualified Opinion

(i) Maintenance of Accounting Records

Findings

The Fund did not maintain the required ledger accounts during the years ended December 31, 2019 and 2020. Out of the 7 Schools visited during the audit, none of them maintained ledgers. The financial statements were prepared using information from cashbooks and bank statements and as a result, I could not verify the accuracy of income and expenditure figures recognised in the financial statements. This was contrary to the provisions of section 36 (6) of the Public Finance Management Act [*Chapter* 22:19]. This was attributed to the shortage of qualified bursars and accounting personnel to perform the accounting duties.

The schools maintained a petty cash system. However, the petty cash records maintained were not consistent with the format prescribed by the School Services Fund Accounting Procedures Manual. Full details of the transactions were not being recorded.

Risk/Implication

When books of accounts are incomplete, it may be difficult to produce financial statements that are free from material misstatements.

Recommendations

Management should ensure that the ledgers are maintained at every School in compliance with the requirements of section 36(6) of the Public Finance Management Act [*Chapter* 22:19] to allow for easy classification and recognition of transactions in the financial statements.

Management should ensure that the petty cash books are maintained in the format prescribed by the School Services Fund accounting procedures manual to ensure full recordings of transactions.

Management Response

Schools have been advised to maintain proper books of accounts. The Ministry, through its partner, UNICEF, regularly train school headmasters and deputy headmasters on finance for non-finance managers through nationwide workshops, where they are trained on proper maintenance and recording of financial transactions. More than 4 000 school heads are targeted to be trained by 2022. It should be noted that there are many vacancies for accounting assistants in schools.

However, the following are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Levies Pending Transfer to School Development Committees (SDCs)

Finding

In my previous audit report, I made mention of the non-maintenance of ledgers and merging of bank accounts for School Services Fund and the School Development Committee. The same persisted during the years under review at some schools. As at December 31, 2020 $51 904 755 (2019: $2 456 013) was due to be transferred to the SDCs. I could not ascertain the basis of coming up with the figures since ledgers were not maintained.

Risk/Implication

In the absence of the ledgers it would be difficult to come up with correct figures and the financial statements may be misstated.

Recommendation

Management should ensure that ledgers are maintained at every school to enhance the credibility of information used in the preparation of financial statements.

Management Response

Monies translating to $51 904 755 (2019: $2 456 013) were due to be transferred to SDC account as at December 31, 2020. The amount gets bigger as the form one learners make payments in December when they immediately secure places. Schools will be advised to transfer funds that are due to the SDC.

Evaluation of Management Response

Management did not comment on what is going to be done to improve credibility of figures reported.

1.2 Expenditure Control

Finding

The Fund incurred in 2020, total expenditure of $255 078 631 (2019: $72 458 298) and out of this $133 097 883 (2019: $34 504 079) was spent on Institutional Provisions. This was contrary to the major objectives of the Fund which are to facilitate the provision of quality education by providing resources for procurement of learning and teaching materials. Only $13 788 574 representing 5% of total expenditure in 2020 went towards this cause. This was caused by the non-prioritisation of expenditure aiming to fulfill the objectives of the Fund.

Risks/Implication

The Fund may fail to meet its objectives.

Recommendation

Management should institute some expenditure control methods and ensure that expenditure incurred is in line with the objectives of the Fund.

Management Response

Revenue collected from school fees include tuition and boarding fees which constitutes a higher component of revenue. This has a corresponding effect of increasing Institutional provisions figure in the financial statements.

2 Revenue Collection and Debt Management

2.1 Accounts Receivable

Findings

The Fund was owed $94 943 013 as at December 31, 2020, (2019: $33 723 923), an increase of 182 % from the 2019 accounts receivables figure. Some debts have been owing since 2016. There was no evidence that parents were engaged to encourage them to pay school fees for their children or make payment plans. This resulted in the much needed financial resources continuing to be tied up in debts, at the same time losing value due to inflation. The funds could be used for school development if collected timeously. The Fund did not have an effective debt recovery system in place. Below is a table showing amounts owed per province.

Table of Accounts Receivable as at December 31, 2020

Province	Outstanding Amount $
Harare	31 936 575
Manicaland	8 018 132
Mashonaland East	9 079 611
Mashonaland Central	7 141 528
Mashonaland West	8 097 475
Masvingo	3 617 047
Matabeleland North	2 860 019
Matabeleland South	2 927 818
Midlands	15 601 164
Bulawayo	5 663 645
Total Receivable	**$94 943 014**

Risk/Implication

Failure to institute effective recovery systems could render some debts irrecoverable and this also deprives the schools of the much needed financial resources**.**

Recommendations

An effective debt recovery system should be instituted. Where debts have become irrecoverable, appropriate procedures should be followed to write them off after consulting the Ministry of Finance.

Parents should be engaged continuously for them to pay school fees to finance school operations.

Management Response

The observation is noted. Schools are encouraged to issue invoices at the end of each term to each learner. The invoice includes the amount owing and a charge for the forthcoming school term. This serves as a reminder to the parents that they still owe the school and need to pay. Additionally, schools are encouraged to send reminder letters to parents encouraging them to pay up their dues.

NATIONAL EDUCATION AND TRAINING FUND 2019

Objective of the Fund

The Fund was established for the purposes of enabling eligible Zimbabwean students to access Tertiary Education, by providing them with grants and interest bearing loans.

Qualified Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	28 974 197
Expenditure	34 869
Surplus	**$28 939 328**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Assets	15 041 600	-
Current Assets	9 362 781	-
Accumulated Fund	-	(4 106 580)
Current Liabilities	-	28 510 961
Total	**$24 404 381**	**$24 404 381**

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, 2019, its financial performance and its cash flows for the year then ended in accordance with the Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Accounting Records

Findings

The financial statements disclosed trade payables amounting to $28 510 961. Individual creditors' ledger accounts or records were not availed as the Fund did not maintain a database of creditors. I could therefore not confirm the accuracy of the amount disclosed.

Further, the trade receivables figure in respect of student scholarship loans amounting to $2 007 320 was derived from the trade receivables/debtors' control account. Individual debtors' ledgers were not maintained. In the absence of these ledgers, it was difficult to determine whether the amount disclosed in the financial statements was accurate.

Risk/Implication

Financial statements may be misstated.

Recommendation

The Ministry should ensure that individual creditors and debtors ledgers are maintained to enhance accountability.

Management Response

We have a schedule of our creditors which are the institutions. The creation of ledger accounts was not done. We are going to create the accounts.

Evaluation of management response

The Ministry availed a schedule of institutions owed by the Fund for the year ended December 31, 2020. Records for 2019 period were not availed.

(ii) Understatement of Expenditure

Finding

Expenditure amounting to $1 881 685 in respect of fees for students under the cadetship scheme was not included in the total expenditure disclosed in the financial statements. This was due to failure to recognize outstanding accrued fees which were invoiced to the fund by various institutions during the year under review.

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

Observation noted. Adjustment is in progress.

(iii) Accounting for Grants

Finding

The Fund's financial statements disclosed grants received of $22 200 000. However, the Appropriation Account and the Zimbabwe Manpower Development Fund disclosed payments for the same of $22 369 950 resulting in an understatement of grants by $169 950.

Risk/Implication

The financial statements may be misstated.

Recommendation

The difference of $169 950 should be investigated and accounted for appropriately.

Management Response

The difference of $169 950 will be investigated.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Constitution of the Fund

Finding

An amount of $15 000 000 was transferred to the fund's Commercial Bank of Zimbabwe bank account on September 10, 2019 as security deposit for student loans offered by the bank. The amount was disclosed as an investment in the financial statements of the fund for the financial year under review. The fund's constitution does not provide for guaranteeing of student loans offered by financial institutions. This was a change in scope of the operations of the fund.

Risk/Implication

The Fund's financial resources may be used for purposes not in line with the objectives for which it was created.

Recommendation

Any change in scope of the operations of the Fund should be approved by Treasury and tabled in Parliament.

Management Response

Due to high interest rates students were not taking the loans. The Ministry and the bank agreed to meet in future to review the interest rates.

Evaluation of management response

The issue of guaranteeing loans offered by the bank to students which is not provided for in the Fund's Constitution was not addressed.

1.2 The Fund Management Committee

Finding

The Fund was operating without a Management Committee contrary to the provisions of Section 4 of its Constitution. The Management Committee was supposed to be appointed by the Accounting Officer and is responsible for the day to day running of the Fund.

Risk/Implication

In the absence of the Fund's Management Committee resources may not be properly accounted for.

Recommendation

The Accounting Officer should appoint a Management Committee for the Fund in compliance with the Fund's Constitution.

Management Response

Observation noted. The Accounting Officer will appoint a Management Committee for the Fund in compliance with the Fund's Constitution.

1.3 Sundry Debtors

Findings

An amount of US$4 000 was paid for exchange control price variation for the acquisition of a motor vehicle (Registration Number AEN 3766-Toyota Hilux Double Cab 4x4 3.0L) on January 25, 2018. This amount was paid pending reimbursement from the Appropriation account. However, the re-imbursement had not been done at the time of concluding the audit on 31 January 2022.

Further, an amount of US$8 892 paid from the Fund in 2018 in respect of foreign travel advances for the Appropriation expenses had not been reimbursed at the time of concluding the audit.

Risk/Implication

The operations of the Fund may be affected if borrowed funds are not reimbursed.

Recommendation

The Ministry should ensure that all outstanding amounts are recovered so that they are used to further objectives of the Fund.

Management Response

The US$4 000 price variation was not meant to be reimbursed. A memorandum was written for reimbursement of US$8 892 from the Appropriation Account.

Evaluation of Management Response

Ministry records show that vehicle AEN 3766 does not belong to the Fund. Funds from the Appropriation account were used to acquire it. The additional amount of US$4 000 for the acquisition of the vehicle were borrowed from the Fund and is reflected in the Fund's records as debtors.

1.4 Loan Recoveries

Finding

As highlighted in my prior year report, the Ministry did not make an effort to recover outstanding loan amounts as required by Section 49 (2) of Public Finance Management (Treasury Instructions), 2019. The Fund's financial statements for the year 2019 reflected accounts receivables of $2 007 320 (2018: $2 024 552) in respect of unrecovered loans granted to scholarship students in earlier financial periods.

Risk/Implication

The loans may become irrecoverable if no effort is made to recover them. Other students may not benefit from the facility if loans are not recovered.

Recommendation

The Ministry should ensure that all outstanding amounts are recovered.

Management Response

Observation noted. Follow ups by way of reminder letters were made to recover the debts. Some responded others did not.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing the two (2) audit findings raised in my previous audit report as indicated below:

2.1 Sustainability of the Fund's Operations

The Fund continued to face working capital constraints during the period under review.

2.2 Loan Recoveries

Recovery of loans granted to scholarship students remained outstanding as no follow ups were made to recover from the students.

VOTE 17.- WOMEN AFFAIRS, COMMUNITY, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT

INDO-ZIMBABWE FUND 2018 AND 2019

Objective of the Fund

The Fund was established for the purpose of upgrading the manufacturing technology of Small and Medium Enterprises (SMEs) through introduction of latest techniques in areas such as Tool and Die Making, Tool Design, Computer Numerical Machines (CNC), Printed Circuit Board (PCB), Manufacturing, Computer Aided Design (CAD), Computer Aided Manufacturing (CAM), Carpentry, Sheet Metal Fabrication, Consultancy and practical training. The Fund also provides training to Small and Medium Enterprise and Co-operatives.

Opinion

I have audited the financial statements of the Indo-Zimbabwe Fund for the years 2018 and 2019. These financial statements comprise the statement of financial position as at December 31, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position for the year 2019.

Statement of Comprehensive Income

Item	Amount $
Income	81 478
Expenditure	52 393
Surplus	**$29 085**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	3 559	-
Accumulated Fund	-	288 696
Current	285 777	640
Total	**$289 336**	**$289 336**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Indo-Zimbabwe Fund as at December 31, 2019, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Asset Records

Finding

I was not provided with the consolidated asset register with all the machinery from the respective centers. Section 100 (4) of the Public Finance Management (Treasury Instructions), 2019, states that Accounting Officers shall ensure that appropriate and up to date records for fixed assets are kept at Head Office and within Departments. Master asset registers shall be maintained at Head Office and departmental asset registers at departmental level.

Risk/Implication

Assets might be misappropriated or lost if they are not recorded in their respective registers.

Recommendation

The Ministry should ensure that records are properly maintained and that physical checks, of assets are done in compliance with the requirements of Section 100 (4) of the Public Finance Management (Treasury Instructions) 2019.

Management Response

The observation is noted. There were no proper hand-over and take-over processes followed when the Fund was transferred from the Ministry of Industry and International Trade.

1.2 Accounting for Assets

Finding

Section 5 (b) of the Constitution of the Fund states that the assets of the Fund comprise of the assets donated for the use by the Fund subject to Treasury approval. However, I noted that three vehicles, in the table below, donated for use by the Fund were not transferred from the Ministry of Foreign Affairs and International Trade when the fund was moved to the Ministry of Women Affairs, Community, Small and Medium Enterprise Development.

Table: Donated Vehicles

Vehicle Make	Registration number
T35 Mazda Minibus	SMED010
Mazda Eagle Truck	AAX 8824
Mazda 3 Sedan	AAX 8823

Risk/Implication

Assets could be stolen, cannibalised or converted to personal use if accounting procedures for transferring assets are not followed.

Recommendation

The Ministry should follow the guidance from Treasury on movement of assets following change of Ministries to ensure that records are updated and transfers completed.

Management Response

The observation is noted. The motor vehicles were not transferred together with the Fund from the previous Ministry of Foreign Affairs and International Trade. At the moment the vehicles could not be transferred because they are not serviceable.

Evaluation of Management Response

While the management comment is appreciated the fund should institute a board of survey to deal with redundant and unserviceable items.

1.3 Valuation of Assets

Finding

The Ministry received assets on behalf of the Fund in the form of machinery worth US$2 287 110 during the year 2018. However, assets worth $3 559 only were disclosed in the statements of financial position leaving out the machinery received worth $2 287 110. The policy which was used to value assets was also not availed for audit.

Risk/Implication

The value of the assets might be materially understated.

Recommendation

The Ministry should ensure that all assets received by the Fund are accounted for in the financial statements in order to give a fair and true value to the users.

Management Response

The observation is noted. The Ministry has written a letter to the Ministry of Higher and Tertiary Education (HTE) requesting the values of donated machinery since the Fund is now administered by the HTE.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make progress in addressing audit findings raised in my previous audit report. The two (2) findings raised had not been addressed as indicated below:

2. 1 Submission of Carbon Copies of Receipts

Carbon copies of receipts, bank stamped deposit slips and schedules of receipts that were not submitted to Head Office for use in ascertaining the incomes received, had still not been submitted a year later.

2.2 Supporting Documents

Expenditure amounting to $4 267 was incurred and paid for without invoices. The supporting documents for the expenditure are still outstanding.

WOMEN'S DEVELOPMENT FUND 2019

Objective of the Fund

The Fund was established for the purpose of providing interest bearing loans to women's groups, for developmental projects such as bakeries, uniform making, crafts, agriculture, mining, trading and training and enterprise programmes.

Opinion

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

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position.

