



ZIMBABWE

REPORT

of the

Comptroller and Auditor- General

for the

FINANCIAL YEAR ENDED DECEMBER 31, 2011

**NARRATIVE REPORT
ON
APPROPRIATION ACCOUNTS
AND
MISCELLANEOUS FUNDS
AND
DONOR FUNDED PROJECTS**

VOLUME I OF II



ZIMBABWE

Office of the Comptroller and
Auditor-General of Zimbabwe
48, George Silundika Avenue
Cnr. Fourth Street,
Harare, Zimbabwe

The Hon. Mr. T. Biti
Minister of Finance
New Government Complex
Samora Machel Avenue
Harare

Dear Sir

I hereby submit my Report which is in two volumes on the audit of the Public Accounts of Zimbabwe in terms of Section 106(4) of the Constitution of Zimbabwe read together with Section 10(1) of the Audit Office Act [*Chapter 22:18*], for the year ended December 31, 2011.

Yours faithfully

M. CHIRI,
COMPTROLLER AND AUDITOR-GENERAL.

HARARE
October 12, 2012.



ZIMBABWE

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VOLUME I OF II

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GENERAL REPORT

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GENERAL REPORT

1. SUBMISSION OF ANNUAL REPORT

In terms of section 106 subsection (1) of the Constitution of Zimbabwe 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 result of such examination, to prepare and submit to the Minister of Finance, not later than June 30 in each year, a report of my examination and audit of the public accounts of Zimbabwe.

In terms of section 35 (12) of the Public Finance Management Act [*Chapter 22:19*] the Minister of Finance is responsible for submission to the House of Assembly audited consolidated financial statements.

My narrative report highlighting major issues noted during the audit is in two volumes with volume one highlighting the key findings relating to some of the Ministries and Fund Accounts. Volume two focuses on my findings regarding some of the State Enterprises and Parastatals.

The Constitution requires that all fees, taxes and other revenues of the State of Zimbabwe from whatever source arising (not being monies that are payable by or under an act of Parliament into some other fund established for a specific purpose or may, by or under an act of Parliament be retained by the authority) shall be paid into and form one Consolidated Revenue Fund. The administration and control over the Fund is exercised by the Treasury under the provisions of section 17 of the Public Finance Management Act [*Chapter 22:19*].

2. DUTIES OF THE COMPTROLLER AND AUDITOR-GENERAL

My duties as set out in the Zimbabwe Constitution and amplified in the Audit Office Act [*Chapter 22:18*] are to examine, audit and report on accounts of all persons entrusted with public moneys or State property, to satisfy myself that the receipt and disbursement of public moneys has been made in accordance with proper authority and has been correctly accounted for and that all reasonable precautions have been taken to safeguard State property, 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 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. The reporting framework for State Enterprises and Parastatals is International Financial Reporting Standards (IFRS).

4. CONDUCT OF THE AUDIT AND GENERAL STATE OF THE PUBLIC ACCOUNTS

My statutory audit is discharged by a programme of test checks and examinations which are applied in conformity with the generally accepted auditing standards. The checks are intended to provide an overall assurance of the general accuracy of the accounting transactions and not disclose each and every error.

I conducted audits at Head Offices of Ministries and State Enterprises and Parastatals as well as visits to outstations. Results of the audit of Provincial and District stations are included in my findings in this report. Details of the stations visited are on **Annexure A**.

My Office continued to contract to private auditors the audit of some State Enterprises and Parastatals in terms of section 9 of the Audit Office Act [*Chapter 22:18*] because of low staff levels in the Office. **Annexure B** shows the staff position during 2011. I will take over the audit of contracted audits as and when the staff situation improves.

5. TRAINING AND STAFF DEVELOPMENT

Staff training and development remained as one of the key objectives of my Office. With the assistance of the African Organisation of Supreme Audit Institutions for English speaking countries (AFROSAI-E) to which Zimbabwe is a member, Donor community, Public Service Commission and other stakeholders, a number of training programmes were attended by my staff in order to keep them updated with the developments taking place in the audit profession. The training programmes conducted are on **Annexure C**.

6. CERTIFICATION OF PUBLIC ACCOUNTS

I certify that I have examined the public 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*].

OPINION

APPROPRIATION ACCOUNTS

The audit opinion varies from Ministry to Ministry and will be contained in the consolidated accounts prepared by the Ministry of Finance.

FUND ACCOUNTS

The audit opinion on Fund Accounts varied from account to account and will be contained in the consolidated accounts prepared by the Ministry of Finance.

STATE ENTERPRISES AND PARASTATALS

The audit opinion on State Enterprises and Parastatals varied from account to account due to the differences in the nature of business, accounting systems and policies. The opinion is appended to the respective financial statements contained in separate annual reports issued by the entities. My annual report on State Enterprises and Parastatals (Volume II) only contains findings on the operations of these entities.

ACKNOWLEDGEMENTS

I wish to recognize the importance of the part played by all the Accounting Officers and Receivers of Revenue which made it possible for me to submit my Report for the year under review.

Members of my staff deserve special mention for their support. The future appears to bring challenges which can be overcome only with a dedicated and committed staff if I am to carry out my mandate.

HARARE
October 12, 2012.

M. CHIRI,
COMPTROLLER AND AUDITOR-GENERAL.

EXECUTIVE SUMMARY

This report covers major audit observations which were noted during my audit of Ministries' Appropriation Accounts and Fund Accounts. The key issues observed are summarised as follows:

APPROPRIATION ACCOUNTS

1. UNVOUCHED EXPENDITURE

In violation of Treasury Instructions, several Ministries failed to produce for audit examination source documents such as invoices, receipts and goods received notes to support payments charged against their Votes. I was therefore unable to determine whether such expenditure was properly incurred to constitute proper charge against public funds.

2. MANAGEMENT AND CONTROL OF ASSETS

Some Ministries failed to maintain proper assets records such as the Master Assets register and to put in place internal control systems to safeguard assets against loss and pilferage. In some cases Ministries did not produce Departmental Assets Certificates for audit examination indicating whether assets under their control had been physically compared with records at least once during the financial year, and whether the assets were properly maintained in accordance with Treasury and Departmental Instructions. The Ministry in charge of Government buildings did not maintain up to date records resulting in some of the properties being omitted from Government property registers. Boards of Inquiry on damaged and stolen assets were taking too long to be convened causing delays in conclusion of cases and replacement of assets.

3. FAILURE TO FOLLOW PROPER TENDER PROCEDURES

In violation of Treasury Instructions, some Ministries circumvented procurement procedures by seeking competitive quotations instead of going through Formal Tender and Informal Tender procedures. I was therefore unable to determine whether such purchases were made from the most competitive suppliers.

4. REVENUE COLLECTION SYSTEMS

Some Ministries that collected revenue were not surrendering it to Treasury while others were not making sufficient effort to collect revenue from persons owing money to Government. Zimbabwe Foreign Missions were failing to provide monthly revenue reports on how much they collected and would have utilised. There was lack of maintenance of database for debtors resulting in failure to do proper dunning for debtors and recovery of large sums of money owing to Ministries.

5. MOTOR VEHICLES AND FUEL MANAGEMENT

The internal control systems on motor vehicles usage and fuel management in Ministries were weak. Some vehicles had defective speedometers and fuel gauges while in other cases vehicles were being used without logbooks. Some Ministries had no adequate control mechanisms to monitor and regulate fuel usage by officials. Fuel registers were not being maintained up to date. Some officers in Ministries had access to motor vehicles and monthly fuel allocations but were also receiving monthly transport allowances in violation of Public Service regulations.

6. FRAUDULENT ACTIVITIES

Some Ministries lost substantial amounts of money to employees responsible for receipting revenue. In some cases fraud was perpetrated by Officers who falsified claims for Travel and Subsistence Allowances. The internal control systems in Ministries that collected revenue were weak. Consequently, Ministries lost revenue as a result of leakages. In some Ministries security items such as receipt books were not accounted for which might have resulted in the receipt books being used for fraudulent activities.

7. WASTEFUL EXPENDITURE

Consulate staff members in some foreign Missions were living in rented accommodation instead of living in properties owned by the Zimbabwean Government. In another case a Ministry paid a heavy penalty for breaching a contract with a hotel. Some Ministries were paying employees for working after hours without obtaining prior authority from Treasury or the Public Service Commission. In another case a Ministry purchased uniforms for its senior staff although the same were receiving monthly representation allowances meant to cover such expenses.

8. PUBLIC FINANCIAL ASSETS

The Government stake in some parastatals was not disclosed in the records of parent Ministries which could result in loss of public resources. Large amounts of loans were advanced to Statutory Bodies such as Air Zimbabwe Holdings (Pvt) Ltd, National Railways of Zimbabwe and Civil Aviation Authority of Zimbabwe without evidence of loan agreement contracts. The Parent Ministry failed to disclose Public Financial Assets worth \$45 380 000 in the financial statements submitted for audit. Loans granted to Local Authorities in 2009 by the parent Ministry amounting to \$30 792 450 had not been recovered.

9. DOMESTIC AND FOREIGN TRAVEL ALLOWANCES

Poor management of Advances for Travel and Subsistence Allowances and failure to follow standing instructions resulted in some Ministries failing to clear large amounts in the Advances records. In most cases Officers were issued with new advances before old Advances were cleared. Some Ministries were not making efforts to recover outstanding Advances which results in loss of public funds. In some cases employees ended up leaving the Public Service before clearing their Advances. In other cases expenditure for Travel and Subsistence Allowances was not properly supported by itinerary documents and copies of motor vehicle logbooks.

10. STATE SERVICES PENSION

Due to the absence of effective internal control procedures at the Pensions Office, the Government was losing money to Pensioners through overpayments because the data inputs were not being properly managed. Children who had exceeded the age limits for entitlement had continued to receive allowances. The over payments made to Pensioners could be difficult to recover because of lack of capacity to repay.

11. FAILURE TO SUBMIT YEAR END RETURNS FOR AUDIT

Several Ministries did not comply with the provisions of the Public Finance Management Act [*Chapter 22:19*] as they failed to submit year end returns for audit. Failure by Ministries to submit returns for audit limited the scope of audit.

FUND ACCOUNTS

12. INACCURATE ACCOUNTING RECORDS

Some Ministries did not maintain proper and adequate books of accounts such as cashbooks, ledgers and registers for Funds under their administration. As a result there was no reliable basis for the preparation of financial statements causing financial statements submitted for audit to be inaccurate.

13. MAINTENANCE OF ASSET REGISTERS

Several Ministries did not maintain separate Assets Registers for Funds under their administration. It was therefore difficult to account and distinguish between assets belonging to the Funds and those of parent Ministries.

14. FUNDS OPERATING WITHOUT APPROVED CONSTITUTIONS

The Constitution of a Fund should be tabled and approved by Parliament prior to the Fund being operationalized. Some of the Funds have been operating for many years without valid Constitutions.

15. WEAKNESSES IN THE INTERNAL CONTROL SYSTEMS FOR REVENUE COLLECTION

Due to weaknesses in internal controls in collecting revenue and poor maintenance of revenue records, several Funds were losing substantial amounts of money to employees who misappropriated the money.

16. UNVOUCHED EXPENDITURE

Some Ministries failed to produce for audit examination source documents to support expenditures of the Fund Accounts under their administration. Without supporting source documentation, it was difficult to determine the legitimacy and accuracy of the expenditure figures disclosed in the financial statements.

17. CONCLUSION

Implementation of recommendations or any remedial measures the Ministries, State Enterprises and Parastatals deem fit, will go a long way in fostering accountability in the Public Sector.

FINANCE ACCOUNTS

SECTION 1

Finance Accounts

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SUMMARY OF TRANSACTIONS ON THE EXCHEQUER ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

1 FOREIGN EXCHANGE RATE GAIN/LOSS

1.1 Observation

1.1.1 I observed that Treasury could not provide a monthly breakdown of the figure for exchange rate gains/losses totalling \$5 025 098 for the period under review.

1.2 Implication

1.2.1 The figure could be used to cover for some misstatements if not properly disclosed periodically.

1.3 Recommendation

1.3.1 A detailed breakdown to support monthly averaged exchange rate losses/gains should be availed for my inspection.

2 DEAL NOTES FOR INVESTMENTS

2.1 Observation

Four investments made to Stanbic Bank, Infrastructural Development Bank of Zimbabwe and Commercial Bank of Zimbabwe amounting to \$ 27 984 637 had no deal notes.

2.2 Implication

2.2.1 Unauthorised investments could be made that may not be accounted for.

2.3 Recommendation

2.3.1 All investments should be properly authorised and adequately supported with documents such as deal notes.

3 EXCHEQUER TRANSFER VARIANCES

3.1 Observation

3.1.1 I observed that total transfers to the Exchequer account amounted to \$2 788 452 650 whereas the statement of receipts and disbursements reported \$2 778 802 650 giving a variance of \$9 650 000 for the period under review.

3.2 Implication

3.2.1 An under/overstatement of revenue figures could distort financial statements which may lead to inaccurate decisions being made.

3.3 Recommendation

- 3.3.1 Total transfers to the Exchequer Account per the return needs to be reconciled to the statement of receipts and disbursements.

APPROPRIATION ACCOUNTS

VOTE 1.-OFFICE OF THE PRESIDENT AND CABINET

1 DEPARTMENTAL ASSETS

1.1 Observation

1.1.1 When assets are purchased they should be entered in the goods received register upon delivery and then recorded in the Master Assets Register. The Master Assets Register which was in place had no details of when the assets were bought neither did it have serial numbers, model or type. For the second year running the Office did not record assets that it purchased to guard against pilferage and/or personalization. The Office paid for assets valued at \$449 759 without attaching invoices to validate the payments.

1.1.2 The Department for State Residences failed to submit for audit its annual Departmental Assets return and the Assets Register contrary to Treasury Instruction 2004.

1.2 Implications

1.2.1 If there are no adequate and accurate asset records, the Office will not be able to properly account for its assets resulting in losses.

1.2.2 Noncompliance with relevant regulations defeats the purpose for which regulations are put in place, that is, to assist the Office in identifying any surpluses or deficiencies.

1.3 Recommendation

1.3.1 An annual inspection of assets should be conducted and the Master Asset Register updated in order to come up with a correct record of assets. This will help the Office to establish whether assets are still in existence and being used to further its objectives. Where obsolete and unserviceable items are identified, appropriate action should be taken.

VOTE 2.- PRIME MINISTER'S OFFICE

1 UNVOUCHED EXPENDITURE

1.1 Observation

1.1.1 Out of the expenditure of \$15 021 960, the Office failed to provide me with twenty four payment vouchers for my audit examination.

1.2 Implication

1.2.1 In the absence of payment vouchers, I could not satisfy myself whether the expenditure was incurred for the intended purpose.

1.3 Recommendation

1.3.1 All the payment vouchers should be availed for audit examination.

2. TRAVELLING AND SUBSISTENCE

2.1 Observation

2.1.1 Contrary to the provisions of Treasury Instruction 1505 which requires that no advances are made before previous advances have been cleared, officers were issued with multiple advances before clearing previous balances. Out of advances totaling \$315 118 which were issued during the financial year under review, an amount of \$168 425 was still outstanding at the end of the financial year.

2.2 Implication

2.2.1 Failure to recover the outstanding amount on time may prejudice the State of large sums of money.

2.3 Recommendation

2.3 The Office should ensure that advances are cleared within 30 days after the officer's return to the home station. If not cleared a salary deduction in terms of Treasury Instruction 1505 should be effected.

3 BUDGETARY CONTROL

3.1 Observation

3.1.1 Cases of cross transfer of funds were noted on seven (7) items of the Vote. This was contrary to the requirements of Treasury Circular No. 31 of 1983 which does not allow the transfer of funds from an item which has received funds from other items.

3.4 Implication

3.4.1 Failure to comply with the requirements of Treasury Circulars defeats the purpose of budgetary control.

3.5 Recommendation

3.5.1 The requirements of Treasury Circular No. 31 of 1983 should be adhered to.

VOTE 3.- PARLIAMENT OF ZIMBABWE

1 PUBLIC FINANCE MANAGEMENT SYSTEM (PFMS)

1.1 Observation

1.1.1 The Public Finance Management System operated fairly well throughout the 2011 financial year. Audit noted with concern that Parliament procured goods and services outside the system. Instead, Parliament used internally generated purchase orders which did not have any security features, to procure goods and services.

1.2 Implication

1.2.1 Failure to procure goods and services through the PFMS may affect the accuracy and completeness of the financial information as some transactions may not be accounted for. This will also expose State funds to possible misappropriation as the procurement processes are being done using manually generated documents which can easily be manipulated as they do not have any security features.

1.2.2 Goods and services may be fraudulently procured, as the manually generated purchase orders had no inherent controls.

1.3 Recommendation

1.3.1 Parliament should ensure that goods and services are procured through the PFMS as this will ensure accuracy and completeness of financial information. This will also protect State funds against abuse.

VOTE 4.- PUBLIC SERVICE

PUBLIC SERVICE COMMISSION

1 EMPLOYMENT COSTS

1.1 Observation

1.1.1 Paragraph 4.5 of Public Service Commission Circular No. 5 of 2011 provides that no transport allowance shall be paid to officers who have been allocated Government vehicles for official use. It came to my attention that forty nine managers based at Head Office, Provincial offices and District offices who had been allocated official vehicles were in receipt of transport allowances. The total transport allowance paid during the year under review amounted to \$31 752. I was concerned that the Commission, as a regulating authority was not enforcing its own regulations.

1.2 Implication

1.2.1 As a regulatory body, the Public Service Commission was in violation of its own regulations. The transport allowances which were paid to officers who were issued with official vehicles were therefore unauthorised.

1.3 Recommendation

1.3.1 The Public Service Commission should take the lead in enforcing compliance with conditions of service regulation. It is further recommended that arrangements should be put in place to recover all the resultant unauthorised transport allowances.