Statement of Comprehensive Income

Item	Amount $
Income	626 125
Expenditure	316 649
Surplus	**$309 476**

Statement of Financial Position

Item	Asset ($)	Liabilities ($)
Non-Current	255 394	-
Accumulated Fund	-	3 981 294
Current	3 725 910	10
Total	**$3 981 304**	**$3 981 304**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Women's Development Fund as at December 31, 2019, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit.

1 GOVERNANCE ISSUES

1.1 Accounting System

Finding

The Fund is operating a manual accounting system independent of the Public Finance Management System in violation of Section 119 (1) of the Public Finance Management (Treasury Instructions), 2019.

Risk/Implication

Operating a manual accounting system may expose the financial records to manipulation.

Recommendation

The Ministry should account for the Fund activities through the Public Finance Management System.

Management Response

In 2022, we are looking forward to using the Public Financial Management System.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The management 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 not addressed as indicated below:

2.1 Accounting Records

The Ministry did not maintain accounting records for loans issued out to women groups. The Ministry is now in the process of maintaining accounting records such as debtor's ledgers, copies of loan disbursements from 2020, cashbooks and bank reconciliations.

2.2 Financial Records

The Provincial and District offices had no accounting records for debts that were written off by POSB. The Ministry now has accounting records for debts that were written off.

2.3 Projects which Ceased Operations

The Ministry had sixteen (16) projects which received loan disbursements amounting to $33 566 and had ceased operations while a balance of $31 649 was still outstanding. Monitoring and evaluation exercises to provide correct information to all stakeholders about the Fund had been done since 2015 but the Fund had not been able to recover these debts. Assistance had been sought from the Attorney General through the legal department to assist in the collection of these debts.

SMALL AND MEDIUM ENTERPRISES REVOLVING FUND 2018 AND 2019

Objective of the Fund

The Fund was established for the purpose of providing interest bearing loans to micro, small and medium enterprises to make a meaningful contribution to economic growth and development.

Disclaimer of Opinion

I am required to audit the financial statements of the Small and Medium Enterprises Revolving Fund for the years 2018 and 2019. These financial statements comprise the statement of financial position as at December 31, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position as at December 31, 2019.

Statement of Comprehensive Income

Item	Amount $
Income	17 268 630
Expenditure	628
Surplus	**$17 268 002**

Statement of Financial Position

Item	Asset ($)	Liabilities ($)
Accumulated Fund	-	65 892 949
Current	65 892 949	-
Total	**$65 892 949**	**$65 892 949**

I do not express an opinion on the financial statements of the Small and Medium Enterprises Revolving 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

LIMITATION OF SCOPE

(i) Maintenance of Accounting Records

Finding

I was unable to carry out the audit of the Fund as the Ministry failed to avail source documents supporting the 2018 and 2019 financial statements despite my requests. This was contrary to the provisions of the Public Finance Management Act (Chapter 22:19). The reported figures could therefore not be validated.

Risk/Implication

The financial statements could be incorrect and materially misstated.

Recommendation

The Ministry should ensure that accounting records are availed for audit in compliance with the standing regulations.

Management Response

The observation is noted. This is emanating from the fact that the Ministry of Small and Medium Enterprise Development was merged with Ministry of Industry and Commerce and then moved to the Ministry of Women Affairs, Community Small and Medium Enterprise Development. The source documents were somehow lost along the movements that happened and were never surrendered to this Ministry. However, this shows lack of procedure and policies on what happens to assets, liabilities, source documents and others when a Ministry merges with another, and then demerges. This points to challenges of accountability. However, going forward we are going to make sure the sources of data are available to avoid these challenges.

Evaluation of Management Response

Treasury Circular No. 8 of 2018 gives guidelines on handling of Government assets, financial resources, liabilities and related documents pursuant to the reconstitution of Government Ministries. Please trace the records so that transactions are fully accounted for.

(ii) Take on Balances

Finding

Take on balances from 2018 to 2019 were not correct thereby causing misstatements which are material to the 2019 financial year. For example, the Accumulated Fund closing balance as at December 31, 2018 was $45 510 383 while the 2019 opening balance was $23 801 199 resulting in a variance of $21 709 184.

Risk/Implication

The financial statements for 2019 may contain material misstatements.

Recommendation

The Fund should adjust the take on balances for subsequent financial years to correct the misstatements.

Management Response

The adjustments have been made out to the accounts. Going forward we are going to make sure the adjustments are provided where there is need.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make any progress in addressing one (1) finding raised in my previous audit report as indicated below:

2.1 Maintenance of Accounting Records

The issue was not addressed as the same audit finding recurred in the year under review on paragraph 1.1 above.

VOTE 18.- HOME AFFAIRS AND CULTURAL HERITAGE

IMMIGRATION SERVICES FUND 2019

Objective of the Fund

The Fund was established for the purpose of providing resources to the Immigration Department for the effective execution of immigration duties in terms of the Immigration Act [*Chapter 4:02*].

Qualified Opinion

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

Below is a summary of statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	Amount $
Income	3 945 149
Expenditure	3 625 169
Surplus	**$319 980**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Accumulated Fund	-	748 124
Non-Current Assets	741 005	-
Current Assets	7 119	-
Totals	**$748 124**	**$748 124**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Immigration Services Fund as at December 31, 2019, its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

1 Revaluation of Assets

Finding

The Fund incurred maintenance costs worth $1 671 119 on motor vehicles which were fully depreciated during the 2018 period. These vehicles which were still in use were not revalued so as to reflect their worth at the end of the period. There was no policy on revaluation of non-current assets in the event that they were still usable by the Fund. I could therefore not rely on the figure of $741 005 disclosed as non-current assets in the financial statements which could have been understated because of non-valuation of usable assets.

Risk/Implication

High maintenance costs may be incurred if obsolete assets remain in use.

Recommendation

The Department should make a decision on whether to revalue.

Management Responses

The observation has been noted.

It is indeed true that all motor vehicles with a total cost of $1 178 491 had fully been depreciated since they have outlived their useful life. Depreciation on motor vehicles is charged on a straight line basis over their expected useful life of five years that is 20% per annum. Most of these vehicles are now old and expensive to maintain.

The Department is in the process of disposing of vehicles which are now too old through CMED. We are also in the process of purchasing other motor vehicles to replace all the motor vehicles which have outlived their useful life as a way of improving efficiency and reducing maintenance costs.

Please note that the vehicles in question have since been transferred from Immigration Services Fund to the Appropriation Account and cannot be revalued retrospectively.

However, below are other issues noted during the audit:

1 ASSET MANAGEMENT

1.1 Recording of Assets

Findings

The Fund management purchased furniture and equipment valued at $398 346 between January and June 2019 outside the Public Financial Management System (PFMS) contrary to provisions of Section 13 (2) of the Public Finance Management (Treasury Instructions), 2019.

Furthermore, the same assets were not captured in the PFMS, as required under Section 100 (1) of the Public Finance Management (Treasury Instructions), 2019.

I also noted that the assets that were purchased during the year were either recorded with insufficient information or were not recorded in the departmental asset register contrary to regulations which state that appropriate and up to date records for both fixed assets and inventories should be kept at Head Office and within the departments.

Risk/Implication

Assets may be misappropriated or converted to personal use if they are not recorded promptly.

Recommendations

The Fund management should ensure that the departmental assets are procured through PFMS and are captured in line with Section 100 (1) of the Public Finance Management (Treasury Instructions), 2019.

The departmental asset register should be updated accurately capturing all the necessary information as stated in Section 100 (4) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

The observation has been noted.

It is indeed true that the Department purchased assets worth $398 346 outside the Public Financial Management System (PFMS). This was because the Immigration Services Fund had not yet been configured in the PFMS by the Ministry of Finance. However, all transactions which were done after configuration from July 2019 are captured in the PFMS.

The Departmental asset register was updated and is now available for audit inspection.

2 REVENUE COLLECTION AND DEBT MANAGEMENT

Finding

The Fund management did not maintain the general ledger for revenue items. As a result, I could not verify the correctness of the revenue figure of $3 945 149 which was disclosed in the financial statements. This was in contravention of Section 119 (e) of the Public Finance Management (Treasury Instructions), 2019 which states that, a ledger that gives a day to day listing of accounting transactions that occur through the bank account and non-cash transactions should be prepared as part of the minimum set of books to be maintained by an entity.

Risk/Implication

The financial statements may not reflect all the transactions which occurred during the year.

Recommendations

The management should ensure that the general ledgers for revenue have been maintained.

The management should ensure that all the revenue has been accounted for using the SAP or on a SAP compatible package.

Management Response

The observation has been noted.

NATIONAL ARCHIVES RETENTION FUND 2017

Objective of the Fund

The objective and purpose of the National Archives Retention Fund is 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.

Disclaimer of Opinion

I am required to audit the financial statements of the National Archives Retention Fund. The financial statements comprise the statement of financial position as at December 31, 2017, and statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount $
Income	45 023
Expenditure	27 284
Surplus	**$17 739**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Accumulated Fund	-	33 550
Current Assets	33 550	-
Totals	**$33 550**	**$33 550**

I do not express an opinion on the financial statements of the National Archives Retention Fund. Because of the significance of the matter 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) Accounting Records

Finding

The Fund did not maintain any ledgers for the period under review. The financial statements were prepared using the Reserve Bank of Zimbabwe (RBZ) bank statement for the period June 26, 2017 to December 31, 2017. Therefore, revenue and expenditure was not accounted for, for the period January 1, 2017 to June 25, 2017 as the recordings were incomplete.

Risks/Implications

Failure to maintain financial records exposes the Fund to fraud.

The financial statements will not reflect the true financial position of the Fund, as revenue and expenditure will be understated.

Recommendations

Management of the Fund should ensure that all accounting records are properly maintained to facilitate preparation of financial statements.

Management should obtain the bank statements for the period January 1, 2017 to June 25, 2017 and prepare the relevant ledger accounts and correct financial statements.

Management Response

Considering the timeframe/ deadline that was involved for the preparation and submission of financial statements, the Fund had to make use of the resources that were readily available (which is the bank statement). The Fund will certainly improve on our record keeping.

Requests were made for bank statements for the period under review. The Fund will also make it our duty to adhere to the provision of the Public Finance Management Act [*Chapter 22:19*] regarding the preparation and submission of annual returns.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

There was no progress in addressing audit findings raised in my previous audit report. Out of the three (3) findings, none was addressed.

2.1 Cash Withdrawals

The Fund made cash withdrawals amounting to $4 592. The matter was not addressed.

2.2 Accounting Package

The Fund's ledgers were being maintained on Microsoft Excel spreadsheet, which did not have adequate security controls. No controls were put in place.

2.3 Accounting Officers' Instructions

The Fund was operating without an Accounting Procedures Manual. The Fund continued to operate without the Accounting Procedures Manual.

ZIMBABWE REPUBLIC POLICE RETENTION FUND 2020

Objective of the Fund

The Fund was established to facilitate the provision of funds to the Zimbabwe Republic Police for the effective and efficient execution of the organization`s constitutional mandate.

Opinion

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

Below is a summary of the statement of comprehensive income and statement of financial position for the year:

Statement of Comprehensive Income

Item	Amount $
Income	**13 543 487**
Expenditure	8 173 458
Surplus	**$5 370 029**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Accumulated Fund	7 684 425 -	- 13 556 717
Current	9 869 491	3 997 199
Total	**$17 553 916**	**$17 553 916**

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

However, below is an issue noted during the audit:

1 GOVERNANCE ISSUE

1.1 PFMS Master Assets Register

Finding

For the second year running the Fund did not capture assets in the PFMS Master Assets Register. This is contrary to Section 100 (1) of the Public Finance Management (Treasury Instruction), 2019 which stipulates that Accounting Officers should ensure that all public assets under their control are recorded promptly and accurately in the appropriate manual registers and captured immediately on the PFMS and that the manual asset registers are reconciled regularly with the ministry’s asset control account.

Risk/Implication

Assets may not be properly accounted for.

Recommendation

The Management should ensure that all assets/inventory received are recorded timeously in the PFMS Master Assets Register to enhance control of government assets.

Management Response

The Fund did not have a PFMS Master Assets Register at the reporting date due to circumstances beyond the Fund management's control. The management was of the view that there is still a need to capture assets in the PFMS Master Asset Register to enhance control of Government Assets. However, the Retention Fund was wound up on December 31, 2020 following Treasury circular number 9 of 2018 on Government change of policy on retention of funds by Government Institutions.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made some progress in addressing audit findings raised in my previous audit report. Out of the three (3) findings raised during the previous financial year, only two (2) findings were addressed as indicated below:

2.1 PFMS Master Assets Register

The Fund did not make any progress in capturing of assets in the computerised Master Assets Register.

The Fund had also addressed the issue of coding/marking of Government assets.

2.2 Revaluation of Motor Vehicles

The management of the Fund did not seek authority to revalue the assets.

2.3 Boards of Survey and Inquiry Reports

ZRP Bulawayo CANINE Section submitted certificate of destruction: Board of Survey: obsolete equipment: Ref: QM 100/2019 as evidence of progress made in addressing the issue of outstanding Board of Survey recommendations after approval by the Accounting Officer.

There was no progress in the finalisation of Boards of Inquiry as the Accounting Officer had not yet made recommendations to Treasury for the finalisation of the same.

However, the Fund had since stopped the removal and transfer of parts of boarded vehicles to other usable vehicles without the authority of the Accounting Officer.

VOTE 20.- INFORMATION, PUBLICITY AND BROADCASTING SERVICES

APPROPRIATION ACCOUNT 2021

Mandate

The mandate of the Ministry of Information, Publicity and Broadcasting Services is to disseminate information locally and globally to uphold and promote Zimbabwe's founding values, identity and its interests worldwide.

Opinion

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

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

Voted Funds	Unallocated Reserves	Total Allocated	Expenditure	Net Underspending
$1 479 000 000	**-**	**$1 479 000 000**	**$1 138 264 003**	**$340 735 997**

In my opinion, the financial statements, present fairly the state of affairs of the Ministry of Information, Publicity and Broadcasting Services for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Zimbabwe Film and Television School of Southern Africa (ZIFTESSA) - Current Grants

Finding

My review of the ZIFTESSA Bank Statements revealed that ZIFTESSA received $20 137 846 from the Ministry. The Ministry disclosed in the Appropriation Account under grants that the amount disbursed to ZIFTESSA was $8 726 758. ZIFTESSA also recorded in the Statement of Comprehensive Income and Expenditure $8 726 758 as Current Grants from the Ministry. Further inquiry with management of ZIFTESSA revealed that the difference of $11 411 088 was made up of funds transferred as payments to Artists. However, the breakdown and acquittal of the $11 411 088 was not availed by the Ministry to confirm receipt of the money by the Artists.

Risk/Implication

In view of the fact that the Ministry is taking long to resolve the status of the film school, payments are being made through another entity and there is the risk that the expenditure may not be fully accounted for.

Recommendation

The Ministry should put in place measures to ensure that reconciliations are done for all transfers from the Ministry.

Management Response

The observation is noted. The variance of $11 411 088 noted are funds transferred by the Ministry into Film School Account for those vendors who do not have vendor numbers. Most of the vendors were musicians who performed at the commemorations of the 2021 Independence celebrations, Heroes and Defence celebrations and anti-sanction gala.

Evaluation of Management Response

The Ministry should encourage artists whom they engage to register with the Ministry to obtain vendor numbers for ease of payment processing in line with regulations.