2 REVENUE RECEIVED

2.1 Observation

2.1.1 In paragraph 3.1 (page 9) of my report for the year ended December 31, 2010, I reported on the operation of the Civil Service Bus Fund whose existence had not yet been formally constituted through the promulgation of an enabling constitution in terms of section 18 (2) of the Public Finance Management Act [Chapter 22:19]. My examination of records for the year under review revealed that no progress had been made to regularise the Fund. Revenue amounting to \$67 574 generated from the Civil Service Bus operations was not paid into the Exchequer Account but retained in the Bus Fund's Bank account. Since the Civil Service Bus Fund had not yet been legally constituted, the retention of the above amount without prior Treasury approval was considered unauthorised. I was concerned at the lack of progress.

2.2 Implication

2.2.1 The Civil Service Bus Fund was operating without an approved constitution. The levying, collections, application and retention of the revenues from this operation was therefore unauthorised.

2.3 Recommendation

- 2.3.1 The Public Service Commission should regularise the operations of the Civil Service Bus Fund.

3 ACQUISITION OF FIXED ASSETS

3.1 Observation

- 3.1.1 State Procurement Board Regulations provide that purchases above \$10 000 up to a maximum of \$50 000 can be made by applying Informal Tender Procedures. The Ministry invoked Competitive Quotations Procedures for the acquisition of furniture worth \$29 850.

3.2 Implication

- 3.2.1 Value for money might not be realised because there might be other suppliers who offer the same quality at a lower price.

3.3 Recommendation

- 3.3.1 The Public Service Commission is recommended to comply with State Procurement Board procedures and regulations.

PENSIONS OFFICE

4 STATE SERVICES PENSION

4.1 Observations

Due to the absence of effective internal control procedures, the following unsatisfactory irregularities occurred:

- 4.1.1 Eight widowed pensioners were overpaid by amounts totalling \$357 956 in September 2011. The overpayments were occasioned by failure to effectively manage the inputs. There were no reconciliations of the outputs with the original data. The overpayments were only detected after an alarm had been raised by one of the overpaid widows. From the cases discovered, \$86 811 remained outstanding at the year end.
- 4.1.2 In terms of the pensions regulations, children's pensions are payable up to the age of either 18 or 19 years. My examination of the records revealed that at the end of the year under review, 5 773 children above the permissible ages stated above were beneficiaries. The aggregate excess payments as a result totalled \$152 138 per month. Please note that the two age limits are all relevant, depending on whether the marriages of the parents were registered or unregistered.

4.2 Implications

- 4.2.1 The outstanding balances might be difficult to recover in full since the monthly payments received by the pensioners are low.

4.2.2 Government was losing money on a monthly basis which could be channelled to other critical areas that were being underfunded due to liquidity challenges.

4.3 Recommendation

4.3.1 It is recommended that more regular monitoring of the pension payroll system be done to ensure that all errors are corrected before the final payment is made.

VOTE 5.- DEFENCE

1 MANAGEMENT OF ASSETS

1.1 Observation

1.1.1 The Public Finance Management System (PFMS) is a computerized accounting system used by the Central Government to process accounting data and produce accounting information. The system's material management module did not function consistently during the year under review. As a result of the malfunctioning of this module, the Projects Office created a suspense general ledger through which the Ministry procured assets. At the conclusion of this audit, the Ministry had not yet completed posting from the suspense general ledger to the various general ledgers, assets valued at \$1 247 011. Consequently, these assets had not been classified and recorded in their respective assets registers.

1.1.2 The Zimbabwe National Army and the Airforce of Zimbabwe did not submit their annual Departmental Assets returns indicating whether assets under their control had been physically compared with the records at least once during the financial year, whether the asset records were properly maintained in accordance with Treasury and Departmental Instructions and whether any surpluses and/or deficiencies discovered and any items found to be damaged, unserviceable or redundant had been dealt with in accordance with Treasury Instructions. I was therefore not able to authenticate that assets had been properly accounted for.

1.2 Implication

1.2.1 The Ministry's assets may be misappropriated without trace if the assets records are incomplete and inaccurate. Failure by the Zimbabwe National Army and Air Force of Zimbabwe to submit annual departmental assets returns may imply that they did not conduct a physical verification of the assets under their charge and that the assets records were not being properly maintained.

1.3 Recommendations

1.3.1 The Ministry should liaise with the Projects Office to ensure that assets bought outside the materials management module are uploaded.

1.3.2 The Zimbabwe National Army and the Airforce of Zimbabwe should conduct an annual asset verification and submit their Departmental assets returns for audit to enhance accountability and transparency.

2.0 DOMESTIC AND FOREIGN TRAVEL

2.1 Observation

2.1.1 The Ministry's outstanding domestic Travelling and Subsistence advances stood at \$40 091 as at December 31, 2011 and for foreign travel unrecovered advances totaled \$60 282. There was no evidence of recovery from those who owed the Ministry in the form of Salary Service Bureau and Zimbabwe Army Payment Records (ZAPAR) salary stop order instructions.

2.1.2 There was an increase in the number of officers who had multiple Travelling and Subsistence advances at year end. Treasury Instruction 1505 forbids the issuing of additional advances until advances made in previous months have been cleared.

2.2 Implication

2.2.1 Public funds may be lost if there are delays in recovering advances and when dunning procedures are poor.

2.3 Recommendations

2.3.1 The Ministry should institute strict recovery measures to recover all outstanding advances.

2.3.2 Ministry officials should not be given new advances before clearing earlier advances.

VOTE 6.- FINANCE

SUB-VOTE I – ADMINISTRATION AND GENERAL

1 MAIN AND DETAILED STATEMENT

1.1 Observation

1.1.1 For the second year running, there were variances in the first and second Budget Estimates (Blue Books) on original and amended estimates of expenditure which made it difficult for me to conduct audit trails from one Budget Estimate to another.

1.2 Implication

1.2.1 It may become difficult for Stakeholders to understand and be able to use the Budget Estimates for decision making purposes.

1.3 Recommendation

1.3.1 The Ministry should consider preparing the Budget Estimates in a manner which is understandable by all Stakeholders.

2 CONSTITUTIONAL AND STATUTORY APPROPRIATIONS

2.1 Observation

2.1.1 Contrary to the requirements of Accounting Policies and Procedures Manual section 2.9 and Treasury Instructions 1200 and 1205 which states that where a payment voucher is submitted covering a number of requisitions, invoices or statements the voucher shall contain sufficient information to enable the expenditure to be verified in the event of any of the documents becoming detached. All such documents shall be clearly marked “supporting voucher only”.

The Ministry made payments amounting to \$34 974 339 to international creditors without raising payment vouchers. The table below refers:

Date	Transaction Details	Amount (USD\$)	Remark
16/08/11	African Export-Import Bank	8 020 000	No payment voucher attached.
02/08/11	African Development Bank	2 500 000	No payment voucher attached.
22/03/11	Export-Import Bank of China	6 200 000	No payment voucher attached.
17/11/11	World Bank	193 175	No payment voucher attached.
03/11/11	Eastern and Southern African Trade and Development Bank	300 000	No payment voucher attached.
22/03/2011	Export-Import Bank of China	1 400 000	No payment voucher attached.

6/10/2011	UNDP	249 164	No payment voucher attached.
	Africa Exim Bank	6 702 000	The payment voucher was not date stamped and passed for payment.
21/09/2011	Export-Import Bank of China	600 000	No payment voucher attached.
21/09/2011	Export-Import Bank of China	6 300 000	No payment voucher attached.
07/11/2011	Eastern and Southern African Trade and Development Bank	2 510 000	No payment voucher attached.
Total		\$34 974 339	

2.2 Implication

2.2.1 Errors and fraud could go undetected as there are no checks and balances.

2.3 Recommendation

2.3.1 Payments should be made after raising payment vouchers and all the fields should be filled in order to enforce segregation of duties and to guard against errors and fraud.

3 TRANSPORT MANAGEMENT

3.1 Observations

3.1.1 Audit observed that the Ministry did not have control mechanisms to monitor and regulate fuel usage by officials. This was evidenced by the fact that departments were verbally requesting fuel coupons without approved supporting documents to justify the anticipated mileage to be covered.

3.1.2 It was further observed that the Speedometer and fuel gauges of the following pool vehicles 200 TCE 368 and AAP 2709 were not functioning. In addition, log books for vehicle no. ABD 3192 and ABG 9323 were not updated at the time of audit. The log books were last updated on August 24, 2011 and February 28, 2012 respectively. The logbooks did not show any signs that they were being checked by a senior official thereby circumventing the usage of logbooks as a control mechanism. Information pertaining to vehicle ABG 9323 reflected that it covered a distance of 2 999 kilometers (Km) which the auditee could not account for as shown in the table below:

Date	Registration No.	Vehicle Type	Model	Mileage (Km)	Logbook (Km)	Variance (Km)
29/03/2012	ABG 9323	Mazda	BT50	131 399	128 400	2 999

3.1.3 Public Service Commission (PSC) Circular No. 11 of 2005 (3)(1) states that “...Each member (Directors, Deputy Secretaries and equivalent grades) will be entitled to an allocation of fuel per month for official and personal use, determined and allocated by Heads of Ministries...” It was observed that the Ministry did not have a policy which governed the allocation of fuel to its members mentioned in the PSC circular thereby exposing fuel management to possibilities of wrong usage.

3.2 Implications

3.2.1 Abuse of vehicles may go undetected in the absence of functional internal controls.

3.2.2 Management may not be able to establish whether or not the vehicles were due for service if speedometers and fuel gauges are not functional. This could result in the reduction of the lifespan of the vehicles.

3.2.3 Without a fuel policy, coupons may be abused.

3.3 Recommendations

3.3.1 The Ministry should put in place internal controls to safeguard vehicles from potential abuse.

3.3.2 The Ministry should repair all pool cars without working speedometers and fuel gauges.

3.3.3 The Ministry should consider formulating a fuel allocation policy to govern the allocation of fuel coupons to Directors, and equivalent grades.

VOTE 9.- INDUSTRY AND COMMERCE

1 UNRELIABLE ACCOUNTING SYSTEM

1.1 Observation

1.1.1 For the second year in succession, I was unable to determine the correctness of the total expenditure incurred by the Ministry. The Appropriation Account had an expenditure figure of \$5 208 537. The Sub-Paymaster General's Account expenditure amounted to \$5 201 359 while the Public Finance Management System's (PFMS) consumed budget was \$5 207 963. The three expenditure figures were not reconciled.

1.2 Implication

1.2.1 It would be difficult to place reliance on figures disclosed in the financial statements if material differences exist between the figures in the Appropriation Account and those in Public Finance Management System (PFMS) and Sub-Paymaster General Account.

1.3 Recommendation

1.3.1 The Ministry should reconcile the three different figures and be in a position to determine the correct total expenditure figure.

2 PURCHASE OUT OF TENDER

2.1 Observation

2.1.1 Treasury Instruction 1005 read in conjunction with Statutory Instrument 161 of 2008 (Number 16) require purchases whose value exceed \$10 000 and below \$50 000 to go through Informal Tender procedures. In violation of the regulations, the Ministry purchased office furniture from a supplier at a price of \$14 250 without going through Informal Tender procedures.

2.2 Implication

2.2.1 Failure to follow laid down procurement regulations may result in uneconomic buying. There was no evidence that the purchases were done from the most competitive supplier.

2.3 Recommendation

2.3.1 The Ministry should always follow laid down procurement procedures when purchasing goods and services from suppliers.

3 UNVOUCHED EXPENDITURE

3.1 Observation

3.1.1 The Ministry made payments to a service provider amounting to \$44 000 without supporting invoices. Furthermore, there was no evidence that the payment vouchers were certified correct and approved for payment.

3.2 Implication

- 3.2.1 The amount paid to the supplier may not be accurate. Overpayments, errors, fraud and double payments could occur.

3.3 Recommendation

- 3.3.1 Payments made to service providers should be adequately supported by source documents before payment is effected. The amount paid should be investigated to establish whether it was accurate.

4 OUTSTANDING REVENUE

4.1 Observation

- 4.1.1 The Ministry failed to produce invoices to support the outstanding revenue figure totalling \$53 524 as detailed in the table below. There was no evidence that the Ministry was putting effort to recover the money from debtors.

Period (Year)	Amount
	\$
2009	660
2010	4 513
2011	48 351
Total	\$53 524

4.2 Implication

- 4.2.1 There is risk that the amount of Outstanding Revenue could be lost if recovery action is not taken seriously. Lack of supporting documentation could hinder recovery action.

4.3 Recommendation

- 4.3.1 The Ministry should take quick action to recover from debtors all outstanding amounts and should also ensure that all amounts are adequately supported by source documents.

5 FRAUDULENT ACTIVITIES

5.1 Observation

- 5.1.1 The Ministry lost an amount of \$1 380 through fraud perpetrated by a receipting employee based at Head Office. At the time of concluding the audit, the total amount lost had not been recovered.

5.2 Implication

- 5.2.1 The internal control system for revenue collection was weak. The Ministry might have lost more revenue as a result of fraudulent activities.

5.3 Recommendation

- 5.3.1 The Ministry should take appropriate measures to guard against fraudulent activities. The full amount of money that was misappropriated should be determined and recovered from the culprit.

VOTE 10.- AGRICULTURE, MECHANISATION AND IRRIGATION DEVELOPMENT

1 UNRELIABLE ACCOUNTING SYSTEM

1.1 Observation

1.1.1 The Ministry's Appropriation Account reflected total expenditure as \$154 070 999, the Sub-Paymaster General's Account reflected \$142 465 122 while the Public Finance Management System's consumed budget had a figure of \$146 521 040. The Ministry did not reconcile the three different figures.

1.2 Implication

1.2.1 I could not ascertain the correctness of the expenditure figure for the year under review. The Ministry may pay for services not rendered to Government.

1.2.2 If reconciliations are not performed, direct debits and credits into the account may not be accounted for, and errors may not be detected.

1.3 Recommendation

1.3.1 It is recommended that Ministry officials should carry out monthly reconciliations between the bank statement and the PFM system balances. This would enable the detection of errors of omission and commission.

2 UNAUTHORISED EXCESS EXPENDITURE

2.1 Observation

2.1.1 For the second year in succession, the Ministry incurred unauthorised excess expenditure amounting to \$14 564 569 on 58 items within the Vote in violation of Treasury Instruction 1218 as shown below:

Department	Number of Items	Amount
		\$
i) Administration and General	15	7 137 621
ii) Agricultural Research for Development	5	1 087 178
iii) Agricultural, Technical and Extension Services (Agritex)	10	1 708 276
iv) Veterinary Technical Services	4	231 135
v) Veterinary Field Services	5	2 781 832
vi) Tsetse Control Services	6	228 852
vii) Agricultural Regulatory Services	2	207 276
viii) Agricultural Engineering and Mechanisation	5	326 785

ix) Irrigation	5	615 508
x) Livestock Production and Development	1	240 106
Total	58	\$14 564 569

2.2 Implication

2.2.1 Failure to maintain an effective control system may result in overdrafts on the Sub-Paymaster General's Account which may lead to bank charges.

2.3 Recommendation

2.3.1 The Ministry should maintain an effective commitment control system so as to avoid incurring expenditure outside the limits set by Parliament.

3 PAYROLL RECONCILIATIONS

3.1 Observations

3.1.1 For the second year in succession, I have to report that monthly payroll reconciliations between the pay sheets and the Ministry's records were not being done during the year under review. I could therefore not ascertain the correctness of the wage bill.

3.1.2 In addition, the Ministry did not cease payment of salaries amounting to \$3 070 for eleven officers who had left employment without having given sufficient notice. No penalties and fines were raised against these officers.

3.1.3 Also, the Ministry neither effected adjustments nor raised disallowances against salaries for officers on Manpower Development Leave.

3.2 Implication

3.2.1 The Ministry may continue to pay for salaries to members who would have left the service.

3.3 Recommendation

3.3.1 It is recommended that Ministry officials should carry out payroll reconciliations in order to ensure that only properly appointed employees are included in the Ministry's wage bill.

4. MANAGEMENT OF PUBLIC RESOURCES

4.1 Observations

4.1.1 Although the Accounting Officer submitted an annual Departmental Assets Certificate stating that the Departmental Assets under his Ministry had been physically compared with records for at least once during the financial year, the validity of the certificate could not be ascertained because of the following anomalies noted in the Ministry's Departments and Provincial offices.

4.1.2 According to my management letter I/48/28/10 dated November 12, 2011, assets at the Horticultural Research Institute in Marondera were not being physically compared with

records at least once every year as was evidenced by some assets which were not recorded in the assets register contrary to the requirements of Treasury Instruction 2004. The Ministry had not responded to the management letter mentioned above at the time of concluding this audit.

- 4.1.3 The Ministry's Departments of Engineering and Mechanisation, Livestock Production and Development and Veterinary Technical Services did not keep up-to-date assets registers. Also the Department of Engineering and Mechanisation did not submit assets certificate for Manicaland for audit examination.

4.2 Implication

- 4.2.1 The absence of up-to-date registers makes it difficult to physically compare assets with records and may result in loss of public resources.

4.3 Recommendation

- 4.3.1 The Ministry should keep up-to-date assets registers to safeguard State property in compliance with Treasury Instruction 2004.

5 FAILURE TO RESPOND TO AUDIT REPORTS

5.1 Observations

- 5.1.1 I am concerned with the Ministry's failure to respond to my management letter AGRIC 2/25/10 dated August 19, 2011. The management letter had not been responded to at the time of writing this report. This resulted in my failure to ascertain whether audit recommendations on the following issues were being implemented:

i) OTHER CAPITAL LIABILITIES

- 5.1.1.1 The Ministry borrowed Agricultural inputs from various seed houses during the 2008 financial year and by December 2009, a total of \$3 700 000 had not been paid. This amount was not disclosed in the return submitted for audit. The Ministry did not produce the list of beneficiaries of the seed for audit examination. I could not therefore confirm whether the inputs were distributed to deserving farmers. During the 2010 financial year, the Ministry did not produce evidence that the outstanding amount had been settled and all the other issues raised remained unchanged in the 2011 financial year.

ii) CONTINGENT LIABILITIES

- 5.1.1.2 Agricultural and Rural Development Authority (ARDA) obtained \$13 854 245 loan from Iran under guarantee by the Government through the Ministry. Although ARDA disclosed the outstanding loan in its 2009 financial statements, the figure was excluded from the return submitted by the Ministry for audit.

In addition, there were further guarantees to the Grain Marketing Board worth \$19 000 000 for the year 2010 which were not disclosed in the year's return submitted for audit.

iii) PUBLIC FINANCIAL ASSETS

- 5.1.1.3 I reported in the management letter referenced AGRIC 2/25/10 and dated August 19, 2011 that the Ministry did not disclose the Government's stake in nine (9) parastatals and a company under its control. The non-disclosure of the stake and lack of follow up on the

parastatals' activities made it difficult for me to confirm ownership, existence and occurrence of Government's stake in the enterprises under this Ministry. The position remained the same in the financial year under review.

5.2 Implication

- 5.2.1 The issues raised might not have been attended to and could result in loss of public resources. This could also result in the failure by the Ministry to fulfil its purpose in life and the public losing confidence in the agricultural sector.

5.3 Recommendation

- 5.3.1 The Ministry should respond to all audit reports and make effort to implement audit recommendations.

IX DEPARTMENT OF IRRIGATION DEVELOPMENT

6 PROCUREMENT OF GOODS AND SERVICES

6.1 Observations

- 6.1.1 The Department flouted tender procedures in the procurement of goods and services. Goods and services amounting to \$280 225 were procured through competitive quotes despite the individual prices of the goods exceeding the informal tender limit of \$10 000.
- 6.1.2 Also the Department sourced quotations from six companies owned by one supplier who eventually won the tenders. Hence a total of US\$872 204 was paid to one vendor contrary to Statutory Instrument 171 of 2002 section 4 (i) (b).

6.2 Implications

- 6.2.1 If procurement procedures are not followed the Department's scarce resources could be used wastefully.
- 6.2.2 If quotations are sourced from companies owned by one vendor there is a risk that the prices would be inflated, resulting in loss of public funds.

6.3 Recommendations

- 6.3.1 The Department should adhere to procurement regulations and procedures.
- 6.3.2 The Department should seek at least three quotations from differently owned companies for purchases of goods and services.

7 DEBTORS

7.1 Observation

- 7.1.1 In my management letter referenced AGRIC 2/25/10 and dated November 24, 2011, I reported that the Department issued 107 transformers and 440 pumps to various farmers throughout the country on a cost recovery basis. The values of the equipment were not disclosed to the farmers and at the time of the audit in March 2012, no steps had been taken to recover the money from the farmers as the amount was not established then. The Government was however indebted to the Chinese Government to the tune of \$200 000 000 which was supposed to be repaid through recoveries from the farmers. I drew the same issue to the attention of the Accounting Officer in my management letter

referenced AGRIC 2/25/09 and dated December 23, 2010. No response had been received as at the time of writing this report.

7.2 Implication

- 7.2.1 The period taken to bill the farmers was considered too long and the debts may be prescribed in accordance with the Prescription Act Chapter 8:11. The Government may end up failing to recover the amount owed by the farmers.

7.3 Recommendation

- 7.3.1 Efforts should be made to recover all debts outstanding.

VI DEPARTMENT OF TSETSE CONTROL SERVICES

8 DEPARTMENTAL ASSETS CERTIFICATE

8.1 Observation

- 8.1.1 Although the Accounting Officer submitted an annual Departmental Assets Certificate stating that Departmental assets under the Department had been physically compared with records for at least once during the year under review, the validity of the certificate was questionable as the Master Assets Register was last updated in the year 2010. In addition, the Office inventory lists were also last updated on January 6, 2010. This was contrary to Treasury Instruction 2004 which requires that Departmental assets be physically compared with the records at least once during the financial year.

8.2 Implication

- 8.2.1 The Assets Certificate will not reflect a correct position of the assets of the Department.

8.3 Recommendation

- 8.3.1 The Assets Register should be updated regularly in order to reflect a correct position of the assets of the Department.

IV VETERINARY TECHNICAL SERVICES

9 RESEARCH AND QUARANTINE FARM

9.1 Observation

- 9.1.1 In volume I of my report for the financial year ended December 31, 2010 on page 24, I reported the illegal takeover of the Department's farm in Mazowe and the irregular transfer of its Mbizi Quarantine Farm in Mwenezi. The situation did not change during the 2010 financial year and the new farmer was allowed to continue operations at the Quarantine farm at the expense of the nation. My concern is that those charged with the governance and management of the Department did not safeguard one of the Ministry's valuable assets. Although I had drawn the same issue to the attention of the Accounting Officer in my management letter referenced AGRIC 2/25/09 and dated December 23, 2010, the Ministry had not responded to the issues raised as at the time of writing this report.

9.2 Implications

- 9.2.1 The process of checking diseases on animals before they get inland may no longer be possible because of the transfer of Mbizi Quarantine Farm to the current farmer.
- 9.2.2 The research that should benefit the country may not yield the intended results as the farm is now holding more cattle than the regulated number.

9.3 Recommendations

- 9.3.1 There is a need to follow the court procedures with the help from the Attorney General's Office to repossess Mbizi Quarantine Farm so that the threat posed by importing livestock disease may be reduced.
- 9.3.2 There is a need to involve the Ministry of Lands and Rural Resettlement to have the issue of illegal occupants resolved.

III AGRICULTURAL, TECHNICAL AND EXTENSION SERVICES

10 DEPARTMENT'S PERFORMANCE

10.1 Observation

- 10.1.1 In my management letter referenced AGRIC 2/25/10 and dated November 24, 2011, I reported that the Department had 5 139 Agricultural Extension Officers with only 469 motor cycles for their use. This meant that the Extension Officers were not able to reach the 1 940 912 farmers especially A2 because of the distance between the farms. The motor cycles increased by 461 during 2011 financial year.

10.2 Implication

- 10.2.1 The Department may not achieve its mandate.

10.3 Recommendation

- 10.3.1 There is a need to procure motor cycles for the Extension Officers either through money from the budget or through the establishment of a revolving fund to enable them to give the technical advice to farmers.

11 GIFTS, LEGACIES AND DONATIONS

11.1 Observation

- 11.1.1 In volume II of my report for the financial year ended December 31, 2009 on page 23, I reported that the Department received 332 motor cycles during the 2008 financial year from the Reserve Bank of Zimbabwe but authority to accept them was not received from Treasury. The Department went on to issue the motor cycles to Extension Officers without registration numbers. The motor cycles still did not have registration numbers and were being maintained by the Extension workers from their personal resources. No action had been taken to regularise the issues by the time of writing this report.

11.2 Implication

- 11.2.1 The Extension workers may use them for personal use rather than for the intended purpose. Registering these may become difficult after such a long time.

11.3 Recommendation

- 11.3.1 There is a need to approach the Secretary for Transport and Infrastructural Development for assistance.

VIII AGRICULTURAL ENGINEERING AND MECHANISATION

12 MANAGEMENT OF PUBLIC RESOURCES

12.1 Observation

- 12.1.1 The assets donated to the Department by KOICA (Korean Government) in September 2011 were accepted without Treasury Authority.
- 12.1.2 In my management letter referenced AGRIC 2/25/2009 and dated December 24, 2010, I reported that the Department's vehicle GAG 599 which was involved in an accident during that year was written off without consulting Treasury in violation of section 11 of the Public Finance Management Act [*Chapter 22:19*]. The Department had not taken steps to regularise the process as at the time of writing this report.

12.2 Implication

- 12.2.1 Provision for the cost of repairs and maintenance for the donated assets may not be made if Treasury authority is not requested before their acceptance.

12.3 Recommendation

- 12.3.1 Public resources should not be written off or accepted without the specific or general authority of Treasury as stipulated under Treasury Instruction 2304.

13. WASTEFUL EXPENDITURE

13.1 Observation

- 13.1.1 In volume I of my report for the financial year ended December 31, 2010 on page 26, I reported that the Department bought 1 179 bags of cement, steel rods and 90 000 common bricks during the 2008 financial year for the construction of the then Ministry of Agricultural Engineering and Mechanisation's Head Office. The cement was left to crystallise although there were several Government projects that could have utilised it, while the rusted steel rods were no longer usable and 20 000 bricks were not accounted for. As a result the State lost building materials worth \$11 790. The Department had not responded to the issues raised as at the time of writing this report.

13.2 Implication

- 13.2.1 The public resources were not properly managed by those charged with governance which has led to the wasteful expenditure.

13.3 Recommendation

- 13.3.1 The Department should seek Treasury authority to write off the cement and steel rods, and set up a Board of Inquiry to investigate the loss on the bricks.

X LIVESTOCK PRODUCTION AND DEVELOPMENT

14 MANAGEMENT OF PUBLIC RESOURCES

14.1 Observation

14.1.1 The Department did not adequately achieve its purpose in life as it did not coordinate a livestock census, keep the database (Livestock Information Management System) of livestock and did not come up with a comprehensive national herd census during the year under review. Only cattle figures produced by the Department of Veterinary Field Services which were based on cattle that came from various dip tanks for dipping sessions were availed for audit examination. However, the figure could not be relied upon as it excluded A2 farmers who do their own cattle dipping. No evidence of livestock census carried out since the Department was formed in 2009 was availed for audit purposes. I was therefore unable to determine the correct figure for the national herd for the year under review.

14.2 Implication

14.2.1 In the absence of accurate livestock census, it will be difficult for the nation to come up with efficient and sustainable developmental, technical, advisory and regulatory services in the livestock sector.

14.3 Recommendation

14.3.1 The Department should carry out livestock census as well as maintaining an up to date Livestock data base.

VOTE 11.- MINES AND MINING DEVELOPMENT

1 SUB-PAYMASTER GENERAL'S ACCOUNT

1.1 Observation

- 1.1.1 The Ministry failed to explain variances between the Public Finance Management System balances and those reflected on the Sub-Paymaster General Reconciliation return submitted for audit for both transfers from Ministry of Finance and expenditure items as tabulated below.

Item	Balance as per system (PFMS)	Balance as per return	Variance
Expenditure	\$4 713 738	\$4 644 658	\$69 080
Transfers	\$4 964 156	\$4 610 579	\$353 577

I therefore could not validate the completeness and accuracy of the amounts reflected on the return.

1.2 Implication

- 1.2.1 Failure to reconcile the differences resulted in the unreliability of the balances disclosed and rendering the reconciliation submitted for audit, irrelevant.

1.3. Recommendation

- 1.3.1. The Ministry should explain what is causing the differences of \$69 080 and \$353 577 respectively and reconcile the differences as a matter of priority.

2 RECEIPTS AND DISBURSEMENTS

2.1 Observations

- 2.1.1 The Receipts and Disbursements return submitted for audit was grossly inaccurate with collections of \$162 035 019 equaling the Payments to Exchequer, resulting in a nil balance. Further audit tests revealed that Payments to the Exchequer disclosed on the return were \$162 035 019 whilst the bank statement was reflecting aggregated payments of \$164 992 170, giving rise to a variance of \$2 957 151. The Ministry failed to give a satisfactory explanation of the variance which also should have been reflected as the closing balance. Therefore, I could not place any reliance on the Receipts and Disbursements of Funds return submitted for audit as the credibility of the return was very much questionable. However, the Ministry was preparing monthly Receipts and Disbursements reconciliations.

- 2.1.2 From the sample of receipts examined, refunds totalling \$15 494 were receipted in the Ministry's Appropriation Account but were banked in the Mines and Mining Development Fund Account, thereby, making it difficult to follow the audit trail.

2.2 Implications

- 2.2.1 There was risk of material misstatement on the Receipts and Disbursements return.
- 2.2.2 Mixing of records for the Appropriation Account and the Fund Account distorts the Receipts and Disbursements return and it also creates room for manipulation of records.

2.3 Recommendations

- 2.3.1 Appropriation Account records should be maintained separately from Fund Account records.
- 2.3.2 A proper reconciliation of the aggregated collections and aggregated Payments to the Exchequer account should be done.

3 BORROWING OF FUNDS FROM MINES AND MINING DEVELOPMENT FUND

3.1 Observation

- 3.1.1 The Ministry borrowed a total of \$318 994 from the Mines and Mining Development Fund that was used to finance Foreign and Domestic Travelling and Subsistence Allowances. The Ministry's authority to borrow was based on a Treasury minute dated April 22, 2009 which stated that the Ministry could augment its main operations from the Fund monies. The minute was not in line with section 18 (2)(b) of the Public Finance Management Act [*Chapter 22:19*] which states that the Treasury shall draw up a Constitution for the regulation of the affairs of that Fund which constitution shall provide for the payments which may be made out of that fund. Therefore, the borrowings were unconstitutional and in breach of Mines and Mining Development Fund constitution whose core objective amongst others is to support and sustain the Mining Titles System. However, a total of \$108 283 had been reimbursed to the Fund by the end of the year, leaving \$210 711 still outstanding.
- 3.1.2 Accordingly, the expenditure of \$4 713 738 appearing in the Appropriation Account was understated by an amount of \$210 711, being Subsistence and Travelling expenses incurred through the Fund Account and not reimbursed.

3.2 Implication

- 3.2.1 There is risk of undermining the Government budgeting process if funds are borrowed unprocedurally and it promotes financial indiscipline.

3.3 Recommendation

- 3.3.1 The Ministry should desist from borrowing funds from the Mines and Mining Development Fund as this was impacting negatively on the achievement of the Fund's main objective of computerizing Mining Title Systems.

4 PAYMENT OF CELLPHONE ALLOWANCES IN EXCESS OF LIMITS

4.1 Observation

- 4.1.1 In my previous year's audit report, I raised the issue of payments made to Net-One of cell phone charges for various officials', amounts that were over and above the limits stipulated by Treasury through Treasury Circular No 1 of 2010. The total excess payments were \$14 138 for the months of March 2010 up to November 2010.

The practice continued unabated in the year under review and the total excess payments were \$3 633 for the months of December 2010 up to November 2011 resulting in a

cumulative excess payments of \$17 771. There was no evidence availed to audit that excess payments were recovered from the respective officials in the year 2011.

4.2 Implication

4.2.1 The Ministry was prejudiced of funds that could have been used to pursue other programs.

4.3 Recommendations

4.3.1 Cell phone allowances should not be paid above the limits outlined in Treasury Circulars issued from time to time so as to avoid fruitless and wasteful expenditure.

4.3.2 The excess payments should be recovered from the individuals who unduly benefited.

5 UNSUPPORTED EXPENDITURE

5.1 Observation

5.1.1 Payments to suppliers of goods and services amounting to \$124 937 were neither supported by receipts nor tax invoices to substantiate that the payments were duly made to and received by bona fide suppliers of goods and services. As a result, I could not determine whether such payments constituted proper charge against public funds.

5.2 Implication

5.2.1 There is a risk that fraudulent payments may be effected where payment procedures are not adhered to. If internal controls are weak the Ministry may suffer financial prejudice.

5.3 Recommendation

5.3.1 All expenditure incurred should be supported by adequate documentation to ensure authenticity of the transactions.

6 SECURITY ITEMS

6.1 Observation

6.1.1 Receipt books serialized 105001-105100 and 105101-105200 respectively were not availed for audit purposes. Further, enquiries revealed that a request on requisition form 230313 originating from the Ministry was made to Printflow Private Limited for two receipt books. According to the records at Printflow Private Limited the receipt books serialized 105001-105100 and 105101-105200 were signed for by the Ministry's Chief Accountant on March 7, 2009. However, there was no evidence that the Ministry received the receipt books and neither were the receipt books used for official purposes. Therefore, the books could have been obtained and used clandestinely.

6.2 Implication

6.2.1 There is risk that the receipt books could have been used for fraudulent activities with the intention to defraud the public in general and the Miners in particular.

6.3 Recommendation

- 6.3.1 Internal audit should carry out an investigation to establish the circumstances surrounding the disappearances of these receipt books that could be used to hoodwink innocent miners in remote parts of the country. The matter should be reported to the Police.

7 INTERNAL CONTROLS

7.1 Observation

- 7.1.1 There was no evidence that the Internal Audit section was auditing the Expenditure and Revenue items of the Ministry as was observed during the previous audit report. This was in violation of Section 80 of the Public Finance Management Act [*Chapter 22:19*] which states that among other things, the functions of an internal auditor appointed shall be to monitor the financial administration and procedures of the Ministry to ensure that adequate internal checks and controls are observed. The Ministry has high risk areas like revenue and expenditure, and past experience has shown that indeed there was need for constant monitoring to mitigate against the high risk areas.

7.2 Implication

- 7.2.1 The internal controls for the Ministry's Appropriation Account were therefore not being evaluated and improved on, despite that they were high risk areas that needed to be closely monitored.

7.3 Recommendation

- 7.3.1 The Internal Audit section should regularly review the activities of the Ministry so as to ensure improvement of Internal Controls.

8 PUBLIC FINANCIAL ASSETS

8.1 Observation

- 8.1.1 The Ministry submitted a nil Public Financial Assets return consecutively for the years 2009, 2010 and 2011, despite the Government having investments in various entities that fall under the jurisdiction of the Ministry of Mines and Mining Development. For example the Government had an investment portfolio totalling \$20 942 350 as at December 31, 2011 in Hwange Colliery Company Limited, an entity under the Ministry. Therefore, the nil return submitted was not accurate as it understated the Ministry's contribution to the country.

8.2 Implication

- 8.2.1 The non- disclosure had an effect of understating the assets of the Government.

8.3 Recommendation

- 8.3.1 Details of all investments should be disclosed so that the State is able to declare a correct Public Financial Asset position of the country as a whole.

9 ASSETS MANAGEMENT

9.1 Observation

9.1.1 As reported in the previous year's audit report, various computers belonging to the Ministry's Head office were not recorded in the assets register as required by Appendix 1, 2(b) of the Treasury Instructions 2004 (Guide for the control of Government property) hence the Departmental Asset Certificate which certified that the assets had been physically checked and compared with records was not valid. The Ministry has highly valuable office equipment such as computers and laptops and the failure to properly account for the assets and take heed of audit recommendations was a cause of concern. I was therefore not able to ascertain the quantity, nature and status of the assets under the Ministry.