1.2 Implementation of Digitalisation

Finding

The Ministry disbursed to the Broadcasting Authority of Zimbabwe (BAZ) funds amounting to USD64 544 814 from 2015 to 2018 and ZWL535 916 000 from 2019 to 2021 for the purposes of implementing the digitalisation project. According to the Ministry, its role and responsibilities on the implementation of the digitalisation project was that of supervising the activities for the project and lobbying for funds for the project from Treasury while that of the BAZ was of implementing and managing the project. The Ministry did not avail to audit progress reports on its monitoring of the digitalisation project activities. The implementation of the digitalisation project was commenced in 2015 and was still ongoing as at the time of audit in June 2022.

Risk/Implication

Projects may take too long to be completed and funds for the project may be used for other purposes if monitoring of activities for the projects under implementation are not done.

Recommendation

The Ministry should prioritise monitoring and evaluation of running projects to ensure completion and identification of any challenges with the aim of mitigating them.

Management Response

Audit observation and recommendation is acknowledged. The Ministry now has a department for Strategic Policy Planning, Monitoring and Evaluation to systematically track projects and programme implementation. In future, your recommendations will be implemented.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry made some progress in addressing audit findings raised in my previous audit report. Out of three (3) findings, one (1) was fully addressed and two (2) were not addressed as indicated below:

2.1 Price Variation on Motor Vehicle Purchase

The Ministry is yet to provide justification for increases above the 20% agreed in the contract and the addendum to one of the suppliers who did not provide details for the price increase.

2.2 Non Delivery of Purchased Vehicles

Out of the 24 Vehicles purchased, 15 were delivered leaving a balance of 9 vehicles. The Ministry is pursuing the matter through the courts.

2.3 Public Financial Assets – Loan Repayment and Recording

The loan to ZBC amounting to $5 000 000 was repaid in full together with interest.

VOTE 21.- YOUTH, SPORT, ARTS AND RECREATION

APPROPRIATION ACCOUNT 2021

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.

Opinion

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

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

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$3 557 000 000	**$10 659 000**	**$3 567 659 000**	**$2 582 915 227**	**$984 743 773**

In my opinion, the financial statements present fairly the state of affairs of the Ministry of Youth, Sport, Arts and Recreation for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Accounts Payable

Finding

The accounts payable general ledgers in the SAP system showed that accounts payable worth $410 144 579 were not cleared at year end and remained as open items. Section 59 (5) of the Public Finance Management (Treasury Instructions) 2019, states that all claims against Government shall be dealt with promptly and in terms of any contract. Un-cleared items hold funds that would have been committed for the payment of creditors during the financial year. The funds will only be released after the items would have been cleared.

Risk/Implication

Failure to pay suppliers of goods and services timeously may result in reputational damage for the State and costs of fines and penalties due to breach of contracts.

Recommendation

The Ministry should continuously engage Ministry of Finance Project Office to clear the open items and ensure that all suppliers are paid their dues.

Management Response

The payable transactions worth $410 144 579 were un-cleared in the system due to, among other things, system complications which is failing to clear 2016 transactions. An error message quoted as, "document splitting" props up on processing the affected transactions a situation PFMS Project Office has not found a solution. The Ministry company code U018 is also not able to clear GR/IR due to system configuration complications.

2 MANAGEMENT OF ASSETS

2.1 Delivery of Motor Vehicles

Finding

I am concerned that it has now been over four (4) years of reporting that the Ministry purchased two Nissan NP 300 single cab motor vehicles from Cannon Motors (Pvt) Ltd T/A AMC Nissan which have not yet been delivered. Audit was informed that the issue was handed over to the Ministry's legal department who have since engaged the Attorney General. Cannon Motors (Pvt) Ltd is disputing non delivery of the vehicles saying it was not allocated the foreign currency required to pay the foreign supplier of the vehicles.

Risk/Implication

Failure by the supplier to deliver the vehicles will compromise service delivery by the Ministry.

Recommendations

The Accounting Officer should enforce fulfilment of contract by Canon Motors (Pvt) Ltd through follow ups with the Attorney General's Office so that delivery of the two motor vehicles or reimbursement at market values plus damages is done without further delay.

Management Response

The Administration department referred the matter to the Ministry`s Legal Department which then referred the matter to the Attorney General`s Office. Administration is still waiting for guidance and way forward. The Ministry also engaged PRAZ through their Procurement Management Unit with a view of debarring the Supplier.

2.2 Maintenance of Assets Registers

Finding

The Master Asset Register at Head Office did not consolidate information of the assets of the Ministry since the integration of the Ministry of Youth Development, Indigenisation and Economic Empowerment and the Ministry of Sport, Arts and Recreation in March 2018. Section 100 (1) of the Public Finance Management (Treasury Instructions) 2019, states that Accounting Officers should ensure that all public assets under their control are recorded promptly and accurately in the appropriate manual registers. The assets should also be captured immediately on the PFMS system.

Risks/Implications

Absence of consolidated information result in incomplete records.

If assets are not properly managed and controls instituted, opportunity for asset misappropriation may be created and pilferages may not be detected timeously for corrective action to be taken.

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 (1) of the Public Finance Management (Treasury Instructions) 2019.

Management Response

The Ministry procured a Master Asset Register from Printflow and the Administration department is in the process of compiling information from all Provinces, Districts, Vocational Training and National Youth Service centers to fill into the register. The process is expected to be completed by the end of August 2022.

2.3 Donated Motor Vehicles

Finding

Following my review of motor vehicle files and carrying out a physical inspection of motor vehicles I observed that a Nissan Patrol Station Wagon registration number ADI 5433 and Toyota Corolla registration number ACC 9669 that were donated by DVV International and Norwegian Refugee Council (NRC) in 2017, are still registered in the names of donors. In addition, a Honda CRV which was donated by ZIMRA in June 2016 was not registered in the name of the Ministry. Section 103 (4) of the Public Finance Management (Treasury Instructions) 2019 requires that the Ministry vehicles including donated ones be registered under the name of the Ministry.

Risk/Implication

Without registration of the vehicles the Ministry cannot claim ownership.

Recommendation

The Ministry should ensure that all vehicles are registered and are in the name of the Ministry.

Management Response

Vehicle ADI 5433 Nissan Patrol, Toyota Corolla ACX 9669's and Honda CRV change of ownership is still in progress at ZIMRA. The process was delayed due to COVID-19 with ZIMRA insisting to send the documents online. The processing online was however very slow as there were no responses. However, since the lifting of COVID- 19 restrictions administration is now engaging ZIMRA and the process is expected to be complete by 31 July 2022.

3. PROGRAMME IMPLEMENTATION

3.1 Programme Based Budgeting

Finding

During 2021 the Ministry's Programme Based Budget Committee did not meet to discuss the distribution of available resources to the various programmes. The Programme Based Budget Committee's functions amongst others are to allocate available resources, co-ordinate activities and to evaluate results of how well programmes are working. Treasury Circular Number 06 of 2019 requires the budget committee to meet every month to monitor and report on allocation of resources to various programmes.

Risks/Implications

The Ministry may fail to achieve its mandate if Programme Based Budget procedures are not followed.

Funds for sub programmes may be transferred to finance other activities without the knowledge of the sub programme manager.

Recommendation

The Ministry should ensure that the Programme Based Budget Committee meet regularly to monitor and report on distribution of resources as required by Treasury Circular Number 06 of 2019.

Management Response

The Programme Based Budget Committee, constituted of Program Directors and Deputy Directors who meet to deliberate on Treasury monthly disbursements against program department requirements. However, in the reporting period 2021 meetings were not frequently being conducted as planned due to COVID-19 restriction measures that dictated 10% of staff establishment to report for duty at any given time. In 2022 such meetings are commencing as planned as COVID-19 restriction measures have been relaxed.

Even though Budget meetings were not held as frequent as desired in 2021. Program managers were kept abreast of their budget position in reports presented in senior management meetings. Through the Chief Accountant and Director Finance advice was given highlighting their respective budget position and monthly releases.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of the five (5) findings raised in my previous audit report, one (1) was addressed, one (1) was partially addressed and three (3) were not addressed as indicated below:

4.1 Risk Management Policy

Audit recommendation was not addressed as the Ministry still does not have a risk management policy.

4.2 Master Asset Register

Audit recommendation was partially addressed as the Ministry now has a Master Asset Register in place. However, the register does not have full information of assets that were taken over on integration with the Ministry of Youth Development, Indigenisation and Economic Empowerment. Paragraph 2.2. Above refers.

4.3 Delivery of Motor Vehicles

The finding was not addressed as delivery of motor vehicles was not done. The issue has been included in the report paragraph 2.1 above refers.

4.4 Recovery Debts

Audit recommendation was not addressed as no write off action of outstanding amounts for disallowances, outstanding revenue and outstanding departmental surcharges was undertaken as had been indicated.

4.5 Temporary Deposits

The temporary deposits have been cleared.

YOUTH DEVELOPMENT AND EMPLOYMENT CREATION FUND 2018

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.

Qualified Opinion

I have audited the financial statements of the Youth Development and Employment Creation Fund. These financial statements comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount $
Income	7 177 796
Expenditure	6 468 488
Surplus	**$709 308**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-current	2 791 930	-
Current	3 294 903	629 990
Accumulated Fund	-	5 456 843
Total	**$6 086 833**	**$6 086 833**

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 Youth Development and Employment Creation Fund as at December 31, 2018, 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) Absence of Supporting Documentation

Findings

The Ministry did not produce returns from Provinces and Vocational Training Centers in support of the figures for income of $7 175 306, debtors of $1 051 695, inventory totaling $115 744, biological assets worth $194 540 and accounts payable amounting to $273 951 disclosed in the consolidated financial statements. Bank statements and reconciliations for an amount of $932 779 disclosed as part of cash on hand relating to Vocational Training Centers were also not availed. This was against Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22-19*] requiring that the Accounting Officer shall keep or cause to be kept proper accounting records. I therefore could not ascertain the accuracy and validity of the amounts disclosed.

Furthermore, the Ministry did not avail for my audit, redemption notes and deal notes pertaining to investments worth $932 779 disclosed in the financial statements. I was therefore not able to verify the existence, accuracy and valuation of the investments reported.

Risk/Implication

The figures disclosed in the financial statements could have been materially misstated.

Recommendations

The Fund officials should ensure that returns that support the consolidated financial statements are submitted from the Provinces and Vocational Training Centres for use by the preparers of the financial statements at Head Office.

The Fund officials should also ensure that the deal notes and certificate of balance for investments are available to support the figures disclosed in the financial statements.

Management Response

Revenue and expenditure returns for 2018 which were prepared and submitted by Vocational Training Centres were on a cash basis hence the omission of receivables. However, the revenue and debtor's breakdown figures were prepared in line with the letter on introduction of accrual basis reporting were retained at Vocational Training Centres and are available for inspection. The Head Office instructed all Vocational Training Centres to urgently submit certificates of bank balances for onward transmission to the auditors.

For investments, the Ministry has written an email to the bank requesting the deal notes and certificate of balance for investments. As soon as they are available, the Ministry will avail them to audit.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Loans

Findings

In my previous audit reports, I made mention of the Ministry's failure to institute effective recovery action on loans. This also persisted in 2018, with loans remaining stagnant at $506 138 and no allowance was created to recognise the potential loss that would arise as a result of irrecoverable loans. In cases where debts have become irrecoverable, appropriate action to adjust the financial statements by a provision should be taken so that a true picture will be reflected to ensure reliability of financial statements. However, no action was taken by the Ministry as required by Section 38 (1) (b) and (c) of the Public Finance Management Act [*Chapter 22:19*].

Of notable concern to audit was that the loans since inception in 2012, have not accrued interest even though the recipients didn't make any payments. Therefore, the income receivable and debtors for the fund have over the years been understated, contrary to good accounting practices.

Risks/Implications

Delays in recovering outstanding debts may result in the outstanding amounts becoming irrecoverable.

By not recovering the debts the Ministry might set a wrong precedence and deprives other youths who might require assistance in the future.

The loans will be losing value if not recovered timeously when operating in a hyper- inflationary environment.

Wrong decisions can be made if accurate figures are not used.

When the interest is not calculated and recovered, government is prejudiced of much needed revenue.

Recommendations

A robust debt recovery mechanism should be put in place.

The Ministry should hand over the irrecoverable debts to the Office of the Attorney General for consideration.

The interest accrued should be calculated as from the inception of the project.

Where debts have become irrecoverable, appropriate action to adjust the financials by a provision should be taken so that a true picture will be reflected to ensure reliability of financial information.

Management Responses

The Ministry acknowledges and appreciates the value of the audit recommendation. The loans are a legacy issue which the reconfigured Ministry of Youth, Sport, Arts and Recreation is in the process of computing the breakdown of the individual beneficiaries in order to take appropriate course of action.

The issue of interest was considered inappropriate given the beneficiaries who instead, require grants as opposed to loans to sustain their projects. In short, the proposition was to write off all the loans advanced.

Evaluation of Management Response

The loan agreement clearly states that the loans would attract interest and the interest should be disclosed in the financial statements. Furthermore, the auditee did not avail for audit, supporting documentation that rescinded the payment of interest.

2 MANAGEMENT OF ASSETS

2.1 Property, Plant and Equipment (PPE)

Findings

I noted that the assets donated to the Fund were not recognised at fair value hence they were not incorporated in the final assets balance of $137 580 appearing in the financial statements under PPE. The Fund disclosed in the notes to the financial statements that the donated PPE held by most Vocational Training Centres do not have recorded values in the books of accounts hence could not be included in the consolidated Financial Statements. This therefore meant that the assets figure disclosed in the financial statements was understated thereby distorting the financial statements contrary to good accounting practices.

Further, the value of the PPE recognised as $137 580 excluded assets bought before 2017 financial year. The Fund disclosed in the notes to the financial statements, that the use of cost of acquisition measurement basis for PPE held entailed the recognition of only those assets acquired during 2017 and 2018 period for which cost of acquisition amounts are available. This therefore meant that the assets figure disclosed in the financial statements was also understated thereby distorting the financial statements contrary to good accounting practices.

Risks/Implications

Non-disclosure of assets undermines full accountability.

The financial statements were misstated and could eventually mislead management decision making processes or any users thereof.

Recommendations

Donations should be valued at fair value so as to disclose the accurate asset balance in the financial statements.

The assets bought before 2017 should also be valued and be recognised in the financial statements to ensure proper accountability.

Management Response

The non-inclusion in the Financial Statements of donated Property, Plant and Equipment held by the Vocational Training Centres is because the assets were accounted for under the Annual Asset Returns of the Ministry's Appropriation Account as they were donations to the Ministry. Reporting them under Vocational Training Centres would be double counting, thus, duplicating the assets.

Evaluation of Management Response

Property, Plant and Equipment in the financial statements states that the relevant Vocational Training Centres were currently engaged in establishing the values from the various donors of these assets as they did not have values in the books of accounts.

1.2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

2.1. Classification of Transactions

The Accounting Officer's Instructions were still in draft form, as they had not yet been approved by the Accounting Officer.

VOTE 22.- ENERGY AND POWER DEVELOPMENT

APPROPRIATION ACCOUNT 2021

Mandate

The mandate of the Ministry of Energy and Power Development is to provide adequate and sustainable energy supply through formulating and implementing effective policies and regulatory frameworks.

Opinion

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

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

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Under Spending
$1 641 000 000	**$3 150 646 656**	**$4 791 646 656**	**$4 606 662 961**	**$184 983 695**

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

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.2 Direct Payments

Finding

The Ministry of Finance made direct payments to NOIC on behalf of the Ministry of Energy amounting to US$20 000 000 (ZWL2 173 320 000) during the year under review. The direct payment became part of the Ministry's allocation as a UR and as expenditure at the end of the reporting period. The proper method of payment for goods or services was not followed in this case because neither invoices nor statements were endorsed by the Ministry of Energy before payment was made by Treasury. Further, no budget provision had been made for the ledger item and no confirmation was produced that the release was from UR.

Risks/Implications

The supplier could be paid for goods or services that were not supplied or rendered to the Ministry.

In the event of supply disruptions, the Ministry may face challenges trying to follow up on orders that would not have originated from their offices.

The release can be misclassified in the absence of the communication from Treasury.

Recommendation

The Ministry should request Treasury to send invoices for endorsement before payment.

Management Response

The finding is noted. However, the fuel sector is a competitive industry we are informed. Our (Government) procurement and payment processes stand very little chance of procuring the product as the fuel gets snapped up by private sector competitors whose procurement and payment processes are less stringent. The Ministry thus enlisted National Oil Infrastructure Company (NOIC) as its procurement entity for the strategic stock. The Ministry then requested Treasury to make the payment of US$20 million direct to NOIC. This was done and the fuel was procured. However, the regularisation of this transaction took too long to effect.

1.2 Public Financial Assets

Findings

There were no recoveries made in respect of loans due from the Zimbabwe Electricity Supply Authority (ZESA). There was no evidence of follow-ups made on defaulting public entities. During the year under review additional disbursements amounting to US9 590 000 equivalent to (ZWL834 330 000) were made to ZESA.

Furthermore, there was no register for public financial assets, as a result, I was not able to verify the correctness of public financial assets for the Ministry. This was contrary to Section 110 of the Public Finance Management (Treasury Instruction), 2019 which states that every officer responsible for the custody of securities shall maintain a register.

Risks/Implications

Failure to recover loans timeously may result in loss of value of public funds.

Non maintenance of the registers make it difficult for the Ministry to follow up debts due as there will be no record to check with.

Recommendation

The Ministry should ensure that vigorous follow-ups are instituted on defaulters. In addition, the Ministry should maintain a register for Public Financial Assets so that the status of the assets is easily determined.

Management Response

The Public Financial Assets register is in place and has been audited before but now this is being kept as soft copy where adjustments are being done and it is available for inspection.

Evaluation of Management Response

The Ministry availed a list of Public Financial Assets instead of a proper register which is recognised as a permanent record of all Public Financial Assets under the Ministry's charge.

2.2 Losses of and damages to Government Property

Finding

The Ministry's two motor vehicles with registration numbers AFE 8029 and ADL 9352 were involved in accidents during the year under review. No police report was availed for audit inspection for vehicle registration number AFE 8029. Failure to obtain a police report is attributed to non-enforcement of standing instructions on handling of accidents. Section 103 (14) (a) to (d) of the Public Finance Management (Treasury Instructions), 2019 requires that a police report be obtained within 24 hours of the accident. Furthermore, a police report for motor vehicle registration number ADL 9352 states that the Ministry's driver caused the accident, however, the board of inquiry instituted concluded that the driver was not wrong and the vehicle should be disposed of.

Risk/Implication

Failure to obtain police reports makes it difficult to determine responsibility for the damage or loss of the vehicle.

Recommendation

The Ministry should promptly convene boards of inquiries for all accident cases and charge all drivers adjudged to have been negligent.

Management Response

A police report shows no deposit fine was paid. The police then produced a forensic report which indicated that the tyre suffered a blow out. This resulted in tyre failure and consequent deflation of the wheel.

Evaluation of Management Response

The contents of forensic report submitted for audit examination never mentioned vehicle ADL 9352 and the name of the Ministry's driver who was involved in an accident so the report could not be related to the case.

2.3 Maintenance of Asset Registers

Findings

The master asset register was not being updated, it was for this reason that the Ministry could not fully account for its assets, and the accuracy of the Asset certificate submitted for audit could not be confirmed.

The Ministry also acquired non-financial assets amounting to ZWL46 638 575 during the year under review and these assets were not recorded in the master assets register. This was contrary to Section 100 (1) of the Public Finance Management (Treasury Instructions) 2019 which require all public assets to be recorded promptly and accurately in the appropriate manual registers. The assets should also be captured in the Public Financial Management System.

Risk/Implication

Assets may be stolen without trace if they are not recorded in the assets register and captured in the PFM System.

Recommendation

The Ministry should ensure that the master asset register is timeously updated each time there is an asset movement. The assets should also be captured immediately on the PFMS as they are received from suppliers.

Management Response

The observation is noted and agreed. However, the Ministry will investigate why the Asset register is not being updated and take appropriate action thereafter.

3 IMPLEMENTION OF GOVERNMENT PROGRAMMES

3.1 Programme Based Budgeting

Finding

The Ministry's budget committee did not produce for audit inspection and examination, minutes of meetings and cash flow plans for the year under review. This was contrary to Treasury Circular Number 6 of 2019 which stipulates that the committee should meet on a monthly basis and review progress of the budget implementation. Consequently, I was unable to evaluate whether the committee managed to perform its oversight role of the budget implementation and monitoring.

Risk/Implication

The Ministry may fail to align its policy priorities to the National Development Strategy 1 if the committee is not meeting and performing its role.

Recommendation

The Ministry should ensure that the committee meets on a monthly basis and undertake regular monitoring to ensure value for money and effective service delivery.

Management Response

The Ministry is still going through a learning curve. Programme managers and sub-programme managers who are not accounting staff did not quite appreciate the concept of programme based budgeting so much that when called for meetings they did not attend. Accountants ended up requesting Treasury release budgets as per cash flow projections submitted at the beginning of the year. However, may I point out that in 2022 there is a difference as meetings are now being held and minutes produced.

4 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of the four (4) findings raised in my previous audit report, one (1) was addressed and three (3) were not addressed as outlined below;

4.1 Expenditure Management

The finding was addressed in 2021.

4.2 Asset Register

The issue was not resolved and is still outstanding. During the year under review the Ministry also failed to put in place a proper asset register paragraph 2.3 above.

4.3 Contingent Liabilities

The issue was not resolved and contingent liabilities amounting to $1 151 250 354 still remained outstanding.

4.4 Outstanding Revenue

The issue still remained outstanding and the amount outstanding increased from the 2020 $30 250 379 to $30 754 263 in 2021.

NOCZIM DEBT REDEMPTION FUND 2019

Objective of the Fund

The purpose of the Fund is to finance the amortisation of debts owed by the National Oil Company of Zimbabwe (NOCZIM) from the proceeds of the Debt Redemption Levy.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	38 720 787
Expenditure	412 879
Surplus	**$38 307 908**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current Asset	1 212 065	-
Current Assets	46 370 717	-
Accumulated Fund	-	47 581 642
Current Liabilities	-	1 140
Total	**$47 582 782**	**$47 582 782**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the NOCZIM Debt Redemption Fund as at December 31, 2019, 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. PROCUREMENT

1.1 Acquisition of Motor Vehicles

Finding

The Ministry, through a minute dated May 13, 2019 requested Treasury authority to use $4 000 000 from the Debt Redemption Fund to purchase motor vehicles to enable the Ministry to carry out its operations. The Ministry of Finance granted the Ministry authority to utilize $3 000 000 from the Fund to procure the required motor vehicles. However, the Ministry went on to purchase motor vehicles valued at $5 659 146 resulting in exceeding the authorized amount by $2 659 146 and Treasury authority for the excess was sought.

Risk/Implication

Failure to comply with standing instructions does not promote proper accountability and safeguarding of public resources.

Recommendation

The Ministry should go back to Treasury for redress of the excess that was incurred without authority.

Management Response

The observation has been noted. The Ministry prioritised the acquisition of the required number of vehicles which ended up costing more due to movement in the exchange rate.

STRATEGIC FUEL RESERVE FUND 2019 AND 2020

Objective of the Fund

The Fund was established for the purpose of mitigating the impact of fuel shortage in the country through maintaining adequate stocks of fuel for the strategic reserve.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	410 156 737
Expenditure	379 551 710
Surplus	**$30 605 027**

Statement of Financial Position

Item	Assets ($)	liabilities ($)
Non-Current Accumulated Fund	- -	- 159 059 909
Current	159 059 959	50
Total	**$159 059 959**	**$159 059 959**

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

However, the following are the issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Accounting Officer's Instructions

Finding

The Fund continued to operate without an updated Accounting Officer's Instructions. Key issues like the depreciation policy, inventory management and guidelines regarding the pricing model to be implemented when stocks are withdrawn for resale on the market are not adequately outlined.

Risk/Implication

Outdated Accounting Officer's Instructions may fail to comply with new laws and regulations. They may not address new system requirements or technology changes resulting in inconsistent practices and weak controls that would not protect the fund resources.

Recommendation

The Fund's management should ensure that the Accounting Officer's Instructions are updated and key controls are put in place.

Management Response

The Ministry's Accounting Officer's manual is yet to be updated and the review exercise is earmarked for the first week of December 2021 according to the Human Resources Department. However, on the issue of depreciation policy, Treasury advised the Ministry to include in its Accounting Officer's manual the provision of depreciation.

VOTE 23.- INFORMATION COMMUNICATION TECHNOLOGY, POSTAL AND COURIER SERVICES

APPROPRIATION ACCOUNT 2021

Mandate

The mandate and purpose of the Ministry of Information Communication Technology, Postal and Courier Services is to develop a knowledge-based society with ubiquitous connectivity by exploiting the potential of Information Communication Technologies (ICT) for sustainable socio-economic development.

Opinion

I have audited the financial statements of the Ministry of Information Communication Technology, Postal and Courier Services for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$1 972 000 000	**$159 341 867**	**$2 131 341 867**	**$1 258 950 600**	**$872 391 267**

In my opinion, the financial statements present fairly the state of affairs of the Ministry of Information Communication Technology, Postal and Courier Services for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Unreconciled Year-End Balances

Finding

The Appropriation Account expenditure for the year of $1 258 950 600 was at variance with the total expenditure on the Sub Paymaster General Account of $1 264 041 692. A variance of $5 091 092 remained unreconciled as at May 2022. In the absence of a reconciliation of the two figures, I could not place reliance on figures disclosed in the Appropriation Account.

Risks/Implications

The expenditure for the year may be misstated or unreliable.

Expenditure may have been incurred outside the Public Financial Management System.

Recommendation

The Ministry should investigate and resolve the variance to enhance the reliability of the Appropriation Account.

Management Response

The difference of $5 091 092 was due to expenditure which was reversed and the bank balance was returned at year-end by the Ministry of Finance and Economic Development. Monthly reconciliations were lagging behind after the introduction of the Eagle Switch. Bank Statements are now uploaded manually compared to when Paynet was in use for processing payments. Uploading of bank statements was automated through Electronic Bank Statements.

Evaluation of Management Response

Management did not provide a reconciliation of the difference of $5 091 092.

1.2 Open/Uncleared Items in the Goods Receipt/Invoice Receipt

Finding

The Ministry failed to regularly review and clear mismatches in goods receipt and invoices receipts. As a result, the Goods Receipt/Invoice Receipt account (GR/IR) in the Public Financial Management System had a total of $446 135 230 open/uncleared items as at December 31, 2021.

Risks/Implications

Ineffective budgetary control may arise due to uncleared items in the GR/IR Account.

Fraudulent payments may be processed if the GR/IR account is not reconciled on a regular basis.

Recommendation

The Ministry should develop and institute mechanisms to ensure that open/uncleared items in the GR/IR Account are timeously cleared.

Management Response

The Ministry is currently in the process of clearing all the open items in SAP. The delay was caused by system challenges. The intension is to clear open items by October 2022.

2 PROCUREMENT

2.1 Delivery of Procured Motor Vehicles

Finding

The Ministry paid a total amount of $84 475 750 to Mass Breed and Paza Buster for procurement of thirteen (13) vehicles. At the time of audit, May 10, 2022, the vehicles were yet to be delivered. The table below refers:

Supplier	Quantity	Description	Amount ($)
Mass Breed	5	Brand New 4*4 Diesel Single Cab	38 014 350
Mass Breed	5	Brand New 4*4 Diesel Double Cab	30 325 900
Paza Buster	3	Isuzu Dmax Single Cab	16 135 500
Total			**$84 475 750**

Risk/Implication

Service delivery may be negatively impacted.

Recommendations

The Ministry should conduct regular follow-ups of undelivered items.
The deadlines for delivery should be set in the contract.

Management Response

To date the Ministry has received two single cabs from Paza Buster. Mass Breed has confirmed shipment of five vehicles by June 15, 2022. Discussions are ongoing on how to proceed on the outstanding vehicle from Paza Buster as there was a price variation on the agreed price in the signed contract.

Evaluation of Management Response

Management did not provide a comment on the other five vehicles from Mass Breed.

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 five (5) findings, three (3) were addressed and two (2) had not been addressed as indicated below:

3.1 Paymaster General's Account Reconciliation Statement

The Ministry did not resolve the variance of $155 397 between the Sub-Paymaster General expenditure and Public Financial Management System (PFMS) expenditure. The variance recurred in the period under review.

3.2 Unallocated Reserves

The matter on variances between unallocated reserves figures captured in the PFMS and supporting documentation did not recur.

3.3 Payment Vouchers Not Passed for Payment

This matter did not recur during the period under review.

3.4 Double Payment of Advances

This matter did not recur.

3.5 Failure to Update Master Asset Register

This matter recurred during the year under review.

VOTE 24.- MINISTRY OF NATIONAL HOUSING AND SOCIAL AMENITIES

APPROPRIATION ACCOUNT 2021

Mandate

The Ministry's mandate is to provide and facilitate the delivery of affordable and decent housing to the nation.

Opinion

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

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

Voted Funds	Unallocated Reserve Transfers	Total Allocated	Expenditure	Net Underspending
$2 801 000 000	**$98 870 000**	**$2 899 870 000**	**$1 234 263 287**	**$1 665 606 713**

In my opinion, the financial statements present fairly the state of affairs of the Ministry of National Housing and Social Amenities as at December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are material issues noted during the audit:

1. MANAGEMENT OF ASSETS

1.1 Delivery of Assets

Findings

The Ministry made purchases of office furniture from various suppliers and made advance payments in 2021 amounting to $18 798 828. At the time of concluding the audit on May 30, 2022, the furniture had still not been delivered to the Ministry.

Section 96 (10) of the Public Finance Management (Treasury Instructions) 2019, requires Accounting Officers to ensure that remedies for breach of contract, liquidated damages for delay and contract termination are dealt with in a manner that ensures observance of the terms of the contract agreements and compliance with the provisions of the procurement regulations.

Risks/Implications

Payments for which services are not rendered may result in wasteful expenditure if redress is not sought in time.

Failure by the supplier to deliver the furniture would prejudice the state and this will affect delivery of services.

Recommendation

The Ministry should vigorously follow up to ensure that all procured assets are delivered and where there are no prospects of delivery, consider instituting legal proceedings to recover funds including damages considering the inflationary environment.