9.2. Implication

9.2.1 Without adequate and complete records, the Ministry will not be able to control and account for the assets under its jurisdiction.

9.3 Recommendation

9.3.1 The Ministry should maintain updated and accurate asset records in adherence to Treasury Instruction 2004.

VOTE 12.- ENVIRONMENT AND NATURAL RESOURCES MANAGEMENT

1 OVERRIDE OF TREASURY AND CABINET CIRCULARS

1.1 Observation

1.1.1 Treasury Circular Number 1 of 2010 stipulates the monthly airtime and landline allowances for different grades from Permanent Secretary and below. This Circular also clearly emphasizes that where beneficiaries incur telephone or airtime cost which exceed the respective limits, the excess shall be met from own resources. Cabinet Circular Number 9 of 2010 also stipulates the rates applicable to constitutional appointees and their equivalent as well as senior Cabinet members. Contrary to the provisions of these Circulars, the Ministry went on to provide rates in respect of cell phone allowances well above the stipulated rates resulting in incurring excess costs amounting to \$17 475 without Treasury approval.

1.2 Implication

1.2.1 Treasury Circular Number 1 of 2010 and Cabinet Circular Number 9 of 2010 were violated by increasing the rates without prior Treasury and Cabinet authorities. This implies that some critical activities had to be foregone in order to satisfy the need for increased cell phone allowances. The practice was not only wasteful but fraudulent and tantamount to the creation of own regulations by the Ministry.

1.3 Recommendation

1.3.1 The Ministry should strictly adhere to the requirements of Treasury Circular Number 1 of 2010 and Cabinet Circular Number 9 of 2010 by paying the stipulated cell phone allowances as per stipulated rates. The excess expenditure incurred as a result of exceeding authorised rates should be recovered in full from those who benefited.

2 MISALLOCATION OF EXPENDITURE

2.1 Observation

2.1.1 Audit observed that the following sub-head items were wrongly charged under Domestic Travel Allowances in violation of Treasury Instruction 0950 which stipulates that all expenditure on voted services shall be classified under appropriate sub-heads and items as shown in the Estimates of Expenditure. The following are examples of items which were intentionally paid from Domestic Travel Allowances:

Item	Amount (\$)
Training fees	5 150
Foreign Travel	9 491
Fuel	1 396
Congress	1 000
Total	<u>\$17 037</u>

2.2 Implication

- 2.2.1 Expenditure figures disclosed in the financial statements under the respective subhead items were distorted. Unauthorised expenditure was also incurred under the respective sub-heads and in doing so, the Ministry created its own regulations.

2.3 Recommendation

- 2.3.1 Treasury Instruction 0950 should always be adhered to.

VOTE 13.- TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT

1 MANAGEMENT OF BUDGET

1.1 Observation

1.1.1 Treasury Instruction 0806 sanctions Accounting Officers to authorize a saving under any item within a sub-head or between sub-heads to be applied to meet expenditure under another item within the vote. Contrary to the above provision, the Ministry procured goods and services from any item or sub-head with funds without following proper budgetary procedures. There were instances of misallocations across all Ministry sub-votes. From a sample expenditure of \$4 795 660, misallocations amounting to \$223 329 were noted. No satisfactory explanation for such actions was provided.

1.1.2 Implication

1.1.3 State funds are exposed to misappropriation if expenditure is incurred without following proper budgetary procedures.

1.1.4 Recommendation

1.3.1 Proper budgetary procedures should be followed as stipulated in Treasury Instruction 0806.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Observation

2.1.1 The Public Finance Management System operated fairly well throughout the 2011 financial year with the exception of the Materials Management Module which did not function consistently. The Ministry procured goods and services outside the system. In addition, the Ministry used internally generated purchase orders which did not have any security features. No adequate controls were put in place to ensure that all processed transactions were fully uploaded in the system.

2.2 Implication

2.2.1 The use of internally generated purchase orders, which do not have security features, exposes State funds to abuse.

2.3 Recommendation

2.3.1 The Ministry should ensure that goods and services are procured through the Public Finance Management System as this would ensure accuracy and completeness of information. Where the PFMS is not functioning properly, a manual system with adequate controls should be used to protect State funds against misuse.

3 EXCHEQUER ACCOUNT

3.1 Observation

- 3.1.1 As reported in my 2010 report, no monthly reconciliations of the Sub-Exchequer Account were prepared to check whether all moneys collected were properly receipted and banked into the Ministry's Sub-Exchequer Account. As a result the Statement for Receipts and Disbursements that shows all receipts collected and deposits made to the bank by the Ministry was not properly done.
- 3.1.2 The statement of Receipts and Disbursements disclosed a figure of \$18 329 985 while the statement of Revenue Received disclosed a different figure of \$18 711 920. Total receipts disclosed on the statement for Receipts and Disbursements should have been more than the figure disclosed on the revenue received return as it is made up of all receipts issued by the Ministry. I could not place reliance on the figures disclosed on the two statements because of the inaccuracies noted.

3.2 Implication

- 3.2.1 Without preparing monthly Sub-Exchequer reconciliations, the Ministry would not be in a position to determine whether all moneys collected were properly deposited with the bank. Errors and misappropriation may occur without being detected.

3.3 Recommendation

- 3.3.1 Monthly reconciliations of the Sub-Exchequer Account should be done to enable the Accounting Officer to effectively account for all collections made. This would also ensure the production of an accurate Statement of Receipts and Disbursements.

4 PUBLIC FINANCIAL ASSETS

4.1 Observation

- 4.1.1 During the year, the Ministry advanced Air Zimbabwe Holdings (Pvt) Ltd a loan amounting to \$5 000 000. However, the loan agreement availed for audit was not signed by the contracting parties to confirm their obligations. The Ministry did not make an effort to cause the loan agreement to be signed.
- 4.1.2 Audit noted that a loan of \$15 000 000 was advanced to the National Railways of Zimbabwe and another loan of \$6 000 000 was made to the Civil Aviation Authority of Zimbabwe by the Ministry of Finance. However, the Ministry failed to avail for audit the loan agreements to substantiate both loans. I could not ascertain the terms of the loans.
- 4.1.3 In my 2010 report, I raised concern over the Ministry's failure to disclose Public Financial Assets amounting to US\$45 380 000 relating to disbursements made to Zimbabwe National Road Administration, Telone, National Railways of Zimbabwe and Civil Aviation Authority of Zimbabwe. The same amount was not disclosed in the Statement of Public Financial Asset submitted for audit, thus reflecting the incompleteness and inaccuracy of information disclosed.

4.2 Implications

- 4.2.1 Failure to endorse signatures on loan agreement documents compromises the authenticity of the transaction and the borrower would not be legally bound by such a contract.
- 4.2.2 Without supporting signed loan agreements, the Ministry may not be able to assess the terms and conditions on which the loans were made to the parastatals.
- 4.2.3 Failure to account for Public Financial Assets from prior year would compromise the management and quality of information on the financial assets of the State.

4.3 Recommendations

- 4.3.1 Loan agreements should be signed by all parties to the contract to legalise the transaction.
- 4.3.2 All supporting documents to long term contractual agreements should be properly filed and availed when requested.
- 4.3.3 A complete and accurate statement of Public Financial Assets should always be produced so that the status of Government assets is correctly stated.

VOTE 14.- FOREIGN AFFAIRS

1 EXPENDITURE NOT POSTED AT YEAR END

1.1 Observation

1.1.1 The Ministry failed to process 4 885 accounting transactions relating to expenditure incurred at the various Missions due to challenges associated with the configuration of the Public Finance Management System (PFMS). The total value of the transactions that were not processed could not be quantified. The Ministry exceeded its budget approved by Parliament by \$2 271 750 as at December 31, 2011.

1.2 Implication

1.2.1 Reliance cannot be placed on the figures disclosed in the financial statements as significant volumes of transactions from missions were excluded from the Ministry's Appropriation Account.

1.2.2 The PFMS might not have been configured properly to capture mission expenditure.

1.2.3 Spending in excess of the approved budget allocation does not promote prudent management of public funds.

1.3 Recommendation

1.3.1 The Ministry should request the Project Office to configure the current PFMS for missions so that all expenditure is properly disclosed in the Appropriation Account at year end.

1.3.2 The Ministry should follow proper procedures to obtain additional funding.

2. INVOICING OTHER GOVERNMENT DEPARTMENTS

2.1 Observation

2.1.1 The Ministry of Foreign Affairs paid for expenses incurred by officials from other Ministries who are based at Missions abroad. Monthly details of expenditure incurred on behalf of the officials should be sent on a monthly basis to Ministry of Foreign Affairs Head Office, so that the respective Ministries are invoiced and expenditure is transferred to their Votes. This was not being done throughout the year resulting in the expenditure for other Votes being accounted for under Ministry of Foreign Affairs Appropriation Account.

2.2 Implication

3.2.1 The expenditure disclosed in the Appropriation Account for the Ministry is overstated due to the inclusion of expenditure from Other Government Departments.

2.3 **Recommendation**

- 2.3.1 Services that are paid for on behalf of Other Ministries/Departments should be invoiced, so that the Ministry's financial reports are accurate.

3 REVENUE RECEIVED

3.1. **Observation**

- 3.1.1 Zimbabwe Missions provide consular services for which they levy fees to the Zimbabwean citizens and foreigners abroad. The Missions were allowed to utilize part of the revenue to meet urgent expenses. The utilized revenue was supposed to be deducted from budget releases due to the Ministry. The Missions failed to provide monthly revenue reports on how much revenue they collected and utilized during the year, hence release adjustments were not made. As a result the Ministry increased its Voted allocation without Parliamentary approval.

3.2 **Implication**

- 3.2.1 Failure to maintain accurate revenue records and accounts for revenue utilized does not promote transparency and accountability.

3.3 **Recommendation**

- 2.3.1 The Ministry should always ensure that all Missions submit monthly revenue returns in order to enhance accountability and promote probity and management of public funds.

4 SALARY ARREARS

4.1 **Observation**

- 4.1.1 The salary arrear records for some Missions were either incomplete or non-existent. Some staff members who were recalled from missions had not cleared salary advances issued when they were posted on duty. This means that some salary advances have been outstanding for more than four years. I could not establish the extent of salary arrears in the absence of monthly salary arrears reconciliations and a consolidated return of salary arrears as at December 31, 2011.

4.2 **Implication**

- 4.2.1 Failure to maintain a Consolidated Salary Advance Register for Missions by Head Office may result in challenges when recovering salary advances that have been long outstanding. Officers may end up not repaying salary advances issued to them and disputes on the uncleared balances may arise.

4.3 **Recommendation**

- 4.3.1 The Ministry should compile and avail for my examination a record of salary arrears and come up with plans on how the salary advances would be urgently cleared.

4 RECEIPTING OF REVENUE AND MAINTENANCE OF RECORDS: WINDHOEK MISSION.

4.1 **Observation**

4.1.2 Serious internal control weaknesses pertaining to receipting of money existed at the Windhoek Mission in Namibia. The receipting officers did not issue out receipts to each customer but rather combined cash received from several customers on one receipt creating a condition of complex transactions that are susceptible to fraud. The explanation provided for combining many customers on one receipt was that there were many people who were demanding services. I was also unable to determine how the Embassy staff would trace a customer in the event that the combined receipt is lost or the person who was issued the receipt could not be located. I found the method that was being applied in revenue receipting prone to manipulation, errors and fraud.

4.2 **Implications**

4.2.2 The system is prone to abuse, errors and fraud. It is contrary to Government accounting procedures of handling revenue.

4.3 **Recommendation**

4.3.2 The Zim-Windhoek Embassy should issue individual receipts to customers and not to combine many customers on one receipt.

5 NUGATORY (WASTEFUL) EXPENDITURE: ZIM-BEIRA CONSULATE

5.1.2 **Observation**

5.1.3 The Government of Zimbabwe constructed a block of flats in Beira for Consulate staff comprising six housing units during the financial years 2002 to 2003. I noted that there was an element of nugatory and wasteful expenditure arising from the arrangements where one Consulate staff member was living in a rented property at a monthly rental of \$1 500, whilst four units were rented out to outsiders. The payment of \$18 000 per annum in respect of rentals for the accommodation could have been avoided if the available units had been applied to Consulate staff before offering the same to outsiders.

5.2 **Implication**

5.2.1 The purpose for which the housing units were constructed might not be realized.

5.3 **Recommendation**

5.3.1 Staff housing should be re-examined holistically at the Mission so as to eliminate nugatory expenditure.

6. PROPERTIES IN MOZAMBIQUE

6.1 **Observation**

6.1.1 There are properties in Mozambique which are supposed to be under the ownership of the Government of Zimbabwe. However, at the date of audit the ownership status of some of these properties was not clear. The properties which had been owned by the Rhodesian Government should have been transferred to the Zimbabwean Government on the attainment of independence in 1980. Proof of ownership in the form of Title Deeds was not availed for my inspection.

6.2 **Implication**

6.2.1 There is risk of losing Government properties in Mozambique in the absence of adequate and relevant property documents and/or transfer records.

6.3 **Recommendation**

6.3.1 A full and detailed inventory of properties in Mozambique should be carried out and the findings must be supported by relevant and appropriate legal documents, in order to secure all the properties in that country.

VOTE 15.- LOCAL GOVERNMENT, URBAN AND RURAL DEVELOPMENT

1 UNRELIABLE ACCOUNTING SYSTEM

1.1 Observation

1.1.1 For the third year in succession, I was unable to determine accurately the total expenditure incurred by the Ministry during the year under review. The Appropriation Account and the Public Finance Management System had the same balance of \$46 259 951 while the Sub-Paymaster General's account had a balance of \$48 680 539. The difference of \$2 420 588 had not been reconciled at the conclusion of this audit.

1.2 Implication

1.2.1 Reliance might not be placed on the figures disclosed in the financial statements if material differences exist between expenditure figures in the Appropriation Account, Sub-Paymaster General's account and those in the Public Finance Management System.

1.3 Recommendation

1.3.1 The Ministry should investigate the difference of \$2 420 588. In addition there is need for the Ministry to reconcile the figures in the Public Finance Management System with those shown in the Sub-Paymaster General's account to ensure that all expenditure has been fully accounted for in the system.

2 NON-SUBMISSION OF RETURNS

2.1 Observation

2.1.1 Contrary to the provisions of Audit Circular No.1 of 2011, the Ministry failed to submit the Results Based Management Return (RBM) for audit examination. I was therefore unable to determine the extent to which the Ministry's resources were channeled to achieve its intended objectives.

2.2 Implication

2.2.1 In the absence of the RBM document, the scope of my audit was limited as I was not able to ascertain whether the Ministry carried out its mandate for the year under review.

2.3 Recommendation

2.3.1 The Ministry should submit its return for Results Based Management for audit.

3 TRADITIONAL LEADERS

3.1 Observation

3.1.1 In paragraph 5.1 (page 56) of my report for the year ended December 31, 2010 I raised inter alia, issues involving the legal status of the Traditional Leaders Vehicle Loan Scheme, the propriety of the disbursements there from and the related transactions. My examination of records during the year under review revealed that no progress had been made towards the resolution of the issues raised. No constitution had been drawn up and tabled in accordance with the provisions of section 18 of the Public Finance Management Act [*Chapter 22:19*]. I have not had sight of the Accounting Officers Instructions crafted for the proper and efficient management of the Scheme and; no loan repayments have been received from the beneficiaries. Accordingly, I was not satisfied that the operation of this scheme was a fair charge to public funds.

3.2 Implication

3.2.1 There is a risk that the loan facility may not continue if recoveries are not made.

3.3 Recommendation

3.3.1 The Ministry should regularize the operation of the Traditional Leaders Vehicle Loan Scheme to ensure proper administration.

4 PUBLIC FINANCIAL ASSETS

4.1 Observation

4.1.1 It was observed that no repayments had been made towards the Liquidation of Loans totaling \$30 792 450 granted to Local Authorities since the adoption of the multi-currency system in 2009.

4.2 Implication

4.2.1 In the absence of proper debt management system, the Ministry may fail to recover the loans issued to Local Authorities.

4.3 Recommendation

4.3.1 The ministry should make an effort to recover the disbursed amounts from the Local Authorities. Furthermore the Ministry should have proper debt management system.

VOTE 16.- HEALTH AND CHILD WELFARE

1 NON RECOVERY OF ADVANCES

1.1 Observations

1.1.1 In my previous audit report I highlighted that officers were being advanced Travelling and Subsistence allowances before acquitting previous advances as required by Treasury Instructions 1505. For the period under review, an amount of \$47 452 (for Foreign and Domestic Travel) remained unacquitted.

1.1.2 The Ministry made Advance Salaries amounting to \$7 434 to its staff members. The advances were made between the period January 2010 and May 2011 on the understanding that the staff members were going to refund once reinstated on the pay sheet. By the time of audit the Ministry had recovered only \$800. A total amount of \$6 634 remained outstanding despite the fact that the staff members were on the pay sheet in the year under review.

This issue was once highlighted in my 2010 audit report. I am therefore concerned by the Ministry's lack of zeal to take corrective action.

1.2 Implications

1.2.1 The non-clearing of advances results in funds being tied up in debtors instead of being utilized immediately in the discharge of the Ministry's responsibilities.

1.2.2 If advances remain outstanding for a long time, they may never be recovered at all thereby prejudicing the Government of the much needed resources.

1.3 Recommendations

1.3.1 The Ministry should recover outstanding amounts from pay sheets and also ensure that new advances are not issued until previous advances are cleared in compliance with Treasury Instruction 1505.

1.3.2 The outstanding advances amounting to \$6 634 should be recovered from the officials concerned since they are on pay sheets.

2 POOR REVENUE MANAGEMENT

2.1 Observation

2.1.1 As highlighted in my 2010 report, the Ministry's revenue collecting stations were not submitting revenue returns to the Head Office for recording and consolidation. Transactions at District and Provincial levels were processed manually either because the Public Finance Management System was not working or that the system had not been decentralised to all the stations. In the absence of manual returns from Provinces, I could not verify the accuracy of figures for revenue collections of \$487 632 and deposits amounting to \$487 868 disclosed on the Receipts and Disbursements return.

2.1.2 As also noted in prior years' audit reports, rentals due from Head Office staff occupying Government property and other associated maintenance and water charges remained uncollected and unaccounted for. The cumulative effect of such non collections

prejudiced the State of revenue amounting to \$19 020. No satisfactory explanation was given for the non-collection of this revenue.

2.2 Implications

- 2.2.1 Failure to enforce submission of returns and supporting schedules from Provinces would not enable the Ministry to determine whether all revenue collections were properly accounted for.
- 2.2.2 The State is being prejudiced of potential revenue.

2.3 Recommendations

- 2.3.1 The Ministry should enforce the submission of all necessary information such as sub-collectors schedules and deposit slips so that proper accountability for receipts can be checked and also that uploading in the system can be done timeously.
- 2.3.2 The Ministry should collect all rentals due from staff occupying staff houses by way of salary deductions through the Salary Services Bureau (SSB).

3 MANAGEMENT OF ASSETS

3.1 Observation

- 3.1.1 Although the Accounting Officer submitted an annual Departmental Assets Certificate stating that the Departmental Assets under the Ministry had been physically compared with records at least once during the year, the validity of the certificate could not be relied on as one of the Ministry's Provinces, Mashonaland West, failed to carry out an asset check during the year under review.

3.2 Implication

- 3.2.1 I could not satisfy myself that assets were properly accounted for because of the failure to carry out an asset inspection by Mashonaland West Province.

3.3 Recommendation

- 3.3.1 There is need for the Ministry to submit a Departmental Assets Certificate which complies with requirements of Treasury Instruction 2004.

ISSUES RELATING TO PROVINCES AND DISTRICTS

4 MOTOR VEHICLE MANAGEMENT

4.1 Observation

- 4.1.1 Audit noted with concern that the District Medical Officer for Binga District Hospital in Matabeleland North Province was using an ambulance which was meant for patients to do his various duties around the District, yet the District had six other ordinary vehicles at its disposal.

4.2 Implications

- 4.2.1 The ambulance is purposefully built for emergence cases and its usage by the District Medical Officer deprives patients of its use.

4.2.2 In the event of an emergency it would be difficult to ferry patients to a referral centre when the vehicle is being used somewhere else.

4.3 Recommendation

4.3.1 The ambulance should be used for emergencies and should not be used as a personal issue vehicle.

5 SECURITY MANAGEMENT OF HOSPITALS

5.1 Observation

5.1.1 The security at Hauna and Nyanga District Hospitals in Manicaland Province was inadequate as no security guards were manning the entrance/exit gates. This could make it easy for anyone to get out with hospital property without being noticed as pedestrians and vehicles were not being searched on their way out.

5.2 Implication

5.2.1 If the security at the hospitals is not improved, Government assets would be lost through theft and pilferage as no one was checking at the gate.

5.3 Recommendation

5.3.1 The security at the hospitals should be improved by engaging a security company or employing hospital security personnel, in order to safeguard Government assets from theft and pilferage.

6. HUMAN RESOURCES MANAGEMENT

6.1 Observation

6.1.1 An audit verification of authorised nursing staff establishment against those in post revealed that at the time of my audit, Binga Hospital was understaffed by seven (7) posts for sister/nurses.

6.1.2 At Lukosi Rural Hospital in Matabeleland North Province, audit noted with concern that the station's authorized establishment had fourteen (14) sister/senior nurses posts but on inspection of the pay sheet it was noted that the station had thirty two (32) sister/senior nurses on its payroll. On enquiry, it was established that eighteen (18) sister/senior nurses' posts were being held against vacant posts at Binga and Victoria Falls Hospitals. However, there was no evidence of approval from either the Head Office or Public Service Commission authorizing such an arrangement.

6.1.3 An audit verification of authorised nursing staff establishment against those in post at Victoria Falls Hospital revealed that the centre was understaffed by twelve (12) posts for sister/nurses at the time of audit.

Implications

6.2.1 The filling of posts at Lukosi Hospital against vacant posts at Binga Hospital and Victoria Falls Hospital was done unprocedurally.

- 6.2.2 Service delivery is being compromised at Binga and Victoria Falls Hospitals as the health institutions are understaffed whilst Lukosi Rural Hospital is overstaffed.

6.3 Recommendations

- 6.3.1 Placement of nursing staff should be done according to authorized establishment. Where additional posts are required, the necessary steps should be taken.
- 6.3.2 Please investigate the staffing issues at the hospitals and rectify the anomalies.

7 ACCOUNTING FOR DONATIONS

7.1 Observation

- 7.1.1 Binga District Hospital in Matabeleland North Province received donations of 20 clutches, 250 spectacles and 12 wheelchairs from Christian Care during the year 2010. The Hospital received the donations without following Standing Regulations. These donations could not be produced for audit inspection and it was stated that they had been distributed to clinics. However, there were no records availed indicating that the donations had been distributed and had been signed for. Therefore, audit was not satisfied that indeed the items were distributed to various clinics as was alluded to by hospital officials.

7.2 Implication

- 7.2.1 The donations can easily be used for personal gain if there are no adequate controls on accounting for donated items.
- 7.2.2 The image of the country is badly tarnished when donated assets cannot be properly accounted for.

7.3 Recommendation

- 7.3.1 The Hospital authorities should follow provisions of Treasury Instruction 2012 which stipulate that authority to receive every donation should be sought on any form of donation which is likely to involve a charge to the Consolidated Revenue Fund. Proof of how the assets were distributed should be availed for audit.

8 MEDICINE MANAGEMENT

8.1 Observation

- 8.1.1 At Hauna District Hospital two offices were full of expired medicines which were collected from other clinics. The expiry dates were going as far back as the year 1994. This resulted in the hospital experiencing storage space shortage for other medicines.
- 8.1.2 A similar situation existed at Binga Hospital where audit noted with concern that the storeroom had large quantities of expired medicines and no Board of Survey had been convened to determine their disposal. Some of the medicines had expiry dates dating as far back as year 2004.
- 8.1.3 At the time of audit Victoria Falls Hospital also had expired medicines some of which were dating as far back as year 2007. There was no evidence to indicate that the Board of

Survey had been convened to determine the disposal of expired medicines in accordance with Medicines Control Authority of Zimbabwe regulations.

8.2 Implication

8.2.1 Expired medicines are dangerous and since they were housed together with the unexpired medicines they could easily find their way to the patients and this might pose a health hazard.

8.3 Recommendations

8.3.1 A Board of Survey should be convened and authority sought from Treasury to dispose the expired medicines.

8.3.2 Stock checks should be conducted periodically so that medicines are monitored and controlled effectively.

8.3.3 The hospitals should have re-order levels that are reasonable so as to minimize the risk of having excess medicines which may end up expiring before use.

9 SHORTAGE OF ESSENTIAL EQUIPMENT AND SERVICES

9.1 Observation

9.1.1 At Lukosi Rural Hospital in Matabeleland North Province, staff members in the laboratory were working without dust coats and spectacles to protect them from hazards encountered in the laboratory. This was against the general health standard which requires people working in laboratory environment to put on protective clothing.

9.1.2 The maternity ward did not have a baby suction machine. On enquiry audit learnt that they last had that machine in November 2010.

9.2 Implications

9.2.1 Laboratory staff could be exposed to infections when handling samples since there was no protective clothing.

9.2.2 Lives of newly born infants were at risk because of the unavailability of the suction machine.

9.3 Recommendations

9.3.1 The hospital should prioritize the provision of protective clothing of laboratory staff.

9.3.2 The hospital should procure the baby suction machine as a matter of priority.

10 POOR MANAGEMENT OF FINANCIAL RESOURCES

10.1 Observation

10.1.1 Audit noted with concern that the Victoria Falls District Hospital's service providers were not being paid what was owed to them. Inadequate budget support from Treasury through the Ministry was cited as the cause for non-payment of rates. At the time of audit TelOne had already disconnected its telephone lines to the station and the hospital was

using more cash resources communicating using cell phones which were more expensive. The following schedule refers:

Service provider	Status at time of audit	Amount \$
TELONE	Disconnected	\$41 836
ZESA	Connected	\$22 776

- 10.1.2 Binga District Hospital was experiencing the same problem of non-payment of rates. Audit noted with concern that service providers were not being paid and as a result notifications for disconnections were being issued to the hospital. At the time of audit the waiting mother's quarters water supplies had been disconnected. Inadequate budget support from Treasury through the Ministry was also cited as the cause for non-payment of rates. The following schedule refers:

Service provider	Balance as at:	Amount owed \$
TELONE	31/10/11	19 940
ZINWA	30/06/11	21 897
ZESA	21/11/11	35 977
Total		\$77 814

10.2 Implications

- 10.2.1 Continuous provision of services by service providers may be negatively affected if rates are not paid to these service providers.
- 10.2.2 This situation was posing a great risk of disease outbreak and disruption of services as the hospitals need water and electricity for their operations.

10.3 Recommendations

- 10.3.1 Effort should be made to make sure that service providers are paid to avoid disruptions of services through disconnections.
- 10.3.2 The institutions retain revenue, hence consideration should be given to pay for essential services from the Health Services Fund.

11 FUEL MANAGEMENT

11.1 Observation

- 11.1.1 In my 2010 audit report, I raised concern over poor controls in the use of both liquid fuel and fuel coupons. I am concerned that the problem was not addressed as it recurred at the institutions listed below.

Station	Remarks
Hauna District Hospital	75 litres unexplained difference between vehicle GHCW 1273 log book and fuel stock card.
Chinhoyi Provincial Hospital	Liquid fuel kept in drums thus compromising on safety
Karoi District Hospital	Fuel issues not recorded in vehicle log books.
Victoria Falls Hospital	Fuel issues not recorded in vehicle log books.

11.2 Implication

11.2.1 There is risk that fuel can be misappropriated due to weak internal control systems prevailing at health institutions.

11.3 Recommendation

11.3.1 The Ministry should put in place strong internal control systems in order to safeguard the usage of fuel and avoid abuse of the resources.

VOTE 17.- EDUCATION, SPORT, ARTS AND CULTURE

1 NON SUBMISSION OF ACQUITTALS FOR PER CAPITA /EQUALISATION GRANTS

1.1 Observation

1.1.1 The Ministry failed to avail acquittals for Per Capita Grants amounting in total to \$5 400 000 that were disbursed to non-Governmental Primary and Secondary schools contrary to the Ministry's policy. I therefore was not able to verify how the funds were utilised.

1.2 Implication

1.2.1 In the absence of a monitoring mechanism by the Ministry to ensure proper accountability of the disbursed funds the likelihood of misuse of the same cannot be ruled out.

1.3 Recommendation

1.3.1 The Ministry should ensure that accountability mechanisms are established and that funds distributed are used for the intended purposes.

2. INEFFECTIVE DEBT RECOVERY SYSTEM

2.1 Observation

2.1.1 Audit noted with concern that the Ministry's debt recovery system was ineffective. Overpayments done to staff were not recovered on time and debts owed by staff were not promptly recovered. As at December 31, 2011 a total amount of \$ 1 296 685 made up of staff debtors of \$ 864 069 and annual registration fees from colleges of \$ 432 616 was outstanding. The Ministry did not put concerted effort to recover the debts some dating back to 2009. The schedule below refers:

ITEM	2009	2010	2011
Departmental Surcharges	-	170 747	484 649
Annual Registration Fees	187 700	372 300	432 600
Disallowances	46 854	173 713	363 786
Penalties	-	4 917	7 164
Foreign Travel	5 150	5 150	5 150
Rent	25 030	3 440	609
Treasury Orders	-	2 453	2 453
PSC Surcharges	-	-	271
TOTAL	\$ 264 734	\$ 772 720	\$ 1 296 684

2.2 Implication

2.2.1 Failure to recover outstanding debts would lead to loss of State funds which is mostly needed to boost ministry operations.

2.3 Recommendation

2.3.1 The Ministry should expedite the recovery of outstanding debts.

VOTE 19: YOUTH, INDIGENISATION AND EMPOWERMENT

ADMINISTRATION AND GENERAL

1 DOMESTIC TRAVEL EXPENSES

1.1 Observations

1.1.1 My examination of the records in connection with Domestic Travel revealed the following unsatisfactory features:

1.1.1 Ten Ministry officials were given travelling and subsistence advances of \$1 000 each in October 2011. However, the intended trips were not undertaken as planned and the amounts remained outstanding as at December 31, 2011. It was also observed that two officers with outstanding advances had terminated their services with Government. I was concerned to observe that the Ministry did not recall the advances on the realisation that the trips for which the advances had been issued could not be undertaken. There is need for the Ministry to properly manage the advances account and avoid the temptation to use the account as a source of interest free loans.

1.1.2 Out of a total amount of \$6 470 paid on the strength of quotations for hotel accommodation and meals, \$5 081 remained unvouched due to the absence of invoices and receipts.

1.1.3 Payments totalling \$4 492 in respect of overtime duties or workshops were either unacquitted or supported by cash on hand at the time of audit.

1.2 Implications

1.2.1 The trips may not be undertaken at all and the Ministry might fail to recover advances especially where officers terminate employment with the Government.

1.2.2 Cash could be converted to personal use. The Ministry may pay for services not rendered.

1.2.3 Cash may not be received by intended beneficiaries and instead of being paid back to the Ministry, may be converted to personal use. Ministry officials may process fictitious payments and convert cash to personal use.

1.3 Recommendations

1.3.1 The Ministry should desist from a system of making advances where there is lack of certainty that the intended trips will be undertaken. Recoveries of the amounts advanced to officers who failed to fulfil their assignments should be made.

1.3.2 Sufficient documentary evidence should accompany all payments in respect of accommodation and meals.

1.3.3 Payments for weekend duties should be signed for by the recipient to ensure that money actually reached the intended member.

2 ACQUISITION OF FIXED ASSETS

2.1 Observation

2.1.1 State Procurement Board Regulations provide that purchases above \$10 000 up to a maximum of \$50 000 can be made by applying Informal Tender Procedures. The Ministry invoked Competitive Quotations Procedures for the acquisition of furniture by splitting the total cost of \$18 947 into two separate purchases of \$9 400 and \$9 547.

2.2 Implication

2.2.1 Value for money might not be realised because there might be other suppliers who offer the same quality at a lower price.

2.3 Recommendation

2.3.1 It is recommended that the Ministry adhere to the rules as provided for by State Procurement Board Regulations.

3 SUB PAYMASTER-GENERAL'S ACCOUNT

3.1 Observation

3.1.1 The Ministry's total expenditure as per SAP report amounted to \$31 892 899, a figure in agreement with the account submitted for audit while the Sub Paymaster-General's Account had \$31 572 128 giving a difference of \$320 771 that had not been reconciled. Furthermore, expenditure totalling \$40 864 was incurred outside the system.

3.2 Implication

3.2.1 The appropriation account might be grossly misstated.

3.3 Recommendation

3.5.1 Sub Paymaster-General's reconciliations should be done before accounts are submitted for audit.

II VOCATIONAL TRAINING CENTRES

4 ACQUISITION OF FIXED CAPITAL ASSETS

4.1 Observation

4.1.1 Contrary to the established internal procedures, four payment vouchers totalling \$11 866 in respect of specific suppliers were prepared before adjudication of all quotations by the procurement committee. Scrutiny of all the documentation in this transaction revealed that the selected supplier for seventy 3X6c A1 plain irrigation pipes was more expensive by \$1 951 compared to the price offered by another bidder and the Ministry failed to give the reason for such variation.

4.2 Implication

4.2.1 The purpose of the adjudication which was carried out after the event was a mere formality. Underhand deals cannot be ruled out.

4.3 Recommendation

4.3.1 Procurement regulations should be adhered to all the time.

VOTE 20.-HOME AFFAIRS

1 CASH MANAGEMENT

1.1 Observation

1.1.1 As previously reported, the Ministry's head office was taking long to bank moneys collected. This was contrary to Treasury Instruction 0454 which stipulates that public moneys should be deposited daily. An amount of \$35 147 was collected between 03 January 2011 and 13 April 2011. Of the amount, \$26 947 was banked into the Exchequer Account on 15 April 2011 with the balance of \$8 200 being used to fund Foreign Travel and later banked on 25 July 2011.

1.2 Implication

1.2.1 Delays in banking money collected expose state funds to theft and misappropriation.

1.3 Recommendation

1.3.1 Treasury Instruction 0454 should be adhered to which stipulates that public monies received should be deposited daily and any monies not so disposed of should be deposited on the next banking day. This will protect the public funds against thefts and misappropriation.

2 INFORMATION TECHNOLOGY (IT) POLICY

2.1 Observation

2.1.1 I noted that the Ministry introduced a computerised system in 2010 from Afrosoft for VISA processing and generating receipts as a way of mitigating fraudulent activities in the Immigration Department. However, the Ministry did not have an Information Technology Policy which would give a clear direction on the management of IT resources, ensure efficient and effective use as well as enhance integrity of the system.

2.2 Implication

2.2.1 Security and integrity of data and critical operations may be compromised if there are no adequate controls and clear policy in place.

2.3 Recommendation

2.3.1 An information technology policy should be put in place to ensure efficient and effective management of resources.

3 RESOURCE CONSTRAINTS

3.1 Observation

3.1.1 I noted with concern that the Zimbabwe Republic Police (ZRP) Department did not have adequate number of vehicles to effectively discharge its duties. The Department had approximately 1693 vehicles out of a total requirement of 7 000 vehicles. At the time of the audit, 400 vehicles were off road awaiting repairs. As a result, most critical stations around the country were operating without vehicles including the Harare Traffic and License Inspectorate and Kariba Traffic. I, therefore, was not satisfied that the

department was in a position to fully discharge its mandate without these critical resources.

- 3.1.2 Furthermore, most of the police stations I visited did not have adequate office space and furniture. There were instances where ten officers shared one small office. Some of the affected stations were Kariba Traffic, Siakobvu, Kadoma Central and Mutoko. Such setup would affect service delivery by the Department.

3.2 Implications

- 3.2.1 Without critical resources such as vehicles, the Department may not be in a position to fully discharge its mandate of providing security to the citizens.
- 3.2.2 Overcrowding and inadequate furniture are a health hazard to the Police officers in the event of an outbreak of disease.