Management Response

The two furniture manufacturers were supposed to complete delivery by 16 May 2022. However, the order was given during the rainy season, where the suppliers indicated that timber takes long to dry resulting in delays of deliveries. Calundike has already completed production and furniture is ready for delivery. Adam Bede has promised to deliver the balance by 16 June 2022.

1.2 Maintenance of Assets

Findings

The Ministry did not maintain asset registers. I was not able to ascertain how the assets were accounted for in the absence of asset registers. Section 100 (4) of the Public Finance Management (Treasury Instructions) 2019, states that a master asset registers should be maintained at Head Office and departmental asset registers at departmental level.

Furthermore, there was no evidence that physical asset counts were carried out at least twice a year as required by Section 105 (1) of the Public Finance Management (Treasury Instructions) 2019.

In addition, one administration officer was responsible for receipting, issuing and recording of assets, a situation that does not allow for segregation of duties.

Risks/Implications

Absence of registers and failure to confirm physical existence of assets on an annual basis make effective management of State properties difficult and this may expose them to misuse and misappropriation.

Failure to separate the duties of receipting, issuing and recording of assets may result in undetected errors.

Recommendations

The Ministry should ensure that a master and departmental assets registers are put in place to safeguard the Ministry's assets. All departmental assets under the Ministry's ownership and control should be physically compared with the records at least twice during the financial year and that evidence of this is retained.

Management should ensure that all office furniture and equipment are coded and full description of the assets such as name, asset number, serial number and location are recorded in the asset registers and inventory control sheets.

The roles of receipting and issuing of assets should be allocated to different officers.

Management Responses

The Ministry has an asset register in place where all assets are recorded, however it is being updated since some assets are still coming which were purchased in 2021. We note that the asset register needs some improvement and we are going to procure the prescribed asset register from Print Flow.

The department is planning to visit provinces and districts for physical count of assets. We note that the asset register needs some improvement and we are going to procure the prescribed asset register from Print flow.

The department of administration is manned by four administration officers and reporting to a deputy director each with a role in the following areas, transport management, stores management, internal and asset management.

Evaluation of Management Response

There is need to have different officers tending to the receipting and issuance of assets.

The Ministry is maintaining a goods received register and not an asset register, the two have different purposes. The Head Office should also maintain a master assets register.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Ministry addressed all prior year audit findings. The two findings raised were addressed as follows:

2.1 New Vehicles

The three vehicles were delivered in the year 2021.

2.2 Security Items

Strong rooms were purchased to store the security items.

GOVERNMENT POOL PROPERTIES RETENTION FUND 2019

Objective of the Fund

The Fund was established for the purpose of maintaining all Government owned pool properties in a state that meets national and international standards.

Qualified Opinion

I have audited the financial statements of the Government Pool Properties Retention Fund. These financial statements comprise the Statement of Financial Position as at December 31, 2019, and the Statement of Comprehensive Income, and Statement of Cash Flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies.

Below is a summary of Statement of Comprehensive Income and Statement of Financial Position.

Statement of Comprehensive Income

Item	Amount $
Income	4 178 655
Expenditure	3 393 593
Surplus	**$785 062**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	592 102	-
Capital Reserve	-	6 086 822
Accumulated Fund	-	785 062
Current	6 279 782	-
Total	**$6 871 884**	**$6 871 884**

In my opinion, except for 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 Government Pool Properties Retention Fund as at December 31, 2019 its financial performance and its Cash Flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

Basis for Qualified Opinion

(i) Fund Income

Finding

The Fund did not maintain financial records that would assist in consolidating all provincial information on rental income. The rental income amounting to $5 235 272 which was received by the Fund was from tenants with Employment Code (EC) and Identification Numbers (ID) and these were captured in Pastel Accounting System. Tenants without EC and ID numbers were not being invoiced and the income was subsequently omitted from the financial statements. I could therefore, not verify the authenticity of the figures disclosed in the financial statements.

Risk/Implication

The completeness and reliability of the financial statements may be compromised.

Recommendations

The Fund should maintain proper books of accounts and consolidate all the information so as to produce reliable financial information.

The Fund should ensure that the financial statements include all the rental information from all tenants for completeness.

Management Responses

The Ministry has embarked on provincial visits with the view of gathering identity numbers (ID) for non-civil servants like parastatal staff so that the Fund can invoice the occupants.

However, the rental payments from the same occupants were recognized in the financial statements as temporary deposits since there were no corresponding invoices.

However, below are other issues that were noted during the audit:

1. REVENUE COLLECTION AND DEBT RECOVERY

1.1 Temporary Deposits

Findings

There was an increase of 48% in Temporary Deposits from $126 990 to $188 502 for the period under review. The Fund did not provide a comprehensive breakdown of individual transactions making up the disclosed figure. Most amounts originated from the Fund's provincial offices.

This was contrary to the requirements of Section 52 (5) of the Public Finance Management (Treasury Instructions), 2019 which states that all information about the deposits be included.

Risk/Implication

If temporary deposits records are not properly maintained and balances not properly disclosed, that may create opportunities for misappropriation of Public Funds.

Recommendation

Outstanding temporary deposits should be accounted for, reviewed and cleared as provided in Section 52 (5) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

Collector schedules were not being submitted to Head Office for updating cashbooks, due to low manning levels at our districts and provincial offices. However, the Funds

were accounted for as revenue in the statement of comprehensive income for the period under review.

1.2 Debtors

Finding

From a sample of files inspected of government properties at Francis and Belvedere flats, I observed that the properties were occupied by non-serving civil servants, contrary to the provisions of Section 2 (b) and 3 of the Agreement of Lease that requires the lessor to provide temporary accommodation to serving civil servants and that rentals be payable monthly by way of a stop order deduction. Some of the officers did not renew their lease agreements and were not paying rentals.

Risk/Implication

If tenants who occupy government owned pool properties do not pay rentals to government, the Fund will not be able to fulfil its mandate.

Recommendations

The Ministry should ensure that all tenants, sign their lease agreements and abide by the terms of the lease agreements and all tenants should pay their rentals.

Further, civil servants should be prioritised in offering accommodation.

Management Response

Non-serving civil servants occupying the Government properties would have been authorized by the Ministry, while tenants without valid lease agreements are either on notice to vacate the premises or still have outstanding rent arrears hence the Ministry cannot renew their leases. The legal department is handling the issues of recovery of outstanding rentals and eviction of defaulting tenants through the courts.

1.3 Accounts Receivable

Findings

I could not verify a cumulative amount of $2 771 185 shown as a decrease in trade receivables in the statement of cash flows. The amount was not explained by way of notes. No reconciliations were done between balances in Pastel against those on rent cards.

This was contrary to the provisions of Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] which states that every Accounting Officer of a Ministry shall keep or cause to be kept proper records of account.

Risk/Implication

The absence of a reconciliation between Pastel and rent cards balances may result in the misstatement of receivables.

Recommendation

The Fund should prepare monthly receivables reconciliation statements and maintain updated records all the time.

Management Response

In 2018 trade receivables were standing at $4 614 656 and then they decreased to $1 843 471. The Ministry instituted payment plans with tenants on the recovery of outstanding rental arrears hence the increase in the working capital. However, in future we will include notes to the financial statements. The finance department is still to complete an exercise of reconciling the trade receivables in the provinces and districts which was hampered by the COVID-19 pandemic.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make any progress in addressing prior year audit findings. Of the five findings that were raised, none were addressed as indicated below.

2.1 Provincial Income and Debtors Excluded from the Financial Statements

There were tenants from Provincial Offices whose employee code numbers were not in the Pastel Accounting System which resulted in their rentals being omitted from the financial statements. The issue is still outstanding and has been included in this report.

2.2 Stock Control Cards

The observation is still outstanding as supporting documents could not be availed for audit for Provincial stock values.

2.3 Non-Preparation and Submission of Revenue and Debtors Returns

The revenue and debtors figures for Masvingo and Mutare Provincial Offices, as well as those for Rushinga, Wedza and Murehwa districts were not included in the financial statements submitted for audit. The issue is still outstanding and has been included in the report on (i) above.

2.4 Accounts Receivables

The status is still the same as there are some Districts which could not prepare the debtors' returns. The issue has been included in the report on (1.3) above.

2.5 Subdivision and allocation of Government Pool Properties

There was subdivision and illegal allocation of the Fund's properties without authority from the Public Works Department in the Nyanga, Murehwa, Gutu, Bikita and Zaka Districts. The issue has not been addressed.

HOUSING AND GUARANTEE FUND 2020

Objective of the Fund

The Fund was established for the purpose of giving 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*].

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	205 340
Expenditure	310 745
Deficit	**($105 405)**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	2 720 951	-
Capital Reserve	-	3 018 649
Accumulated Fund	-	1 482 295
Current	7 343 205	5 668 616
Total	**$10 064 155**	**$10 064 155**

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

However, below are issues noted during the audit:

1. REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Outstanding Rentals

Finding

The Fund had outstanding rentals amounting to $742 059 with some arrears dating back to 2017. There was no evidence that efforts were made to recover the outstanding amounts. Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 states that officers responsible for collecting debts should collect any sums due and not allow a debt to become extinguished.

Risk/Implication

The smooth operation of the Fund may be affected if outstanding amounts take long to be recovered.

Recommendation

The Ministry should ensure that follow ups are made with tenants owing.

Management Response

The observation is noted, however payment of rentals by the Fund's tenants was affected by Covid-19 restrictions since most of these tenants are non-civil servants, and efforts are also being made to evict defaulters through the courts.

1.2 Unidentified Deposits

Findings

Unidentified deposits amounting to $1 786 221 were disclosed in the financial statements, an increase of 29% from the 2019 figure of $1 264 833. The figure has accumulated since 2016 with no action being taken to allocate the deposits to their respective accounts. Further, there was no evidence that monthly reconciliations were being performed an exercise that could have helped in identifying the deposits.

Risks/Implications

If monthly reconciliations of bank statements are not performed, errors and unknown deposits may not be acted upon on time.

The figure for rent debtors may be overstated as some payments may be sitting in the unidentified deposits.

Recommendations

Monthly reconciliation of deposits from various districts should be carried out to facilitate identification of deposits.

Unidentified deposits should be traced with districts so that corrective action can be taken.

Management Response

The observation is indeed noted. The year 2020 has been a very difficult year in many ways in that some of our tenants were faithfully paying their rentals through their banks but were not able to bring forward those deposits confirmation for proper receipting. However, in 2021 when the Covid-19 restrictions were starting to ease we have noticed a remarkable number of tenant's coming forward with copies of the direct deposits made during the restriction period for receipting.

1.3 Advances to National Housing Fund

Finding

The Housing and Guarantee Fund made an advance of $1 500 000 to the National Housing Fund during the year under review and as at the end of the audit on June 10, 2022 the amount had not been reimbursed. Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 states that Officers responsible for collecting debts should take adequate steps to collect any sums due to the Government on due date and should not allow a debt to become extinguished through lapse of time

Risk/Implication

The Fund may fail to implement its programmes if financial resources generated are used to defray non-Fund related expenditure.

Recommendations

The financial resources generated should be used to cater for activities that are in line with the objectives of the Fund as outlined in the Constitution.

Funds paid on behalf of other accounts should be fully recovered.

Management Response

The observation is noted. However, during the same period the Fund had very few registered suppliers as vendors under its name whilst the list under National Housing Fund was quite accommodating therefore some of the expenditures which were supposed to be met from the Housing Guarantee Fund were paid through National Housing Fund hence the transfer.

Evaluation of Management Response

The relevant supporting information on the said expenditure was not availed.

2 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund has not made much progress in addressing prior year audit findings. Out of the three findings, one (1) finding was addressed and the other two (2) findings were not addressed as indicated below:

2.1 Outstanding Rentals

The issue was not resolved as indicated on Paragraph 1.1 above.

2.2 Trade and Other Payables

The issue is still outstanding and has been included in the report under Paragraph 1.1 above.

2.3 Advance to Parent Ministry

The issue was resolved as the advance was reimbursed.

NATIONAL HOUSING FUND 2018

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*].

Qualified Opinion

I have audited the financial statements of the National Housing Fund of the Ministry of Local Government, Public Works and National Housing. These financial statements comprise the statement of financial position as at December 31, 2018, and statement of comprehensive income, and statement of cash flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies.

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

Statement of Comprehensive Income

Item	Amount $
Income	7 793 990
Expenditure	898 498
Surplus	**$6 895 492**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-Current	106 291 374	-
Capital Reserve	-	94 372 481
Accumulated Fund	-	41 714 039
Current Assets	35 143 559	5 348 413
Total	**$141 434 933**	**$141 434 933**

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, 2018 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) Rental Income

Finding

The Fund did not maintain financial records such as debtors' ledgers, rent cards and age analysis. As a result, the completeness and accuracy of the rental income of $5 703 609 and rent debtors of $27 875 974 disclosed in the financial statements could not be validated. Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] requires the Accounting Officer to keep or cause to be kept proper records of accounts.

Risk/Implication

Failure to maintain financial records compromises the reliability of the financial information.

Recommendations

Financial records should be maintained as required by Section 35 (6) (a) of the Public Finance Management Act [*Chapter 22:19*] to enhance accountability.

Effective measures should be put in place to monitor rental collections and recover long outstanding rentals.

Management Response

We have attached 2018 billing, receipts journals and balances for all active accounts for your reference. The system generated age analysis will provide current balances and not as at 31 December 2018.

However, defaulters are always referred to the Civil Division. It is there where the legal process takes too long to materialise whilst at the same time the debt will be accruing.

Evaluation of Management Response

The documents submitted for 2018 billing, receipts journals and balances were for rent debtors amounting to $9 174 915 leaving a variance of $18 701 059 which was not supported.

However, below are other issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Cash at Bank

Finding

The Fund did not perform monthly bank reconciliations. As a result, the financial statements showed a bank balance of $807 055 while certificates from the bank had a total balance of $946 354. The variance of $139 299 was not reconciled thereby understating the cash and cash equivalent balance. Section 46 (7) of the Public Finance Management (Treasury Instructions), 2019 states that it is the responsibility of the Receivers of Revenue to ensure that reconciliations are carried out daily to confirm receipt of funds.

Risk/Implication

Cash and cash equivalents figure may be misstated.

Recommendation

Monthly reconciliations should be carried out to trace and clear any imbalances.

Management Response

The observation is noted. The Fund had challenges of manning at Provincial level even as it was under the Ministry of Local Government, Public Works and National Housing. However, with the coming in of the new Ministry of National Housing and Social Amenities, all POSB provincial accounts are now being reconciled because the Ministry has now filled all provincial accountant posts. The accountants are currently being inducted at their provincial Offices. For Head Office, National Housing Fund and NHF Reconstruction accounts held with CBZ are reconciled and the difference could be as a result of either deposits in transit, unknown deposits and or bank lodgements not recorded in the cash book.

2 REVENUE COLLECTION AND DEBT RECOVERY

2.1 Payments on Behalf of the Appropriation Account

Finding

The Fund made payments amounting to $1 399 733 on behalf of the Appropriation Account as shown in the statement of cash flows submitted for audit. By the time of concluding my audit on April 29, 2022, no evidence had been produced to show that the funds had been reimbursed. The payments were contrary to the objective of the Fund which is to assist with the development of housing schemes and ancillary services.

Risk/Implication

The Fund may fail to achieve its objectives if resources are diverted to other uses.