3.3 Recommendation

- 3.3.1 The Department of ZRP should be reasonably resourced to enable effective discharge of its duties as the nation looks up to them to provide security to the citizens.

4. VEHICLE MAINTENANCE WORKSHOP

4.1. Observation

- 4.1.1 The Department of Zimbabwe Republic Police constructed a vehicle maintenance workshop at Chikurubi, in the year 2004, to service the Department's fleet. The Department managed to acquire some equipment such as two (2) air compressors, a wheel balancing machine, a vehicle hoist, a motor cycle lifter and a tyre changing machine. At the time of audit, the workshop was not fully operational as an amount of \$483 000 was needed for electrification and acquisition of other outstanding equipment. As a result, only minor repairs were being done at the workshop, while major repairs were being outsourced. Consequently, the Department has not realized value from the construction of this workshop. A lot of savings may be realised if the workshop is put to full use.

4.2 Implication

- 4.2.1 The Department might be incurring high vehicle maintenance costs that could be drastically reduced had the workshop been fully functional.

4.3 Recommendation

- 4.3.1 The Ministry should prioritize the completion and equipping of the workshop.

VOTE 21.- JUSTICE AND LEGAL AFFAIRS

1 SUB PAYMASTER-GENERAL'S ACCOUNT

1.1 Observation

1.1.1 The Ministry's Sub- Paymaster-General's Account showed total payments of \$80 538 305 while the Appropriation Account submitted for audit and the Public Finance Management System (PFMS) reflected a balance of \$81 281 737 resulting in a variance of \$743 432. Again, as reported in the previous year, the Ministry failed to provide reconciliation for the difference.

1.2 Implication

1.2.1 It would be difficult to place reliance on the financial statements if material differences exist between figures in the Appropriation Account, the Public Finance Management System (PFMS) and Sub-Paymaster-General's Account (PMG).

1.3 Recommendation

1.2.1 The Ministry should prepare a reconciliation of the different figures before the financial statements are submitted for audit.

2 MISSING EXPENDITURE VOUCHERS

2.1 Observation

2.1.1 In contravention of Section 81 (2) (b) of the Public Finance Management Act [*Chapter 22:19*], the Ministry failed to produce for audit examination payment vouchers to support payments amounting to \$132 155. Consequently, I was unable to determine whether the expenditure formed a proper charge against the Vote.

2.2 Implication

2.2.1 The expenditure may not have been incurred for the intended purpose. Failure to produce payment vouchers for audit placed scope limitation on the audit process.

2.3 Recommendation

2.3.1 The Ministry should make effort to locate the payment vouchers and produce them for audit examination.

3 FRAUDULENT PAYMENTS FOR TRAVEL AND SUBSISTENCE ALLOWANCES

3.1 Observation

3.1.1 The Ministry was defrauded at least an amount of \$5 480 by three employees through falsification of claims for Travelling and Subsistence allowances. At the time of concluding the audit, the total amount had not been recovered.

3.2 Implication

- 3.2.1 The internal control system on payment for Travelling and Subsistence allowances was weak. Furthermore, there is risk that State funds may continue to be misappropriated if the internal control system on payment of T&S allowance is not strengthened.

3.3 Recommendation

- 3.3.1 The Ministry should strengthen the internal control system on Travelling and Subsistence allowances. The money that was fraudulently claimed by the employees should be recovered without delay.

4 NON RECOVERY OF AIRTIME AND TELEPHONE ALLOWANCES

4.1 Observation

- 4.1.1 In violation of Treasury Circular Number 1 of 2010 and Cabinet Circular Number 9 of 2010, the Ministry made excess payments on airtime and telephone allowances to officers and employees totalling \$136 873 with some of the amounts dating back to 2010 financial year. The Ministry did not make an effort to recover the overpayments.

4.2 Implication

- 4.2.1 The Ministry may continue losing money if excess airtime and telephone expenses are paid without limit and not recovered from the respective employees. Standing Instructions regulating payment of airtime and telephone allowances were violated.

4.3 Recommendation

- 4.3.1 The Ministry should recover all the outstanding debts as a matter of urgency. All excess expenditure on telephone and airtime allowances should be met from individuals' own resources as stipulated in the Standing instructions.

5 USE OF MOTOR VEHICLE WITHOUT LOGBOOKS

5.1 Observation

- 5.1.1 The Zimbabwe Prison Service was using at least fifty-five motor vehicles without logbooks thereby rendering the internal control mechanism on motor vehicle usage ineffective.

5.2 Implication

- 5.2.1 Motor vehicles may be exposed to abuse if logbooks are not used to control usage. The Ministry may incur unauthorised expenditure on fuel, oil lubricants and maintenance costs that may not be justified.

5.3 Recommendation

5.3.1 The Ministry should ensure that all vehicles have logbooks as a matter of urgency. The Ministry should also investigate the reasons why the motor vehicles had been used without logbooks.

6 NON SUBMISSION OF RECEIPTS AND DISBURSEMENTS AND REVENUE RECEIVED RETURNS

6.1 Observation

6.1.1 In violation of Audit Circular Number 1 of 2011, the Ministry failed to submit the Receipts and Disbursements and the Revenue Received returns for audit examination. As a result, I was unable to satisfy myself whether all the money received by the Ministry during the year under review was properly accounted for. I am concerned with the failure by the Ministry to produce these returns.

6.2 Implication

6.2.1 My audit scope was limited by the absence of the returns. There was no basis to believe that revenue collected by the Ministry was properly accounted for.

6.3 Recommendation

6.3.1 The Ministry should produce the returns and submit them for audit examination in accordance with Statutory regulations.

7 OUTSTANDING TRAVELLING AND SUBSISTENCE ADVANCES

7.1 Observation

7.1.1 In violation of Treasury Instruction 1505, the Ministry did not recover amounts outstanding in the advances Travelling and Subsistence account totalling \$469 049. There was no evidence that the Ministry was making an effort to recover the amounts outstanding in the account. The ages of the balances are broken down as follows:

Year	Amount (\$)
2010	273 410
2011	<u>195 639</u>
Total	<u>\$469 049</u>

7.2 Implication

7.2.1 Failure to institute timeous recovery action may result in financial prejudice to the State as the amounts owed may prove irrecoverable due to passage of time.

7.3 Recommendation

7.3.1 The Ministry should ensure that employees are not issued fresh advances before old balances are cleared. Treasury Instruction 1505 should be adhered to.

VOTE 22.- MEDIA, INFORMATION AND PUBLICITY

1 PAYMASTER-GENERAL'S ACCOUNT

1.1 Observation

1.1.1 The Ministry's expenditure reflected on the PFMS as at December 31, 2011 was \$5 044 862 while the sub- Paymaster General-Account (PMG) had total expenditure of \$5 194 011 resulting in a variance of \$149 149 which the Ministry had not reconciled up to the end of the audit. This cast doubt on the correctness of the expenditure reported by the Ministry.

1.2 Implication

1.2.1 The expenditure reported by the Ministry may be inaccurate and unreliable.

1.3 Recommendation

1.3.1 The Ministry should perform monthly expenditure reconciliations to ensure that only bona fide payments are charged to its bank account and that errors are corrected in a timely manner.

2. ACQUISITION OF A PUBLIC ADDRESS SYSTEM

2.1 Observation

2.1.1 Treasury Instruction 0916, provides that a payment may be charged to the relevant Appropriation Account in the financial year in which the money is provided for and credited to Temporary Deposit account for subsequent payment in terms of the contract. Instead of seeking Treasury authority to transfer funds to its Temporary Deposit account, the Ministry transferred \$129 060 to the Film School bank account to avoid surrendering it to the Consolidated Revenue Fund. As at June 2012 the money for the Public Address System (PA system) had not been paid over to the company which had been contracted to supply equipment.

2.2 Implication

2.2.1 The Ministry's expenditure was overstated by advance payments. Audit trail might be lost and this may result in the money being used for unintended purposes.

2.3 Recommendation

2.3.1 The Ministry should disclose financial information for transactions that have actually occurred in the year under review and should comply with provisions of Treasury Instructions.

3 ASSET MANAGEMENT

3.1 Observation

3.1.1 For the second year in succession the Ministry did not submit its Annual Assets Certificate to prove the existence of assets at Head Office and at its Provincial and District Offices. The Ministry's Master Asset Register was last updated in 2009. This was

in contravention of Treasury Instruction 2002 which requires that on purchase, every asset should immediately be recorded in the assets register.

3.2 Implication

- 3.2.1 In the absence of an up to date Master Asset register, assets can be misappropriated or converted to personal use without trace and assessment of the physical condition of the Ministry's assets may be unknown.

3.3 Recommendation

- 3.3.1 An annual inspection of assets should be conducted and the Master Asset Register should be updated in order to come up with a correct record of the Ministry's assets. All new assets should be recorded in the asset register as soon as they are received.

4 MAINTENANCE OF MOTOR VEHICLES

4.1 Observation

- 4.1.1 According to Cabinet Authority circular no. 11 of 1987 Section g (2) Boards of Inquiry must be convened as soon as possible after the accident, in any event within 7 days of the accident. I noted that up to the time of my current audit no Boards of Inquiry had been conducted in respect of the following accident damaged vehicles ABA 8312, ABA 7191, ABD 1644, ABA 9185, ABD 1891, ABD 1635 and ABD 1956. All these vehicles were involved in accidents two years ago and their Boards of Inquiry should have been convened at that time.

4.2.1 Implication

- 4.2.2 If Boards of Inquiry are not held, disciplinary action may be overlooked and the State may suffer losses as a result of delays in lodging claims for compensation from third parties.

4.2.3 Recommendation

- 4.2.3.1 The Ministry should ensure that Boards of Inquiry for all vehicle accidents are convened in a timely manner in order to ensure that claims for compensation or Treasury orders are lodged/raised within a reasonable time.

5 RENTAL AND HIRE SERVICES

5.1 Observation

- 5.1.1 The Ministry failed to provide authority sanctioning hire of motor vehicles for a total amount of \$62 601 on behalf of senior Government officers who also have personal issue vehicles.

5.2 Implication

- 5.2.1 Hiring of private vehicles on behalf of officials who have personal issue vehicles may result in wasteful expenditure if control over their usage is not properly exercised.

5.3 Recommendation

- 5.3.1 The Ministry should obtain authority in cases where there is need to hire a vehicle for an official who has a personal issue vehicle.

6 BORROWING FUNDS FROM THE FILM SCHOOL

6.1 Observation

- 6.1.1 The Ministry borrowed funds amounting to \$15 788 from the Film School. As at December 31, 2011, the money had not been reimbursed to the Fund.

6.2 Implication

- 6.2.1 The Film School objectives may not be realized if its resources are diverted to fund the Ministry's activities. There is high risk that money from the Film School could be misappropriated as audit trail is lost.

6.3 Recommendation

- 6.3.1 The Ministry should desist from borrowing funds from the Film School.

VOTE 23.- SMALL AND MEDIUM ENTERPRISES AND CO-OPERATIVE DEVELOPMENT

1 FAILURE TO COLLECT LOAN REPAYMENTS.

1.1 Observation

1.1.1 The Ministry disbursed loans amounting to \$4 002 206 to Small Enterprises Development Company (SEDCO) between the financial years 2009 to 2011. According to Article (iii) of the Memorandum of Agreement, loan repayments are supposed to be made on March 31 and September 30 of each year following the disbursement. The capital disbursed together with the 25% of the interest charged should be paid back to Government or ploughed back to the Small and Medium Enterprises Revolving Fund as may be directed by the Ministry of Finance. At the time of audit in May 2012 the Ministry was still to recover \$2 973 260 for loan repayments contrary to Treasury Instruction (TI) 0501 which states that officers responsible for collecting debts shall take adequate steps to collect any sums due to Government on due date. This issue was raised again in my audit for the 2010 financial year.

1.2 Implication

1.2.1 There is risk of bad debts if the loan recovery period is extended and this may result in the Ministry failing to meet objectives of the Revolving Fund.

1.3 Recommendation

1.3.1 The Ministry should engage the SEDCO Board of directors through the Minister to ensure that loan repayment periods are adhered to since follow up letters are not yielding any results.

2 EXCHEQUER ACCOUNT

2.1 Observation

2.1.1 There was no reconciliation of receipts amounting to \$13 777 reflected in the Public Finance Management System and the submitted Exchequer Account balance of \$15 625. This was in violation of TI 0301 which requires that receivers of revenue should ensure that full and proper accounts are kept of all transactions for which they are responsible.

2.2 Implications

2.2.1 There is a risk that revenue may be understated in the Exchequer Account if some manual transactions are not being posted in the system.

2.2.2 The Ministry may also fail to accurately account for revenue received.

2.3 Recommendation

2.3.1 There is need to reconcile the system and manual figures to ensure that all

manual receipts are posted into the system and that correct returns are submitted for audit. A senior official should also regularly check that reconciliations are being correctly done.

3 SURCHARGES

3.1 Observation

3.1.1 An examination of the Outstanding Surcharges in the PFMS revealed a negative balance of \$2 478 that was posted into the system but was not disclosed on the return for Surcharges as at the end of the financial year. I therefore could not rely on the information on the Surcharges return presented for audit.

3.2 Implication

3.2.1 The return will not reflect a true and fair view of the state of affairs for the Ministry for the year under review.

3.3 Recommendation

3.3.1 There is need to reconcile the figures between the manual records and Public Finance Management System to ensure completeness of information disclosed on returns submitted for audit.

4 TRAVEL AND SUBSISTENCE EXPENSES

4.1 Observations

4.1.1 A Travel and Subsistence claim form number 9/2011 for the Minister's driver dated February 1, 2011 had an accommodation receipt dated December 12, 2011 with an amount of \$1 615 whilst the trip was said to have been undertaken from January 2, 2011 to January 24, 2011. Further examination of the claim form revealed that funds amounting to \$4 225 utilised for this trip were received between December 10 and 15, 2010. I could not therefore rely on the information on the payment voucher because of the variances on the dates.

4.1.2 I am also concerned by the way in which Domestic Travel Allowances Account is being managed. Out of a sample of 46 claim forms for Domestic Travel Allowances examined, all were not adequately supported by itinerary documents and copies of vehicle log books as evidence that the business trips alleged were actually undertaken.

4.2 Implications

4.2.1 The variance in dates between supporting documents attached on the Travel and Subsistence claim form may be a sign of fraudulent activities being perpetrated by some Ministry officials resulting in an improper charge to the Vote.

4.2.2 The Ministry may incur Domestic Travel and Subsistence expenditure for business trips not undertaken if relevant itinerary documents and copies of motor vehicle log books are not attached to Travel and Subsistence claim forms

as evidence of the trips undertaken.

4.3 Recommendations

- 4.3.1 Supporting documents for claim forms should be carefully reviewed and anomalies noted before payments are processed to avoid improper charge to the Vote. An investigation should be instituted to establish what really transpired for the accommodation receipt to be dated ten months after the trip had already been undertaken.
- 4.3.2 Approved itinerary and copies of Government vehicle log books should be attached to the Domestic Travel and Subsistence claim forms for the claim forms to be taken as authentic.

5 INFORMATION TECHNOLOGY CONTROL ENVIRONMENT

5.1 Observations

- 5.1.1 For the second year in succession the Ministry has not developed an e-mail policy to guide officers on the use of the e-mail and internet facility. This is contrary to good practice which requires that there be guidance that prohibits users from sharing e-mail accounts, forwarding of chain e-mails and downloading of malicious software.
- 5.1.2 I also observed that members of staff in office number 505 in the Accounts Department and those in office number four (4) in the Human Resources Department were using the same password and profile to access the Ministry's local computer network. This was contrary to Information Technology good practice which requires each computer user to have a unique password to access computer files.

5.2 Implications

- 5.2.1 In the absence of an Information Technology e-mail and internet policy and other risk mitigating measures the Ministry may expose itself to loss of relevant information through downloading of unauthorised software and computer virus attacks.
- 5.2.2 Sharing of passwords weakens the security of information and may result in loss of user accountability.

5.3 Recommendations

- 5.3.1 An information technology policy which covers use of e-mail, internet and downloading of documents should be developed.
- 5.3.2 The Ministry should ensure that unique user passwords are developed for each member to curb sharing of passwords.

VOTE 24 .– ENERGY AND POWER DEVELOPMENT

1 FRUITLESS AND WASTEFUL EXPENDITURE

1.1 Observation

The Ministry made an advance payment on December 05, 2011 of \$23 000 to Chinhoyi University Hotel towards a three day strategic planning workshop scheduled for December 11, 2011. The workshop was postponed twice before it was cancelled on the third occasion after running for half a day. The cancellation attracted a penalty of \$13 515. This was against the Public Finance Management Act [*Chapter 22:19*] Section 44 (b) (ii) which states that, "the Accounting Officer or any Public Officer shall prevent the incurrence of irregular, fruitless and wasteful expenditure".

1.2 Implication

1.2.1 Failure to properly plan for the workshop resulted in the Ministry incurring fruitless and wasteful expenditure thereby causing undue loss of public funds.

1.3 Recommendation

1.3.1 The Ministry should seek Treasury condonation in retrospect to regularise the improper expenditure and seek legal advice in order to recover the money.

2. ACCOUNTS FOR DEBT REDEMPTION FUND 2010 AND 2011

2.1 Observation

2.1.1 The Ministry failed to submit for audit the Debt Redemption Fund Accounts for the years ended December 31, 2010 and 2011 respectively. The Fund receives and administers levies charged on imported fuel upon entry in Zimbabwe for further liquidation of the former NOCZIM debts taken over by the Government of Zimbabwe. The non-submission of accounts was a violation of the requirements of the Public Finance Management Act [*Chapter 22:19*] Section 35 and the Audit Circulars of the relevant years.

2.2 Implication

2.2.1 Failure to submit accounts for audit implies lack of accountability for public funds.

2.3 Recommendation

2.3.1 The Debt Redemption Account should be submitted for audit in compliance with the Statutory Regulations and relevant Audit Circulars.