Recommendations

The Fund should desist from using its resources to pay for non-fund related expenses as this would deprive the Fund of the much needed resources.

The Ministry should reimburse the Fund.

Management Response

We are in the process of reconciling what was refunded and that which is still to be refunded. However, our records had the following breakdown:

Item	**Amount $**
Advances to Exchequer	943 071
Garikai Advances to Exchequer	317 832
Total	**$1 260 903**

2.2 Recovery of Misappropriated Funds

Finding

There was misappropriation of funds by an employee from the Kariba District in 2015. The funds misappropriated amounted to $10 689. No evidence was availed to audit on the action being taken to recover the funds. Section 49 (2) of the Public Finance Management (Treasury Instructions), 2019 states that Accounting Officers should collect any sums due to the Government on due date and not allow a debt to become extinguished.

Risk/Implication

The accounts receivable may be misstated and the amount may end up being irrecoverable if it takes too long to initiate the recovery process.

Recommendation

The Fund should recover the funds or make a provision for long outstanding debts so that debtors and profits are not overstated.

Management Response

The observation is noted. The Fund is making concerted effort to recover the said amount whilst effecting the necessary correction to reflect the correct account which had its receipts misappropriated. Please note that the member was summarily discharged and the money amounting to $10 689 is to be recovered from the member`s terminal benefits and assets. Meanwhile SSB managed to recover only $12.

3 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund made partial progress in addressing audit findings raised in my previous audit report. Five (5) findings were partially addressed as indicated below:

3.1 Non-Disclosure of Properties in the Financial Statements

The issue was partially implemented and the Fund is in the process of inspecting the properties.

3.2 Rented Properties and Properties on Course of Sale

The issue was partially addressed as some of the reconciliations have been done.

3.3 Cash on Hand and at Bank

The issue was partially resolved as the Fund did not overdraw from the bank in the year under review.

3.4 Transfer of Title Deeds

The issue was partially addressed as some tenants are still to get title deeds.

3.5 Sale of Government Properties

The issue was partially addressed as inspections are still being carried out on some of the houses to determine whether occupants have lease agreements.

VOTE 25.- JUDICIAL SERVICES COMMISSION

COURTS ADMINISTRATION FUND 2019

Objective of the Fund

The purpose of the Fund is to provide resources to enhance the effective and efficient administration of Justice to all courts.

Opinion

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

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

Statement of Comprehensive Income

Item	**Amount $**
Income	58 478 245
Expenditure	55 936 174
Surplus	**$2 542 071**

Statement of Financial Position

Item	**Assets ($)**	**Liabilities ($)**
Non-Current	10 943 532	-
Current	202 658	-
Accumulated Fund	-	11 146 190
Total	**$ 11 146 190**	**$11 146 190**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit:

1 REVENUE COLLECTION AND DEBT MANAGEMENT

1.1 Revenue Sharing According to the National Prosecuting Act

Finding

The Fund Administrators retained 95% amounting to $58 179 962 of total revenue collected when retained collections should have been ($24 496 826 being 40%) in terms of Section 32(9) of the National Prosecuting Act [*Chapter 7:20*]. The other 60% was meant for other institutions under the Ministry.

The violation deprived other institutions responsible for justice delivery from utilising their share of the revenue to enable them to fulfil their mandates.

Risk/Implication

The other institutions responsible for justice delivery may not fulfil their mandates effectively if deprived of the much needed revenue.

Recommendations

There is need to adhere to the revenue sharing ratios as given in Section 32(9) of the National Prosecuting Authority Act [*Chapter 7:20*].

The additional revenue being retained by the Fund Administrators should be surrendered to the other arms of Government responsible for justice delivery.

Management Responses

The Commission accounts for its share of revenue and does not account for the share of revenue that has been transferred to other stakeholders (the National Prosecuting Authority included). The amount reported in the Commission's accounts constitutes 66% of the total revenue and the breakdown of the same is as follows:

- 16 % JSC share in accordance with the NPA Act.
- 50% Additional revenue percentage which ordinarily should be credited to Exchequer but Treasury has agreed that the Commission as per its request should utilize the same to address access to justice critical funding gaps which if funded through normal releases the envisaged objectives will not be addressed adequately.

Evaluation of Management Response

The request sent to Treasury by the Judicial Service Commission and the respective response therefrom were not produced for audit examination. The stated position could not be validated in the absence of a written amendment.

VOTE 26.- PUBLIC SERVICE COMMISSION

PUBLIC SERVICE TRANSPORT MANAGEMENT FUND 2019 AND 2020

Objective of the Fund

The objective and purpose of the Fund is to ensure that public servants are provided with affordable and efficient transport services to enable them to travel to and from the workplace.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	409 168 604
Expenditure	175 955 609
Surplus	**$233 212 995**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-current	246 601 472	-
Current	25 215 321	395 398
Accumulated Fund	-	271 421 395
Total	**$271 816 793**	**$271 816 793**

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

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1. Maintenance of Accounting Records

Finding

Fund managers resubmitted four (4) sets of different financial statements for the year ended December 31, 2020 after making adjustments following errors noted by auditors. This was a reflection of lack 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 prepared by junior staff compromises the integrity of financial statements.

Recommendation

The Fund's managers should always prepare correct financial statements as required by Section 28 (6) of the Public Finance Management Act [*Chapter 22:19*].

Checks should be done by a senior official for correctness of the financials.

Management Response

Management is still to respond.

2. PROCUREMENT

2.1 Purchase of Goods on Behalf of the Public Service Commission (PSC)

Findings

In 2020 the Public Service Transport Management Fund bought 355 tyres for light motor vehicles at a cost of $5 033 205. However, the Fund does not own light motor vehicles. Audit was informed that the tyres were meant for use by Public Service Commission's vehicles. It was not clear why so many tyres were required at one go. The main purpose of the Fund is to offer transport to members of the civil service to and from work.

Furthermore, the Fund's fuel register showed that during the year under review, a total of 112 360 litres of fuel worth $13 033 760 was advanced to the Public Service Commission. This expenditure was outside the mandate of the Fund as outlined in the Constitution. At the time of concluding the audit in May 2022, both the fuel and funds spent on buying tyres had not been reimbursed by the Public Service Commission.

Risks/Implications

Using the funds allocated to the Fund for other purposes may result in the Fund failing to efficiently deliver services to its stakeholders.

Excess stocks of fuel and tyres may result in theft and pilferage.

Recommendations

The Fund should be reimbursed all the money that was used to purchase tyres for light motor vehicles belonging to the Public Service Commission.

Management should ensure that, fuel transferred to the Public Service Commission is reimbursed.

Measures should be put in place to ensure that the Fund's resources are used for the fulfilment of its objectives, as the PSC is funded through Vote Appropriation.

Management Response

Observation noted. Ministry of Finance has been engaged to open the 13th period of 2020 so that we do the Journal Voucher to transfer the expenditure to the correct sub program.

3 MANAGEMENT OF ASSETS

3.1 Damaged Bus

Finding

My 2019 audit revealed that a bus (Registration Number GBLT 01) with an indicative value of US$40 000 was damaged beyond repair by a fire which occurred on September 5, 2018. Subsequently a Board of Inquiry (BOI) that was convened on November 15, 2018 recommended the disposing of the bus by auctioning valuable parts that had been salvaged. However, the value of the bus and a 20% depreciation charge of $8 000 for the year ended December 31, 2019 were included in the financial statements. This was contrary to best accounting practices since the asset was impaired beyond use.

Risk/Implication

The total asset values disclosed in financial statements were misstated and will mislead users of the financial statements in their decision making process.

Recommendation

The recommendations of the Board of Inquiry should be taken into consideration and implemented. Proper disclosure of assets should be done at all times.

Management Response

The observation is noted. A difficulty is presented on proper valuation for the period between the damage to the vehicle and the realization of value upon disposal. It is conceivable that parts sold at auction could realise a value equal to or less than the book value of the asset. During that period therefore, the only established reference value was the book value.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

There were no prior year issues

SALARY SERVICE BUREAU GENERAL PURPOSE FUND 2019

Objective of the Fund

The Fund was established for the purpose of collecting and administering fees to finance the development and maintenance of services, programmes and other related activities at Salary Service Bureau.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	6 930 893
Expenditure	6 633 281
Surplus	**$297 612**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-current	2 330 060	-
Current	607 770	91 557
Accumulated Fund	-	2 846 273
Total	**$2 937 830**	**$2 937 830**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Salary Service Bureau General Purpose Fund as at December 31, 2019 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 Asset Register

Finding

Management did not maintain a detailed asset register. Information such as the location, value of asset and serial number of the asset was missing from the registers. In addition, assets purchased during the year valued at $453 245 were not recorded in the asset register. Section 100 (4) of Public Finance Management (Treasury Instructions), 2019, requires, the Accounting Officers to ensure that appropriate and up to date records of assets are maintained.

Risk/Implication

Failure to maintain or update the asset register may result in poor accountability of assets.

Recommendation

Management should ensure that the asset registers are prepared and maintained as prescribed by Section 100 (4) of the Public Finance Management (Treasury Instructions), 2019.

Management Response

The observation is noted. Most of the assets were delivered and recorded in the PSC Head Office asset register for easy reference since they are the custodians of the assets. Assets stationed at SSB were recorded in SSB asset register.

1.2 Accounting Packages

Finding

The Fund maintained its accounting records manually instead of the recommended Public Finance Management System (PFMS) used by Government to record transactions in the cashbook, journal and the ledgers. Section 13 (2) of the Public Finance Management (Treasury Instruction), 2019 requires that all Statutory and other funds shall use PFMS unless authorised 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 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 Responses

The observation is noted. There are two accounting packages which we have used to account for the effects of transactions and events of the General-Purpose Fund Account. Pastel and the Public Finance Management Systems (PFMS) were used in the ensuing year. Each of the two systems had its own issues which were supposed to be resolved in order for it to be used to prepare and produce financial statements which would be more useful to the users. Therefore, on the basis of the issues raised on use of the two systems, we were left with no option but resorted to the use of an excel manual system to prepare financial statements for the year ended December 31, 2019.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not have any findings raised in my previous audit report.

SKILLS ATTRACTION, RETENTION AND DEVELOPMENT FUND 2019

Objective of the Fund

The purpose of the Fund is to attract, retain and develop capacities and competences of skilled and experienced professionals in the public service.

Opinion

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

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

Statement of Comprehensive Income

Item	Amount $
Income	20 616 780
Expenditure	9 830
Surplus	**$20 606 950**

Statement of Financial Position

Item	Assets ($)	Liabilities ($)
Non-current	20 436 514	-
Current	510 789	4 551
Accumulated Fund	-	20 942 752
Total	**$20 947 303**	**$20 947 303**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit:

1. GOVERNANCE ISSUES

1.1 Appointment of the Board

Findings

As highlighted in my previous report, the Commission had not yet appointed a Board for the Fund. Consequently, no activities had been performed to attract, retain and develop capacities and competencies of professionals in the public service. Section 4 (b) of the Fund`s Constitution requires the Public Service Commission to appoint a board comprising senior officials from Government and key stakeholders.

Due to the absence of the Board an amount of $20 030 000 disbursed by Treasury remained unutilized.

Risks/Implications

The Fund may become irrelevant if the Board is not appointed.

If left unutilized the grant may be eroded by inflation.

Recommendation

The Public Service Commission should appoint a Board in compliance with the Fund`s Constitution to ensure efficient and effective administration of the Fund.

Management Response

The Fund acknowledges the observation and advises that, whereas in past years' disbursements from the Fund were rendered impracticable due to low budgetary allocations, Treasury allocated funds in the hope and expectation that fundamental issues relating to eligibility criteria against the backdrop of constitutional changes would be resolved within the budget year. The Board will be appointed expeditiously on the basis of clear Terms of Reference. It will also be clearer whether or not the budgetary allocation will be adequate to cover all eligible grades.

2. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Fund did not make any progress in addressing three (3) audit findings raised in my previous audit report which are:

2.1 Money held in Zimbabwe Allied Banking Group (ZABG) Account

The Fund had still not recovered an amount of $39 875 locked up in the liquidated Zimbabwe Allied Banking Group (ZABG).

2.2 Submission of Annual Report to Parliament

The Fund`s annual report had still not been forwarded to the Minister of Finance and Economic Development for tabling in Parliament.

2.3 Board of the Fund

The Board was still to be appointed.

VOTE 28.- ZIMBABWE HUMAN RIGHTS COMMISSION

APPROPRIATION ACCOUNT 2021

Mandate

The Zimbabwe Human Rights Commission (ZHRC) is a national human rights institution which was established under section 242 of the Constitution of Zimbabwe. It is an independent Commission whose main mandate is to protect, promote and enforce human rights.

Opinion

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

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

Voted Funds	Unallocated Reserve Transfers	Total	Expenditure	Net Under spending
$148 000 000	$18 608 691	$166 608 691	$145 362 963	$21 245 728

In my opinion, the financial statements present fairly the state of affairs of the Zimbabwe Human Rights Commission for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 MANAGEMENT AND IMPLEMENTATION OF GOVERNMENT PROGRAMMES

1.1 Non-Availability of Program Based Budgeting (PBB) Supporting Documents

Finding

The Zimbabwe Human Rights Commission (ZHRC) could not avail non-financial information which indicated planned and achieved outputs and outcomes and minutes of budget committee meetings for the 2021 financial year. This was in violation of Treasury circular number 06 of 2019 on Implementation of Results Based Budgeting. Consequently, I was not able to assess performance of the Commission during the financial year under review.

Risk/Implication

Without documented plans, outputs and outcomes, it may be difficult to review performance. The budgeted funds might not have been applied to attain the planned programme milestones.

Recommendation

The Commission should avail the relevant non-financial information for audit examination to enable me to assess the Commission's performance.

Management Response

The observation is noted. The Commission could not convene meetings during the COVID-19 pandemic as Government had halted the holding of meetings and limited staff levels attending to government business. It can be noted that the Commission's performance information is available in the 2022 Blue Book for review.

Evaluation of Management Response

I acknowledge the response from the Commission, however no documentary evidence was availed to support outputs and outcomes reported in the year 2022 Blue Book.

2 PROCUREMENT

2.1 Purchase of Motor Vehicles

Finding

The ZHRC entered into a contract with Earl Grey Motors (PVT) Limited for the supply of three (3) x Toyota Hilux Double Cab DM4 motor vehicles on September 1, 2021 at a total cost of US$182 488 (approximately ZWL$15 821 693 when converted using the Reserve Bank of Zimbabwe (RBZ) spot rate on transaction date). The procured vehicles were supposed to be delivered within 30 days after payment, however the supplier had not yet delivered these vehicles to ZHRC by March 21, 2022.

Risk/Implication

The non-delivery of procured motor vehicles might result in limited mobility on the part of the Commission to reach out and render efficient services to the public especially those residing in remote provinces.

Recommendation

The ZHRC should continue to engage Earl Grey Motors (PVT) Limited with a view of securing the delivery of the three (3) Toyota motor vehicles.

Management Response

The supplier was queuing for foreign currency at the RBZ auction rate, and the company was finally provided with funds to procure the three vehicles.

According to the supplier's delivery schedules, 2 vehicles Chassis Numbers AHTDBBCD005633032 and AHDTDBBCD105633170 and Engine Numbers 2GD1096473 and 2GD1091486 respectively would be supplied and delivered by May 31, 2022.

Evaluation of Management Response

A follow-up on this matter on June 3, 2022 revealed that the three (3) motor vehicles were still to be delivered despite an earlier undertaking made by the supplier.

3 COMPENSATION OF EMPLOYEES

3.1 Misstatement of Salaries

Finding

The Public Financial Management System (PFMS) figure of $75 385 794 for Compensation of employees differed from the figure disclosed in the Appropriation Account as at December 31, 2021 of $75 895 794 resulting in a total variance of $510 000. This contravened Treasury Circular B/1/88 dated June 5, 2018 which requires Finance Directors to reconcile Salary Service Bureau (SSB) billed amounts to the PFMS ledgers on a monthly basis.

Risk/Implication

The error compromises the credibility of the financial statements.

Recommendation

The Zimbabwe Human Rights Commission should ensure that the total compensation of employees figure in the PFMS is adjusted and agreed to the corresponding figure disclosed in the financial statements for the year 2021 submitted for audit

Management Response

The observation is noted. When the Commission had unfunded batches at year end, Treasury requested that the batches be reversed in the 13th period which is January 2022.

We approached the PFMS Unit for guidance and were advised that the two budget periods needed to be opened to facilitate reversals. We have sought the Treasury's attention on the issue to have the periods opened.

A letter was submitted to Treasury soliciting for authority to unlock prior year accounting periods.

4 GENDER POLICIES AND SUPPORTING STRUCTURES

4.1 Gender Focal Person and Committee

Finding

The Commission did not avail work plans and minutes of meetings as evidence of the functionality of the Gender Committee and activities of the focal person during the year 2021. Furthermore, gender complaints registers were not availed for audit inspection. Therefore, I could not ascertain whether or not workplace gender related issues were being prioritised in the Commission's operational activities.

Risk/Implication

The Commission may not be able to promote gender issues at the workplace

Recommendations

The Commission should take measures to ensure functionality of the Gender Committee.

The Commission should open and maintain a gender complaints register to monitor and resolve any potential gender related cases at the workplace.

Management Response

The observation is noted. Because of the continuous COVID-19 lockdowns during the reporting period, the Gender Focal Person was appointed with effect from December 1, 2021. That is the reason why there were no work plans that were availed. This gap will be addressed during the next reporting period.

In relation to the Gender Committee, the Commission opted to mainstream gender into the Administration and Human Resources Committee instead of increasing the number of committees because most Commissioners are part time. This position was agreed on in November 2021, so the Administration and Human Resources Committee has not yet convened meetings relating to gender issues, hence the lack of minutes by the Committee. This gap will also be addressed during the next reporting period.

5 PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

The Zimbabwe Human Rights Commission fully addressed the audit findings raised in my previous audit report. The two (2) findings raised were addressed as indicated below:

5.1 Unsupported Expenditure

Payment vouchers now have the supporting documents such as invoices and goods receipts vouchers.

5.2 Decentralisation

The Zimbabwe Human Rights Commission has opened another office in Mutare in addition to the one in Bulawayo.

VOTE 29.- NATIONAL PEACE AND RECONCILIATION COMMISSION

APPROPRIATION ACCOUNT 2021

Mandate

The mandate and purpose of the National Peace and Reconciliation Commission is to provide sustainable peace, equality, reconciliation, national healing, cohesion, unity and the peaceful resolution of disputes and conflicts in Zimbabwe.

Opinion

I have audited the financial statements for the National Peace and Reconciliation Commission for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue Statements and other supporting returns.

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

Voted Funds	Unallocated Reserve	Total Allocated	Expenditure	Net Under spending
$133 000 000	**$76 799 964**	**$209 799 964**	**$209 265 796**	**$534 168**

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

However, the following are issues noted during the audit.

1 GOVERNANCE ISSUES

1.1 Funeral Expenses

Findings

The Commission made payments worth $71 000 and 800 litres of fuel to members who had lost their in-laws as funeral assistance. The nature of payments was not provided for under Voted funds. The payments, were made from the general ledger account that was supposed to cover funeral assistance for the employees only, after getting authority from the Public Service Commission. Therefore, the payments for loss of in-laws was not a proper charge against public funds.

The Commission relied on a draft Human Resources Policy and Procedure Manual, which states that the Commission shall put in place a Group Funeral Scheme for its employees which shall be non-contributory. However, this policy has not yet been approved by Treasury.

Risk/Implication

While the cause could be noble, the use of voted funds for unapproved purposes is irregular and compromises the achievement of set goals or targets for the Commission.

Recommendation

The Commission should review the payments made and find a way of redressing the irregular payments.

Going forward, the Commission should always ensure that necessary authorities are obtained for expenditure not covered in the budget.

Management Responses

The Commission will seek condonation from Treasury. The Funeral scheme was part of the Commission's staff retention strategy against high staff turnover. The Commission was in the process of crafting a contributory scheme through proposed voluntary Social Club Fund which was in circulation to Commission employees. The Commission will seek Treasury concurrence to run the new proposed scheme.

2. PROGRAMME IMPLEMENTATION

2.1 Programme Based Budgeting

Finding

In the Estimates of expenditure for 2021 under the National Peace and Reconciliation program, the Commission outlined various activities it set to carryout. Although, the Commission managed to achieve some of the set targets, it did not succeed in achieving the same for the following planned activities:

- Peace Committees – The Commission established fifteen (15) out of forty (40) that had been planned for the year.
- Public and Private Hearings-No hearing both private and public were undertaken out of fifteen (15) planned.
- Investigative Hearings-No investigative hearings were carried, out of the ten (10) that had been planned.

Risk/Implication

Failure to meet annual set targets may impact negatively towards the attainment of a peaceful, united and reconciled nation.

Recommendation

The Commission should come up with strategies or remedial action that will ensure that areas with low achievements are given priority to improve the results in future.

Management Response

The low rate of success was due to resource constraints and COVID-19 pandemic. The Public and Private Hearing was not done because it was moved away from the Commission to the Office of the President and Cabinet.

3. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

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

3.1 Classification of Expenditure

The Commission wrongly classified expenditures for rentals of $200 000 and hotels and other institutions of $825 739. The Commission has not corrected the misclassified expenditure.

3.2 Goods Received Notes

The Commission did not raise goods received notes for goods received from suppliers amounting to $381 160. The Commission was now using computer generated goods received notes.

3.3 Inadequately Supported Payment Vouchers

The Commission made payments amounting to $630 764 for maintenance of services that were not supported by source documents. The Commission managed to attach the supporting documents to the payment vouchers.

3.4 The Master Asset Register

The Commission did not maintain an up to date Master Asset Register. Asset records were kept on soft copy in Microsoft Excel which was unsecured and prone to manipulation. During the current year the master asset register on Microsoft Excel was now secured by a password.

The Commission capitalised partitioning costs of $3 449 998, however, the expenditure was not recorded in the master asset register of the Commission. The partitioning costs were subsequently recorded in the Master asset register.

3.5 Recovery and Disposal of Damaged Vehicle

A vehicle belonging to the Commission was damaged in a traffic accident. A Board of Inquiry convened determined that the third party was to be blame. The Commission is still to locate and recover the costs of the damages from the third party.

VOTE 30.- NATIONAL PROSECUTING AUTHORITY

APPROPRIATION ACCOUNT 2021

Mandate

The Authority 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.

Opinion

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

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

Voted Funds	Unallocated Reserve/Warrant	Total Allocated	Expenditure	Net Under Spending
$610 000 000	$200 000 000	$810 000 000	$790 545 909	$19 454 091
Constitutional and Statutory Appropriation				
$2 000 000	$1 365 000	$3 365 000	$2 691 246	$673 754

In my opinion, the financial statements and other supporting returns present fairly the state of affairs of the National Prosecuting Authority for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below is an issue noted during the audit:

1 GOVERNANCE ISSUES

1.1 Appointment of the Board

Findings

The Authority operated without a board since 2020 when the term of the previous board expired in December 2019. Section 5 of the National Prosecuting Authority Act [*Chapter 7:20*] provides for the establishment of the National Prosecuting Authority Board to assist the Prosecutor-General in the exercise of his/her functions. Below were operational gaps noted as a result of the absence of the board:

The Authority had nine disciplinary issues which were on hold, awaiting appointment of the board. Section 6 (1) (d) of the National Prosecuting Authority Act, [*Chapter 7:20*] states that the board exercises disciplinary powers in relation to members of the Authority.

The Authority had twelve posts whose incumbents were in indefinite acting capacity since 2019. Filling of the posts was also awaiting the appointment of the board as outlined under Section 6 (1) (b) of the National Prosecuting Authority Act, [*Chapter 7:20*].

The Authority operated without an Audit Committee since January 2020 depriving the institution good corporate governance.

The Authority did not have a final and approved risk management policy. There has been a draft policy since 2016, relating to the strategic plan of 2015- 2020 which expired. Section 44 (1) (a) of the Public Finance Management Act [*Chapter 22:19*] requires Accounting Authorities for public entities to establish and maintain effective, efficient and transparent systems of financial and risk management and internal controls.

Risks/Implications

Without the board, the Authority may not effectively and efficiently execute its operations.

Unresolved disciplinary issues may make it difficult for the Authority to protect integrity and efficiency of the Authority.

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

Failure to formulate a risk management policy might result in the Authority not being able to identify and effectively respond to material risks or threats.

Recommendations

Management should continue following up with the Ministry of Justice, Legal and Parliamentary Affairs to have the board appointed.

Consideration should also be made whether the administrator of the Act cannot approve issues, pending appointment of board, for the continued operation of the Authority.

Management Response

The Minister of Justice, Legal and Parliamentary Affairs has indicated that the appointment process is at an advanced stage and so the board will be in place soon.

1.2 Reconciliation of Compensation of Employment Costs

Finding

There was an unexplained variance of $321 809 between Salary Service Bureau (SSB) and Public Financial Management System (PFMS) figures for compensation of employees. The PFMS had total expenditure amounting to $360 561 238 whilst SSB confirmation letter reflected a total of $360 883 047 for the same period. The Authority did not carry out monthly reconciliations between SSB payroll expenditure and the PFMS as required by Treasury Circular (Ref B/1/88) dated June 5, 2018. I therefore, could not confirm the correct expenditure figure.

Risks/Implications

Failure to carry out monthly salary reconciliations may result in the Ministry failing to detect errors, misappropriations and/or fraudulent activities.

The employment costs disclosed may be misstated.

Recommendation

The Authority should carry out monthly reconciliations and whenever there are variances, these should be investigated and cleared.

Management Responses

The observation is noted. The variance between appropriation account and Salary Service Bureau is emanating from SSB deductions effected on salary expenditure in SAP during reconciliations. The Salary Service Bureau figure is not disclosing those deductions made on salaries. However, the salaries amount initially entered is similar to the Salary Service Bureau amount.

Evaluation of Management Response

No evidence in form of a breakdown of the amount was provided to support that the variance emanated from SSB deductions.

2 PROGRESS IN ADDRESSDING PRIOR YEAR AUDIT FINDINGS

The Authority did not make progress in addressing audit findings raised in my previous report. The two (2) findings were not addressed as indicated below:

2.1 Audit Committee

The Authority continued to operate without an Audit Committee.

2.2 Mainstreaming of Gender Issues

The Authority did not have a reference policy document on gender mainstreaming. In addition, there was no evidence of a performance management system in place that incorporated gender issues as key result areas (KRAs). The Authority was yet to engage the Ministry of Women's Affairs, Gender and Community Development to obtain guidance on developing the gender policy and start implementing gender issues.

VOTE 33.- ZIMBABWE GENDER COMMISSION

APPROPRIATION ACCOUNT 2021

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.

Opinion

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

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

Voted Funds	Unallocated Reserve Transfers	Total	Expenditure	Net Under spending
$153 000 000	$53 738 756	$206 738 756	$194 250 173	$12 488 583

In my opinion, the financial statements present fairly the state of affairs of the Zimbabwe Gender Commission for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Outstanding Advances Travelling and Subsistence

Findings

The Commission issued advances travel and subsistence amounting to $109 540 to three members in October and November 2021. The members did not undertake the trips and they did not surrender the unutilized money to the Commission. The Commission did not enforce return of the money on time. Instead of full recovery since the trips were not undertaken, salary deductions from the concerned members were effected in February and March 2022, four to five months later and the recovery period ranged from nine to ten months which translated to soft loans to the members. The amounts advanced formed part of the Appropriation expenditure for the year although the money was not utilized for the purposes for which it was intended.

A further $265 310 was advanced to four (4) members in September 2021 and their trip was interrupted by Covid-19 and had to return to Head Office. Out of this money only $128 985 was acquitted during the year and the acquittals related to the period of their stay. The balance was not surrendered to the Commission. Deductions were only effected in March 2022 about five months later. Regulations require acquittal of advances within 30 days after undertaking a trip and in cases of any outstanding advances, deductions should be effected immediately, if the member does not pay up the full amount. The Commission took long to effect deductions.

Risks/Implications

Important Commission programmes and other activities may not be undertaken as money would be tied up in uncleared advances.

Misappropriation of financial resources may occur if internal controls are circumvented and advances end up as if they are soft loans.

Recommendations

The Commission should ensure that when members apply for advances, they undertake the trips and if for whatever reason they are unable to fulfil the terms and conditions of the advance, they should surrender the money to the Commission in full and not take fourteen months to repay the money for a trip not undertaken.

Further, full recoveries through the members paying directly should be done and Salary Service Bureau (SSB) deductions adjusted accordingly.

Management Response

The observation has been noted. Going forward, the Commission will ensure that all T & S Advances shall be recovered in full in the event that member fails to return back the funds or when a member fails to acquit within thirty days of return from a trip.

However, it should be noted that the delay in effecting deductions was as a result of the Covid-19 pandemic where the SSB was understaffed and therefore did not process the submitted deductions in time.

Evaluation of Management Response

It should be noted that the remedy to the breach was not effecting deductions from SSB but rather surrendering the money for trips not undertaken.

2. MANAGEMENT OF ASSETS

2.1 Computerised Master Assets Register

Findings

The Commission did not upload its assets on the Public Financial Management System (PFMS). This was contrary to Section 100 (1) and (5) of the Public Finance Management (Treasury Instructions), 2019 which stipulates that Accounting Officers should ensure that all public assets under their control are recorded promptly and accurately in the appropriate manual registers and captured immediately on the PFM system.

Furthermore, there was no Losses of and Damage to State Property Register, which was contrary to Section 109 (7) of the Public Finance Management (Treasury Instructions), 2019 which requires Accounting Officers to maintain one.

Risks/Implications

Assets received may not be recorded in the Manual Master Asset Register, the Ledger and the Central Government Master Assets Register.

Assets may incorrectly be classified in the Master Assets Register and Ledger.

Recommendation

Supervisory controls should be enhanced so as to ensure timeous recording of assets in the Master Assets Register and the subsequent uploading of the assets in the PFM System.

Management Response

We acknowledge that the Commission has not been uploading its assets on the PFMS. This was due to capacity gaps which need to be addressed. Our Administration staff lack the requisite knowledge needed to upload assets on the system. An attempt to have staff trained was done in the first quarter of 2020 but was abandoned due to the COVID-19 pandemic. In addition, the relevant trainers had a busy schedule to attend to before training Commission staff. We are making plans to have our staff trained to equip them with the knowledge as soon as possible.