VOTE 25.- ECONOMIC PLANNING AND INVESTMENT PROMOTION

UNRELIABLE ACCOUNTING SYSTEM

1 Observation

1.1 For the second year in succession, I have not been able to determine the correctness of the expenditure incurred by the Ministry because of differences in the expenditure figures disclosed in the Appropriation Account and that reflected in the Public Finance Management System (PFMS). The Appropriation Account reflected an amount of \$2 242 646 and the PFMS had a figure of \$2 111 345. The Ministry failed to produce a reconciliation statement for the difference.

1.2 Implication

1.2.1 It would be difficult to place reliance on the figures disclosed in the Appropriation Account if material differences between the amounts disclosed in the account and those that were produced by the PFMS are not reconciled.

1.3 Recommendation

1.3.1 The Ministry should provide a reconciliation statement of the two systems at the time of submission of the Appropriation Account for audit.

2 IRREGULAR EXPENDITURE

2.1 Observation

2.1.1 The Ministry made payments to senior officers and other employees totalling \$64 519. The payments were made to compensate staff for working after hours for the months leading to the finalisation and launch ceremony of the Medium Term Plan. The expenditure was not covered by supporting documentation stating the number of days each officer/employee worked and the rates that were applied. Authority in terms of Public Service Commission Circular 112 of 1976 was not sought.

2.2 Implication

2.2.1 The Ministry incurred expenditure without competent authority from the Public Service Commission or Treasury.

2.3 Recommendation

2.3.1 The Ministry should not incur such expenditure without authority from the Public Service Commission or Treasury.

3 PURCHASE OF UNIFORMS FOR SENIOR OFFICERS

3.1 Observation

3.1.1 About ten senior officers in the Ministry received a total amount of \$3 250 to buy ushering clothes (uniforms) for the country's Medium Term Plan launch ceremony.

Public Service Commission's authority in terms of Circular No. 2 of 1988 was not sought to include management for this specific occasion. Management grades in Government receive representation allowances which cover such expenses. In addition, the Ministry failed to produce source documents from suppliers as proof that the expenditure was incurred for that purpose.

3.2 Implication

- 3.2.1 The Ministry incurred expenditure without prior authority from the Public Service Commission and Treasury.

3.3 Recommendation

- 3.3.1 The payments made to senior officers in the Ministry to buy ushering clothes (uniforms) were irregular. The money should be recovered in full. In future the Ministry should not incur such expenditure.

4 MAINTENANCE OF MOTOR VEHICLE RECORDS

4.1 Observation

- 4.1.1 The Ministry failed to produce registration books for 12 motor vehicles out of a fleet of 29 for audit examination. In addition, the Ministry also failed to avail records for 10 vehicles showing their history from date of acquisition up to the time of audit.

4.2 Implication

- 4.2.1 It would be difficult for the Ministry to properly account for the vehicles, their usage and keep track of maintenance and repair costs.

4.3 Recommendation

- 4.3.1 The Ministry should maintain registration books and records showing the history of each motor vehicle and be able to keep track of usage and maintenance costs.

5 OUTSTANDING BOARDS OF INQUIRY

5.1 Observation

- 5.1.1 Section 12(b) of the Public Finance Management Act [*Chapter 22:19*] read in conjunction with Treasury Instruction 2302 require Ministries to conduct investigations and determine the cause of damage or loss to State property. The Ministry did not convene Boards of Inquiry for two motor vehicles with registration numbers TCE-390 and AAO-8296 that were damaged as a result of accidents in 2009 and 2010 financial years respectively.

5.2 Implication

- 5.2.1 The Ministry may not be able to determine accountability for motor vehicles that were damaged. Standing Instructions regulating management of State property were not adhered to.

5.3 Recommendation

- 5.3.1 The Ministry should constitute Boards of Inquiry in all cases where State property is lost or damaged as stated in Standing Instructions.

6 MANAGEMENT OF FUEL

6.1 Observations

- 6.1.1 In violation of Public Service Circular No 3 of 2011, one Acting Director and eight officers of the grade of Deputy Director or equivalent in the Ministry were receiving monthly fuel allocation of 700 and 400 litres respectively. The same officers were receiving transport allowances.
- 6.1.2 Fuel registers were not maintained up to date. Serial numbers for fuel coupons received and issued out were not recorded in the register. The drivers were not filling in log books to state distances covered by the motor vehicles.

6.2 Implication

- 6.2.1 Some officers were receiving both fuel and transport allowances in violation of standing instructions and thereby incurring excess unauthorised expenditure.

6.3 Recommendation

- 6.3.1 Officers who received monthly fuel allocations should not receive transport allowances. The Ministry should recover from officers all what was paid in transport allowances from the time the officers started receiving fuel coupons.

VOTE 26.- SCIENCE AND TECHNOLOGY DEVELOPMENT

1 OVERSTATED EXPENDITURE

1.1 Observation

- 1.1.1 On the pretext that it was paying its suppliers, the Ministry transferred \$125 114 from its Sub-Paymaster General's bank account to the Innovation and Commercialisation Fund bank account on December 30, 2011. The Ministry wanted to avoid surrendering the unspent amount to the Consolidated Revenue Fund as provided for under Section 31 of the Public Finance Management Act [*Cap 22:19*] which states that, "every appropriation by Parliament of public money for the service of a financial year and every warrant or other authority issued under this Act in respect of such financial year, shall lapse and cease to have any effect at the close of that year, and unexpended balance of any moneys withdrawn from the Consolidated Revenue Fund shall be repaid to the Consolidated Revenue Fund."

The Ministry's total expenditure was overstated by \$125 114 as a result of the unauthorised transfer.

1.2 Implication

- 1.2.1 The total expenditure at the year end was overstated and the Innovation and Commercialisation Fund received money that was not authorised by Parliament.
- 1.2.2 Circumventing accounting procedures could result in fraud and or unauthorised Expenditure.

1.3 Recommendation

- 1.3.1 The Ministry should always adhere to the provisions of the Public Finance Management Act [*Chapter 22:19*] Section 31 which require that unspent money be redeposited into the Consolidated Revenue Fund at the end of the financial year.

2 FUEL, OILS AND LUBRICANTS

2.3 Observation

- 2.1.1 There was a lapse in the segregation of duties in respect of the custody, approval and issuing of fuel coupons, resulting in 1060 litres of fuel coupons being issued by an Administration Officer without the approval and supervision of an authorised officer.
- 2.1.2 Seven pool motor vehicles were being used without completing logbooks which would show the details of trips undertaken. I raised the same observation in my reports for the years ending 2009 and 2010 without the Ministry taking corrective action.

2.2 Implication

- 2.2.1 There is a risk that the fuel coupons could be misappropriated in the absence of segregation of duties.

2.2.2 Vehicles could be used on unauthorised trips.

2.3 Recommendation

2.3.1 There should be segregation of duties in the management and custody of fuel coupons to avoid manipulation of records.

2.3.2 The Ministry should ensure that all drivers complete logbooks, for trips undertaken to improve the management and usage of motor vehicles.

3 DEPARTMENTAL ASSETS

3.1 Observations

The following prior year issues were still unresolved as at December 31, 2011.

3.1.1 The Ministry had not implemented the outcome of the Board of Inquiry held on August 21, 2008 which recommended that vehicle AAP 2479 be disposed of through public auction or be sent to CMED. Instead, the vehicle was moved from the Ministry's premises to a private garage (Caltex Motors) for no specific reasons and without relevant paper work having been done.

3.1.2 There were no Boards of Inquiry for two motor vehicles, AAW 4473 which had a broken back screen and AAW 9596 which had its front door damaged in an accident on April 22, 2007.

3.1.3 The Ministry had various departmental assets that were no longer functional but there was no evidence that action had been taken to constitute Board of Survey to look into the condition of the items and recommend appropriate action.

3.2 Implications

3.2.1 The motor vehicle registration number AAP 2479 might be cannibalised and eventually lost without trace if it remains in the hands of the Private garage.

3.2.2 The Ministry may incur unnecessary costs where no one is held accountable for the damages to the motor vehicles.

3.2.3 The assets might be stolen or cannibalised if they are kept for a long period without a Board of Survey recommending the appropriate action to be taken.

3.3 Recommendations

3.3.1 The Ministry should implement the recommendations made by the Board of Inquiry.

3.3.2 The Ministry should conduct Boards of Survey and Inquiry timeously so that appropriate action is taken.

VOTE 27.- WOMEN AFFAIRS, GENDER AND COMMUNITY DEVELOPMENT

1 CESSATION OF SALARY

1.1 Observation

1.1.1 A former member of staff with an EC No. 3988381 who resigned from service during the first quarter of 2011 continued to receive a salary for nine months after her resignation from the service because her resignation notice was not promptly submitted to the Salary Services Bureau. The delay in processing the resignation resulted in the former employee receiving a salary for nine months after resignation.

1.2 Implication

1.2.1 Failure to promptly action resignations results in the Ministry being prejudiced of funds.

1.3 Recommendation

1.3.1 The Ministry should promptly action resignation letters to avoid paying former staff members. Action should be taken to recover the money paid to the former employee without delay.

VOTE 28.- NATIONAL HOUSING AND SOCIAL AMENITIES

1 MANAGEMENT OF ASSETS

1.1 Observations

- 1.1.1 In my previous audit reports for the years 2009 and 2010, I mentioned that the Ministry failed to maintain an up to date Departmental Assets Register as required by Treasury Instruction 2004. During the year under review, this area of assets management did not improve. The Departmental Assets Certificate submitted for audit did not include Government Pool Houses under the Ministry's control. I therefore could not determine whether the houses were checked by the Accounting Officer in compliance with Treasury Instruction 2004.
- 1.1.2 Furthermore, the Ministry did not have complete and up to date records for houses under its control. I could not satisfy myself whether the Ministry was able to fully account for all the properties under its control. At the time of audit, the Ministry had a provisional Government pool property register which was incomplete as evidenced by the non-recording of three houses in Avondale, i.e. properties at number 8, 10 and 12 Monmouth Road.
- 1.1.3 Paragraph 17 of the lease agreement requires that Government Pool Houses be inspected regularly to ensure that the properties are kept in good condition. However there was no evidence that this was being done as indicated by cases of subletting observed in Highfield, St Marys, Kuwadzana and Aspindale. This was also in breach of the lease agreement paragraph 5 which forbids subletting of properties.
- 1.1.4 The last valuation of the Government Pool Property Houses was done in 2008 before the multicurrency system. The basis on which monthly rentals was determined could not be ascertained. Although the same issue was raised in the 2010 audit report, the Ministry did not take any action to have the houses revalued.
- 1.1.5 Audit observed that balconies at four blocks of flats at Francis Flats, numbers 1 to 48 were converted into rooms by tenants. This negatively affected ventilation, lighting and the general outlook of the properties. No documentary evidence was availed to indicate that the improvements were done with the authority and supervision of the relevant authorities and by competent builders.
- 1.1.6 The Department of National Museums and Monuments authorised the demolition of a monumental property, Tredgoldhouse number 510, 6 Montague Avenue corner Josiah Chinamano Avenue in year 2000. The dilapidated house which did not have running water and sewer system was being used for residential purpose by two illegal tenants. At the time of audit, the house had not been demolished by the Ministry.

1.2 Implications

- 1.2.1 Government assets such as Government Pool Houses may be converted to personal assets leading to loss of assets to the State if they are not physically checked and compared with records.
- 1.2.2 The Ministry may not be able to account for Government properties if there are no complete records showing the location and occupants of the houses.

- 1.2.3 Subletting would result in overcrowding which will negatively affect the condition of houses.
- 1.2.4 Without accurate values of Government houses, the Ministry would not be able to determine outstanding balances on partly paid for properties and economic monthly rentals. This may result in loss of Government revenue.
- 1.2.5 Ventilation, safety and general outlook of the flats whose balconies were closed for the purposes of increasing room space could be compromised.
- 1.2.6 There is risk of loss of life if the house collapses and may pose health hazard to the public.

1.3 Recommendations

- 1.3.1 The Ministry should make efforts to maintain an up to date Departmental Assets register of all assets including Government Pool Houses to enhance effective control of State assets.
- 1.3.2 Efforts should be made to maintain up to date records of properties.
- 1.3.3 The Ministry should inspect Government Pool Houses on a regular basis to ensure that they are kept in good condition and to eradicate cases of subletting.
- 1.3.4 Revaluation of Government Pool Property Houses should be given priority in order to determine the actual values of houses and economic rentals.
- 1.3.5 The conversion of balconies into rooms should be investigated and corrective action taken.
- 1.3.6 The Ministry should ensure that the dilapidated house is demolished in compliance with the recommendation by the National Museums and Monuments.

2 OUTSTANDING REVENUE

2.1 Observation

- 2.1.1 In my 2010 report, I raised concern over the non-collection of revenue. The problem persisted during the year under review. Revenue amounting to \$817 701 was outstanding as at December 31, 2011 an increase of 0.8 % from the previous year. Of this amount, \$803 741 was attributed to outstanding rentals. Paragraph 14 of the lease agreement which states that any defaults should result in cancellation or repossession of the property was not enforced.

2.2 Implication

- 2.2.1 There is risk of loss of potential revenue to the State if outstanding revenue remains uncollected.

2.3 Recommendation

- 2.3.1 The Ministry should make an effort to recover the outstanding balances.

3 REVENUE RECEIVED

3.3 **Observation**

3.1.1 In my 2010 report, I raised concern over the Ministry's revenue collection effort. I mentioned that the Ministry had collected only 14% of the potential revenue. During the year under review, out of the estimated revenue collection of \$1 028 378, the Ministry collected \$211 455 (21%). This was a 7% increase of the previous year's collection. The poor revenue collection was caused by the Ministry's weak systems to enforce revenue collection.

3.2 **Implication**

3.2.1 The State was prejudiced of needed funds due to non-collection of revenue.

3.3 **Recommendation**

3.3.1 The Ministry should put concerted effort to collect rentals.

4 MOTOR VEHICLES BOUGHT NOT DELIVERED

4.1 **Observation**

4.1.1 I also raised in my previous report that six motor vehicles valued at US\$100 362 bought from two suppliers namely Light Up Investments and Platinum Motors in January 2008 had not been delivered at the time of concluding the 2010 audit. It is of concern that the matter remained unresolved in 2011. At the time of audit the matter was still outstanding. The payment may result in a wasteful expenditure.

4.2 **Implication**

4.2.1 The suppliers could end up totally failing to fulfill their obligation if the matter is not vigorously pursued.

4.3 **Recommendation**

4.3.1 The Ministry should continue to make concerted effort and ensure that the motor vehicles are delivered.

VOTE 29.- WATER RESOURCES DEVELOPMENT AND MANAGEMENT

1 NON SUBMISSION OF RETURNS

1.1 Observation

1.1.1 Contrary to the provisions of Section 32(2) of the Public Finance Management Act [*Chapter 22:19*] read in conjunction with Audit Circular No.1 of 2011, the Ministry failed to submit the Results Based Management Documents for my audit examination for the third year in succession. As a result, I was not able to relate the expenditure to the Ministry's set targets during the year under review. In addition, the following returns were not submitted for audit:

Asset Certificate
Losses of and Damage to State Property

1.2 Implication

1.2.1 The nature and status of assets in the Ministry could not be ascertained and this increases the risk of misappropriation.

1.3 Recommendation

1.3.1 The Ministry should compile and submit its Departmental Assets Certificate and Losses of and Damage to State Property returns as required by Audit circular number 1 of 2011.

2 FUEL, OILS AND LUBRICANTS

2.1 Observation

2.1.1 The recorded expenditure on Fuel, Oils and Lubricants amounted to \$129 219 as at December 31, 2011. My examination of records revealed that expenditure amounting to \$11 127 had been misallocated to other items. Failure to adjust this expenditure to its correct item revealed the intention to avoid excess expenditure. Taking into account this irregularity the Ministry therefore exceeded the authorised provision by \$11 127 on this item. In addition, the authenticity of transactions amounting to \$19 490 on the fuels ledger could not be validated because the vouchers could not be located due to poor filing system of documents by the Ministry.

2.2 Implication

2.2.1 The expenditure on Fuel, Oils and Lubricants item was understated whilst the affected items of expenditure were overstated thereby failing to give fair presentation.

2.3 Recommendation

2.3.1 In terms of the provisions of Section 17(5) of the Public Finance Management Act Chapter [*Cap 22:19*] excess expenditure on sub-heads should be authorised by Treasury.

3 PAYMASTER GENERAL'S ACCOUNT (PMG)

3.1 Observation

3.1.1 The Ministry did not carry out monthly reconciliations for the Sub-Paymaster General's Account. As a result the variance between expenditure disclosed in the Appropriation Account and Sub-Paymaster General's Account of \$28 170 remained unexplained. Furthermore, the Bank Transaction Fees ledger had misallocations amounting to \$4 205.

3.2 Implication

3.2.1 The Ministry's Sub-Paymaster General's Account may be charged with expenditure not authorised and the bank account could be over drawn if monthly reconciliations are not done. Furthermore, bank charges could be overstated by \$4 205 in the Appropriation Account.

3.3 Recommendation

3.3.1 The difference should be investigated and also the Ministry should transfer money through properly authorized means of virementing from an item where there are savings to items where excess expenditure would be incurred.

4 SPECIAL BANK ACCOUNT

4.1.1 Observations

4.1.1 The Ministry was authorized by Treasury to open a special bank account with CBZ Bank for the purpose of administering financial assistance from donor organizations. However, contrary to the purpose for which the bank account was opened, the Ministry deposited \$10 000 borrowed from Zimbabwe National Water Authority (ZINWA) and \$95 325 from the Ministry's Sub-Paymaster General's account. Subsequently, cash withdrawals were made from the special bank account to meet recurrent expenditure.

4.1.2 Bank statements availed for my examination revealed that \$186 636 was disbursed from the account during the year. However, I could not validate the expenditure due to the inadequacy of auditable documents. Consequently, it could not be ascertained with any degree of accuracy as to whether the closing balance of \$25 279 represented donor funds or drawdowns from the Ministry's Sub-Paymaster General's Account.

4.2 Implications

4.2.1 Funds transferred from the Sub-PMG to the special account might be subject to abuse and fraudulent activities might be perpetrated.