We acknowledge that as a Commission we have not kept a separate register for losses and damages. What we have done however, was to note these in the master assets register as well as to include them as an annexure to the yearly asset certificate return. We have noted the need to have a separate register, we shall comply with the requirement.

3. SUBMISSION OF ANNUAL REPORT TO PARLIAMENT

Finding

The Commission did not submit the 2021 annual report to Parliament by the end of March 2022 as required by section 247 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013.

Risk/Implication

The non-submission of the annual report deprived Parliament to perform its oversight role in terms of section 299 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013.

Recommendation

The Commission should compile and submit the annual report to Parliament by the end of March of every year in fulfilment of the requirements of the above-stated section of the Constitution.

Management Response

Management is still to respond.

4. PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

Out of the two issues that were raised in my previous report, the Commission managed to address one finding and the other one was not addressed as outlined below:

4.1 Procurement of Goods and Services

Procurement officers were still signing requests from user departments instead of being signed by the respective user departments.

4.2 Inadequately Supported Payments

Payments were now being supported.

VOTE 34.- ZIMBABWE LAND COMMISSION

APPROPRIATION ACCOUNT 2021

Mandate

The mandate and purpose of the Zimbabwe Land Commission is to carry out land audit, farm inspections, resolve disputes and make recommendations to Government on appropriate land tenure systems.

Opinion

I have audited the financial statements of the Zimbabwe Land Commission for the year ended December 31, 2021. These financial statements comprise the Appropriation Account, Finance and Revenue statements and other supporting returns. Below is a summary of what was allocated and spent during the year:

Voted Funds	Unallocated Reserve	Total	Expenditure	Net Under Spending
$934 000 000	$20 796 634	$954 796 634	$575 215 340	$379 581 294

In my opinion, the financial statements present fairly the state of affairs of the Zimbabwe Land Commission for the year ended December 31, 2021 in accordance with Generally Accepted Accounting Practice (GAAP).

However, below are issues noted during the audit:

1 SERVICE DELIVERY / MANAGEMENT OF PROGRAMMES

1.1 Land Audit

Finding

The Department of Land Audit and Inspection planned to audit 80 000 farms during the year under review. According to the records availed for audit, the Commission audited 25 606 farms, about 32% of the planned output. However, during the course of the year, the Commission revised the target to 30 000 which was below the original target. Late release of funds by Treasury was cited as militating against the achievement of its objectives.

Risk/Implication

The Commission's objective of carrying out the audits may not be met.

Recommendation

The Commission should lobby for the requisite resources from Treasury.

Management Response

The observation is noted.

1.2 Land Tenure Systems

Finding

Under Programme 2; Land Management Advisory Services, the Commission had planned to improve the land tenure systems in Zimbabwe by reviewing the four existing land tenure systems, namely Freehold, Customary, Leasehold and State Land Tenure using a budget allocation of $5 712 000. However, the Commission only managed to carry out a research on how they would improve the land tenure systems in Zimbabwe.

Risk/Implication

The Commission's objective of improving Zimbabwe`s land tenure system may not be met.

Recommendation

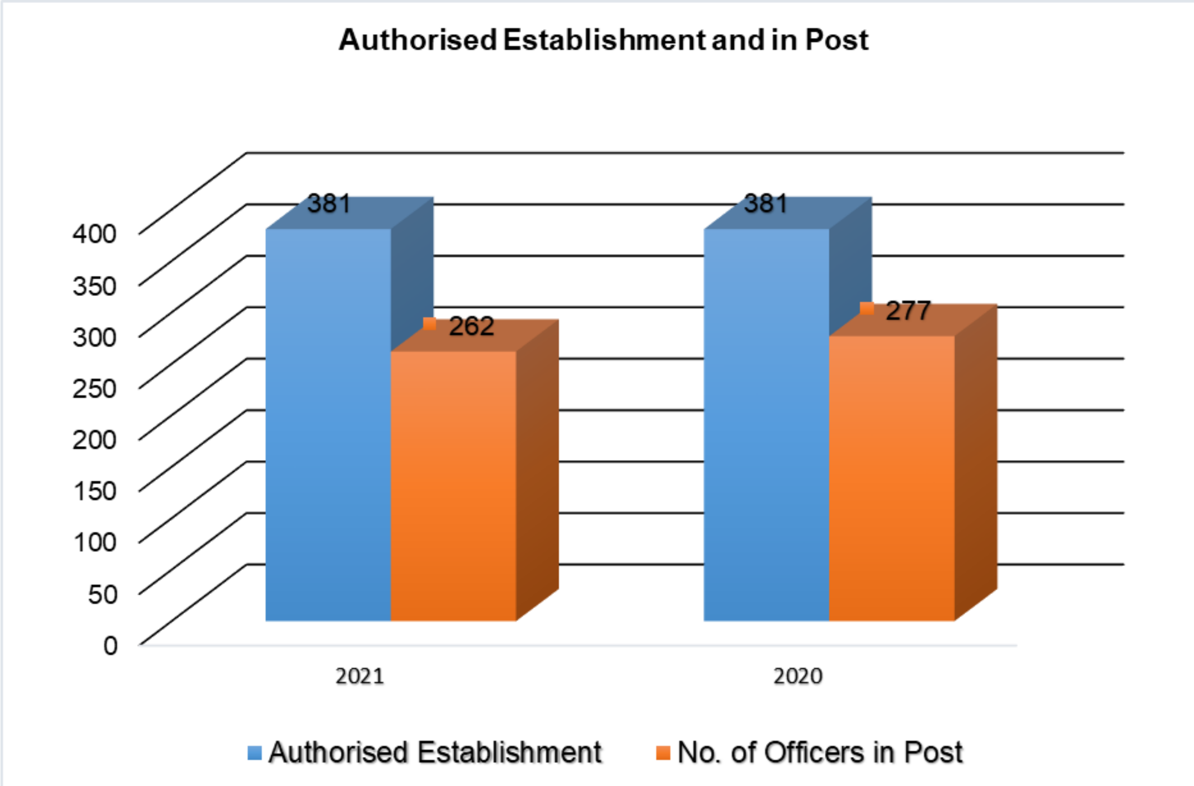
The Commission should carry out planned activities in order to enhance service delivery.

Management Response

The observation is noted.

ANNEXURES

ANNEXURE A: STAFF LEVELS AND MOVEMENTS



ANNEXURE B: OPINIONS PER ACCOUNT COMPARED TO PREVIOUS YEAR

Vote No.	Name of Account	Current Year Opinion	Prior Year Opinion
1.	**Office of the President and Cabinet**		
	State Enterprise Restructuring Agency 2019	Unqualified	Unqualified
3.	**Public Service, Labour and Social Welfare**		
	Appropriation Account	Qualified	Qualified
	Children on the Streets Fund 2020	Unqualified	Unqualified
	Child Welfare Fund 2020	Unqualified	Unqualified
	Community Recovery Fund 2020	Unqualified	
	National Drought Fund 2020	Unqualified	Unqualified
	Older Persons Fund 2020	Unqualified	Unqualified
	National Rehabilitation Centres 2019 and 2020	Unqualified	Qualified
	Cash Transfer for Urban Vulnerable Persons Fund 2020	Unqualified	-
	Disabled Persons Fund 2019 and 2020	Unqualified	Unqualified
4.	**Defence and War Veterans 2020**		
	Appropriation Account	Qualified	Qualified
	War Veterans Fund 2019	Unqualified	Unqualified
5.	**Finance and Economic Development**		
	Statement of Public Debt 2019	Qualified	Qualified
	Statement of Public Financial Assets 2017, 2018 and 2019	Qualified	Qualified
	Summary of Transactions on the Exchequer 2019	Qualified	Adverse
7.	**Industry and Commerce**		
	Appropriation Account	Unqualified	Unqualified
	Standard Development Fund 2020	Unqualified	Unqualified
8.	**Lands, Agriculture, Water, Climate and Rural Resettlement**		
	Meteorological Services Fund 2019	Unqualified	Qualified
	Water Fund 2020	Unqualified	Unqualified
	Pig Levy Fund 2020	Unqualified	Unqualified
	Lands and Resettlement Fund 2020	Unqualified	-
	Tobacco Levy Fund 2019 and 2020	Unqualified	Disclaimer
9.	**Mines and Mining Development**		
	Appropriation Account	Unqualified	Unqualified
	Mines and Mining Development Fund 2019 and 2020	Unqualified	Unqualified
10.	**Environment, Climate Change, Tourism and Hospitality Industry**		
	Appropriation Account	Unqualified	Unqualified
14.	**Health and Child Care**		
	Health Services Fund 2019 and 2020	Qualified	Qualified
15.	**Primary and Secondary Education**		
	Appropriation Account	Qualified	Unqualified
	Education Materials Disbursement Fund 2020	Unqualified	Unqualified

	Independent College Guarantee Fund 2020	Unqualified	Unqualified
	School Services Fund 2019 and 2020	Qualified	Qualified
16.	**Higher and Tertiary Education, Science and Technology Development**		
	National Education and Training Fund 2019	Qualified	Qualified
17.	**Women Affairs, Community, Small and Medium Enterprise Development**		
	Women Development Fund 2019	Unqualified	Unqualified
	Small and Medium Enterprise Revolving Fund 2018 and 2019	Disclaimer	Unqualified
	INDO-Zimbabwe Fund 2018 and 2019	Unqualified	Unqualified
18.	**Home Affairs and Cultural Heritage**		
	Immigration Services Fund 2019	Qualified	Unqualified
	National Archives Retention Fund 2017	Disclaimer	Unqualified
	Zimbabwe Republic Police Retention Fund 2020	Unqualified	Unqualified
19	**Justice Legal and Parliamentary Affairs**		
	The Guardian`s Fund 2020	Unqualified	Unqualified
20.	**Information, Publicity and Broadcasting Services**		
	Appropriation Account	Unqualified	Unqualified
21.	**Youth, Sports, Arts and Recreation**		
	Appropriation Account	Unqualified	Unqualified
	Youth Development and Employment Creation Fund 2018	Qualified	Qualified
22.	**Energy and Power Development**		
	Appropriation Account	Unqualified	Unqualified
	NOCZIM Debt Redemption Fund 2019 and 2020	Unqualified	Unqualified
	Strategic Fuel Reserve Fund 2019 and 2020	Unqualified	Unqualified
23	**Information Communication Technology, Postal and Courier Services**		
	Appropriation Account	Unqualified	Unqualified
24	**National Housing and Social Amenities**		
	Appropriation Account	Unqualified	Unqualified
	Government Pool Properties Retention Fund 2019	Qualified	Qualified
	National Housing Fund 2018	Qualified	Disclaimer
	Housing and Guarantee Fund 2020	Unqualified	Unqualified
25.	**Judiciary Services Commission**		
	Courts Administration Fund 2019	Unqualified	Unqualified
26.	**Public Service Commission**		
	Pension Agency Retention Fund 2019	Unqualified	Unqualified
	Public Service Training Centres Amenities Fund 2019	Unqualified	Qualified
	Public Service Transport Management Fund 2019 and 2020	Unqualified	Qualified
	Salary Service Bureau General Purpose	Unqualified	Unqualified

	Fund 2019		
	Skills Attraction, Retention and Development Fund 2019	Unqualified	Unqualified
	Zimbabwe Civil Service Funeral Assistance Fund 2019	Unqualified	Unqualified
28.	**Zimbabwe Human Rights Commission**		
	Appropriation Account	Unqualified	Unqualified
29.	**National Peace and Reconciliation Commission**		
	Appropriation Account	Unqualified	Unqualified
30.	**National Prosecuting Authority**		
	Appropriation Account	Unqualified	Unqualified
	Courts Retention Fund 2019 and 2020	Unqualified	Unqualified
33.	**Zimbabwe Gender Commission**		
	Appropriation Account	Unqualified	Unqualified
34.	**Zimbabwe Land Commission**		
	Appropriation Account	Unqualified	Unqualified

ANNEXURE C: BUDGET UTILISATION

Vote	Name	Total Allocated Amount $	Expenditure Amount $	Underspending $
3	Public Service Labour and Social Welfare	7 383 629 000	5 867 713 446	1 515 915 554
7	Ministry of Industry and Commerce	2 345 000 000	1 244 110 846	1 100 889 154
9	Mines and Mining Development	1 399 000 000	1 175 962 825	223 027 175
10	Environment, Climate Change Tourism And Hospitality Industry	1 823 517 888	1 454 306 192	369 211 695
15	Primary and Secondary Education	61 525 890 731	56 387 621 147	5 138 269 584
20	Information, Publicity and Broadcasting Services	1 479 000 000	1 138 264 003	340 735 997
21	Youth, Sport, Arts and Recreation	3 567 659 000	2 582 915 227	974 743 773
22	Energy and Power Development	4 791 646 656	4 606 662 961	184 983 695
23	Information Communication Technology, Postal and Courier Services	2 131 341 867	1 258 950 600	872 391 267
24	Housing and Social Amenities	2 899 870 000	1 234 263 287	1 665 606 713
28	Zimbabwe Human Rights Commission	166 608 691	145 362 963	21 245 728
29	National Peace and Reconciliation Commission	209 799 964	209 265 796	534 168
30	National Prosecuting Authority	810 000 000	790 545 909	19 454 091
33	Zimbabwe Gender Commission	206 738 756	194 250 173	12 488 583
34	Zimbabwe Land Commission	954 796 634	575 215 340	379 581 294
TOTAL		**$91 697 499 187**	**$78 865 410 715**	**$12 832 088 472**
Constitutional and Statutory Appropriation				
Vote	**Name**	**Total Allocated Amount $**	**Expenditure Amount $**	**Underspending/ (Overspending) $**
3	Public Service Labour and Social Welfare	3 000 000	10 160 819	(7 160 819)
30	National Prosecuting Authority	3 356 000	2 691 246	664 754
TOTAL		**$6 356 000**	**$12 852 065**	**($6 496 065)**

ANNEXURE D: ASSETS PROCURED BUT NOT DELIVERED

Ministry/Commission	Supplier	Quantity	Description	Amount ($)
Ministry of Information, Communication, Technology, Postal and Courier Services	Mass Breed	5	Brand New 4*4 Diesel Single Cab	38 014 350
Ministry of Information, Communication, Technology, Postal and Courier Services	Mass Breed	5	Brand New 4*4 Diesel Double Cab	30 325 900
Ministry of Information, Communication, Technology, Postal and Courier Services	Paza Buster	3	Isuzu Dmax Single Cab	16 135 500
Ministry of Industry and Commerce	Motor city Toyota	20	Toyota Hilux 4*4 Double Cab	192 617 272
Ministry of Industry and Commerce	Motor city Toyota	5	Toyota Corolla Sedan	
Zimbabwe Human Rights Commission	Earl Grey Motors pvt	3	Toyota Hilux Double cab DM4	15 821 693
Ministry of Youth, Sports Arts and Recreation	Cannon Motors TA AMC Nissan	2	Nissan NP 300 Single Cab: Cases handed to Attorney General's Office. US$88 266.14	-
Ministry of Environment, Climate Change, Tourism and Hospitality Industry	-	1	Hydrogen Generator (Amount paid final payment of $8 650 531)	8 650 531
Ministry of National Housing and Social Amenities	-	-	Purchases of office furniture from various suppliers	18 798 828
Total				**$320 364 074**