4.2.2 The special bank account is being used as an extension of the Sub-PMG account and funds might not be properly accounted for. Furthermore, the closing balance for donor funded projects might be overstated and the Ministry might also override the system in place whereby all money in the Sub PMG not spent at the end of the year is to be returned to Treasury.

4.3 Recommendation

- 4.3.1 The Ministry should desist forthwith from using the special bank account as an extension of the Sub-Paymaster General's account. The account should be used for the purpose for which authority for its operation was granted by Treasury in line with Accounting Officer's Instructions.

5 EMPLOYMENT FORMALITIES

5.1 Observation

- 5.1.1 Three employees of a Statutory organisation had been rendering their services to the Ministry on a full time basis since 2010. At the time of audit, their secondment had not been regularised by the Public Service Commission. I was therefore unable to satisfy myself that the appointment formalities of persons to serve in the Public Service were complied with.

5.2 Implication

- 5.2.1 The concerned members on secondment might not have fulfilled all the minimum requirements of appointment in the Public Service.

5.3 Recommendation

- 5.3.1 The secondment should be regularized by the Public Service Commission.

6 FOREIGN TRAVEL EXPENSES

6.1 Observations

My examination of records in relation to Foreign Travel revealed the following unsatisfactory features:

- 6.1.1 Vouchers amounting to \$29 356 in respect of ten transactions could not be examined due to poor filing of records in the Ministry.
- 6.1.2 Expenditure amounting to \$34 783 was misallocated and accounted for under Domestic Travel ledger.
- 6.1.3 Seven long outstanding balances amounting to \$6 842 remained outstanding at the end of the year.

6.2 Implications

- 6.2.1 The expenditure might not have occurred and there might be errors resulting in misstatements.
- 6.2.2 Expenditure on the Foreign Travel and Domestic Travel components was misstated and was also wrongly classified.
- 6.2.3 Delays in recovering outstanding balances increase their chances of being irrecoverable.

6.3 Recommendations

- 6.3.1 The Ministry should introduce an easy access filing system whereby documents are filed sequentially by voucher number.
- 6.3.2 The Ministry should transfer money through properly authorized means of virementing from an item where there are savings to items where excess expenditure would be anticipated.
- 6.3.3 Outstanding advances in excess of the stipulated maximum period of 30 days should be recovered through the Department of Salary Service Bureau.

7 ZIMBABWE NATIONAL WATER AUTHORITY (ZINWA) DEBT

7.1 Observation

- 7.1.1 On page 110 of my report for the year ended December 31, 2010, I reported that due to cash flow problems, the Ministry resorted to borrowing on a reimbursable basis funds from ZINWA to finance its operations. That practice continued into the year under review. As at December 31, 2011 the total debt due to ZINWA was \$120 696. The debt represented expenditure incurred during the year and also in previous years which should have been charged to the relevant budget items for the years. I was concerned that the total expenditures reflected for the year was understated by the expenditures represented by the debt.

7.2 Implication

- 7.2.1 The Ministry might have spent more than the voted funds without authority and all expenditure for the year under review might not have been disclosed. On the other hand, hidden expenditure from previous years could have been accounted for during the current year.

7.3 Recommendation

- 7.3.1 The Ministry should stop forthwith borrowing funds from ZINWA without authority and also approach Ministry of Finance for guidance on how its obligation due to ZINWA totalling \$120 696 will be cleared.

8 ASSETS

8.1 Observations

- 8.1.1 Assets acquired during the year through purchase and donations were not recorded in the Master Assets register. The register was last updated in 2010.
- 8.1.2 Unserviceable assets were removed from the master assets register before a Board of Survey was conducted. Accounting Officer's authority was not produced for the write off.
- 8.1.3 Boards of Inquiry were not convened for the accidents involving the Director Finance, Human Resources and Administration and the Chief Internal Auditor. A police report

was not produced in respect of the accident of 11/08/08 involving the Director of Finance, Human Resources and Administration.

Boards of Inquiry

Name	Vehicle Reg No.	Date of Accident	Board of Inquiry
Director Finance, Human Resources and Administration	GWRID 044	11/08/08	Not Convened
Chief Internal Auditor	GWRID 043	2007	Convened
	GWRID 043	02/01/11	Not Convened
	GWRID 043	06/08/11	Not Convened

8.1.4 Deputy Director Human Resources and Administration; and the Chief Internal Auditor were found responsible for accidents which occurred on 10/01/2009 and 2007 respectively. The Boards of Inquiry concluded that those involved should meet part of the cost of repair and the Board's recommendations were approved by the Permanent Secretary of the Ministry. However, Treasury Orders were not raised since 2010 when the Boards of Inquiry were concluded.

8.1 Implications

8.2.1 Unrecorded assets might be misappropriated without being noticed by the relevant authorities.

8.2.2 Assets removed from master assets register before decision of the Board of Survey might be misappropriated because there is no method of disposal.

8.2.3 Failure to convene Boards of Inquiry involving management will set a wrong precedence in the Ministry as the members involved might end up driving their allocated vehicles before conclusion of their Boards of Inquiry.

8.3 Recommendations

8.3.1 All assets donated to or purchased by the Ministry during the year should be recorded in the master assets register before they are distributed to users.

8.3.2 Broken or damaged assets should not be removed from the master assets register before the Board of Survey is convened.

8.3.3 Boards of Inquiry should be convened timeously for all accidents involving Government vehicles.

8.3.4 An officer involved in an accident whilst driving Government vehicles should be suspended from driving until a Board of Inquiry is convened.

VOTE 30.- CONSTITUTIONAL AND PARLIAMENTARY AFFAIRS

1 PAYMASTER GENERAL'S ACCOUNT

1.1 Observation

1.1.1 For the third year running the Ministry did not prepare monthly reconciliations of the Sub-Paymaster General's Account violating Treasury Instruction 1301 which stipulates that a reconciliation of the Sub-Paymaster-General's Account for each Ministry, covering the previous month's transactions, shall be submitted to Treasury on or before the seventh working day of each month. As a result, the closing balance on the reconciliation account did not agree with the closing balance on the bank statement. The Sub-Paymaster General's Account balance was \$29 487 while that of the bank balance was \$9 328. I therefore could not place reliance on the expenditure figure disclosed on the Sub-PMG's account as the two figures could not be reconciled.

1.2 Implication

1.2.1 Without preparing monthly reconciliations of the Sub-PMG's account, the Accounting Officer will not effectively monitor payments being processed through the bank to ensure that these are a proper charge on the Appropriation Account.

1.3 Recommendation

1.3.1 Monthly reconciliations of the Sub-PMG's account should be prepared as required by Treasury Instruction 1301. This would enable the Accounting Officer to effectively monitor payments being processed through the bank and ensure that these are a proper charge on the Appropriation Account.

1.3.2 The two figures should be investigated and reconciled.

2 TRAVELLING AND SUBSISTENCE (T AND S) ALLOWANCES

2.1. Observation

2.1.1 During the audit of Travel and Subsistence claims, I noted that some officials claimed allowances which were double the rates charged by hotels and lodges they stayed in. This resulted in total allowances of \$26 395 being claimed against an amount of \$13 198 which could have been charged by the respective hotels and lodges. The State could have been prejudiced of substantial amounts of money through the scam.

2.2 Implication

2.2.1 State funds are exposed to misuse if they are not properly accounted for.

2.3 Recommendation

2.3.1 The Ministry should investigate the case and take corrective action against the individuals involved.

VOTE 31.- TOURISM AND HOSPITALITY INDUSTRY

1 UNRELIABLE ACCOUNTING SYSTEM

1.1 Observation

1.1.1 For the third year in succession, I was unable to determine the correctness of the total expenditure incurred by the Ministry during the year under review. There was a variance between the Appropriation Account, the Sub-Paymaster General's account of \$4 878 036 and the Public Finance Management System balance of \$4 821 817. The difference of \$56 219 had not been reconciled at the conclusion of this audit.

1.2 Implication

1.2.1 The Ministry's total expenditure may include fraudulently processed vouchers. The Ministry may pay for services not rendered to Government.

1.3 Recommendation

1.3.1 The Ministry officials should carry out monthly reconciliations between the bank statement and the Public Finance Management System balances. This would enable the detection of errors of omission and commission.

2 FAILURE TO SUBMIT RETURNS

2.1 Observation

2.1.1 The Ministry failed to submit for audit the following returns:

- a) Advances Domestic Travel
- b) Advances Foreign Travel
- c) Losses of and Damages to State Property
- d) Advances Miscellaneous

2.2 Implication

2.2.1 Accountability and monitoring of the Ministry's operations will be compromised by its failure to prepare and submit returns for audit.

5.4 Recommendation

2.3.1 The Ministry should adhere to the Audit Circular No. 1 of 2011.

3 PROCUREMENT – MOTOR VEHICLES

3.1 Observation

3.1.1 In paragraph 3.1 Page 118 of my report for the financial year ended December 31, 2010, I made mention of the irregular manner in which the Ministry, in its desire to maximize on all funds availed to it, irregularly acquired two second hand motor vehicles at a cost of \$24 000. In follow up examination of records, I established that the said vehicles had not been registered with the Ministry and that ownership still resided in the previous owners.

During the year under review the Ministry again purchased four (4) second hand motor vehicles (Two Nissan Elgrands, a Toyota Regius and a Nissan Bluebird) on December 31, 2011 at a cost of \$35 000. It is still my considered opinion that the transaction was irregular in that:

- a) It is not Government Policy to purchase second hand vehicles.
- b) There was no independent valuation of the prices charged and assessment of the vehicle fitness.
- c) The CMED was not consulted in the transaction.
- d) The Procurement Committee was not involved in the purchase.
- e) State Procurement Regulations were not adhered to.

As stated above the four vehicles in addition to those acquired in 2010 had not been registered in favour of the Ministry as at the time of concluding this audit in March 2012. I am deeply concerned that the Ministry has always been eager to avoid surrendering of funds to Treasury at the expense of following laid down procurement procedures.

4.4 Implication

- 3.2.1 Failure to register the motor vehicles leaves the Ministry without a valid title and in the event of litigation the State would be prejudiced.

4.2 Recommendation

- 3.3.1 The Ministry should ensure that State Procurement Board Regulations are adhered to for purchases valued between \$10 000 and \$50 000, that is, these have to go through Informal Tender and Treasury concurrence should be sought. In addition, the Ministry should regularise the transfer of ownership for the motor vehicles considering that the Isuzu KB300 truck bought in December 2009 was still not registered in the Ministry's name at the time of audit in March 2012.

4 MAINTENANCE - VEHICLE AND MOBILE EQUIPMENT

4.1 Observation

- 4.1.1 My examination of records for the year under review disclosed the following unsatisfactory features in connection with motor vehicle management:
Contrary to the provisions of Section 6 of Statutory Instrument number 171 of 2002 the Ministry's V W Caravelle minibus was serviced at a cost of \$1 760 at a local garage. I was not satisfied that value was achieved since there had been no competitive quotations obtained before the garage was engaged.
- 4.1.2 Following a road traffic accident of motor vehicle ABD 3758 on July 17, 2011 in which damages were suffered, the Ministry engaged the services of a local garage to undertake panel beating and other services to its damaged vehicle at a cost of \$5 721. Again no competitive quotations had been obtained prior to the engagement as required by the regulations. Although the above sum was paid out in respect of services rendered the vehicle in question was still off the road at the time of concluding this audit in March 2012. I also observed that no Board of Inquiry had been convened to inquire into the accident prior to the repairs as required by the regulations.
- 4.1.3 The Ministry's two Isuzu vehicles underwent repairs in April 2011 at a firm specialising in tour operations at a cost of \$5 112. My inquiries revealed that the two vehicles were

still off the road in March 2012. One of the vehicles was still held at the tour operating company's premises with the engine totally dismantled and the other had been sent to the Central Mechanical Equipment Department (Private) Limited for further attention. I inquired into the propriety of the engagement of a tour operating firm to undertake motor vehicle repairs and on the failure to obtain competitive quotations in terms of the regulations. Accordingly I was not satisfied that the payment of \$5 112 was a fair charge to the public funds.

4.2 Implication

- 4.2.1 The practice compromises competitive service provision and value for money.
- 4.2.2 The Board might fail to appropriately convene an enquiry due to lack of evidence and as a result the cost of repairing the vehicle might be paid by the Ministry instead of the liable party.
- 4.2.3 The Ministry might incur additional expenses by dealing through agents.

4.3 Recommendation

- 4.3.1 The Ministry should consider more service providers in order to enhance competition and value for money.
- 4.3.2 An investigation should be instituted by the Ministry to establish:
 - a) Why vehicles were sent for service and repairs to Showman Tours, a vehicle hiring company?
 - b) Why the KB300 registration number ABF 9741 was still at Showman Tours since April 2011?
 - c) Why the KB250 registration number ABD 4153 was sent to CMED for service despite it being serviced at Showman Tours and released to the Ministry in November 2011?

5 SERVICING OF COMPUTERS

5.1 Observation

- 5.1.1 The Ministry serviced two (2) computers at a total cost of \$2 140. The transaction is considered irregular in that:
 - a) No three quotations were considered to select the best supplier as required by Procurement Regulations S.I. 171 of 2002 Section 16.
 - b) The cost incurred in servicing the computers exceeded the cost of acquiring a new computer, that is \$805 for the accounts section computer and \$768 for the computer at the Minister's office. A quotation obtained by the Ministry during the same period showed that it costed \$740 to buy a similar new computer from Arkmate.
 - c) The actual amounts of money paid to the service provider, Lonebright Computers remained unknown since no receipts were attached / availed for audit.

5.2 Implication

- 5.2.1 The officers responsible may deliberately avoid the process of obtaining three comparative quotations for personal gain or fraud. Unnecessary servicing costs might be incurred at the expense of acquiring a new item. The funds might be misappropriated.

5.3 Recommendation

- 5.3.1 The Ministry should always abide by proper procurement practices as stated in the Procurement Regulations S.I 171 of 2002 Section 16, to obtain three quotations and draw up a comparative schedule to select the best supplier.
The Ministry should investigate why such high servicing costs were accepted.
The receipts for the payments in respect of the services should be made available as proof that the payments were done.

6 TRAVEL EXPENSES - DOMESTIC

6.1 Observation

- 6.1.1 Twelve (12) officers were paid \$10 813 for the year under review for working during lunch hour and overtime allowances while they were conducting their normal duties. No overtime allowance circular was authorised by Treasury for the year 2011 and no logging in and out was being done by the officers. In addition the Ministry requested for Authority to regularize payment of overtime allowances on January 6, 2012 in retrospect.

6.2 Implication

- 6.2.1 The Ministry may suffer financial loss due to lack of controls and authority.

6.3 Recommendation

- 6.3.1 Treasury Authority should be sought whenever overtime allowances are to be paid.

VOTE 32.- LABOUR AND SOCIAL SERVICES

1 UNRELIABLE ACCOUNTING SYSTEM

1.1 Observation

1.1.1 For the second year in succession, I was unable to determine the correctness of the total expenditure incurred by the Ministry. The Appropriation Account reflected an amount of \$24 133 979, the Public Finance Management System's consumed budget had a figure of \$24 140 396 while the Sub-Paymaster-General Account's bank statement showed an amount of \$23 965 598. The Ministry did not reconcile the three different figures.

1.2 Implication

1.2.1 It would be difficult to place reliance on the figures disclosed in the financial statements if material differences exist between the figures in the account and in the PFMS.

1.3 Recommendation

1.3.1 The Ministry's officials should do the reconciliations of the two systems before submission of the Appropriation Account for audit.

2 NON SUBMISSION OF RETURNS

2.1 Observation

2.1.1 Contrary to the provision of section 35 (6) (b) (i) of the Public Finance Management Act [*Chapter 22:19*] read in conjunction with Audit Circular Number 1 of 2011, the Ministry's Department of Social Services failed to submit for audit nine returns as detailed below:

Revenue Written Off
Outstanding Departmental Surcharges
Outstanding Audit Surcharges
Outstanding Treasury Orders
Outstanding Public Service Surcharges, Orders and Fines
Unvouched Expenditure
Gifts, Legacies and Donations
Donor Funded Projects
Major Tenders awarded to Suppliers of Goods and Services.

2.2 Implication

2.2.1 The non-submission of returns limited the scope of my audit and also implies lack of accountability.

2.3 Recommendation

2.3.1 The Ministry should comply with the Statutory requirements regulating submission of returns for audit.

VOTE 33.- STATE ENTERPRISES AND PARASTATALS

1 OUTSTANDING TRAVELLING AND SUBSISTENCE ADVANCES

1.1 Observation

1.1.1 The Ministry had a total of \$1 289 outstanding Travelling and Subsistence advances as at December 31, 2011. I was concerned that most of the advances had been outstanding for more than six months in violation of Treasury Instruction 1505.

1.2 Implication

1.2.1 There is risk of loss of funds to the State if monies advanced are not recovered timeously.

1.3 Recommendation

1.1.1 The Ministry should make effort to recover outstanding Travelling and Subsistence allowances.

VOTE 34.- INFORMATION COMMUNICATON TECHNOLOGY

1 UNAUTHORISED EXCESS EXPENDITURE

1.1 Observation

1.1.1 The Ministry incurred unauthorised excess expenditure amounting to \$122 800 as at December 31, 2011. The excess expenditure arose after the Ministry went on to spend \$4 491 800 against the budgeted allocation of \$4 369 000.

1.2 Implication

1.2.1 Committing the State resources without requisite authority may not promote fiscal probity and accountability.

1.3 Recommendation

1.3.1 The Ministry should ensure that Treasury authority is obtained before spending more than the budgeted amounts.

2 PURCHASE OF OFFICE EQUIPMENT AND OFFICE FURNITURE

2.1 Observations

2.1.1 The Ministry made an advance payment of \$349 740 to a company that was awarded a tender (ref: PBR 1896 of December 15, 2011) to supply, deliver and install thin clients, e-learning software, local area network at 4 schools in each of Zimbabwe's ten provinces on a turnkey basis. Treasury Instructions 0906 and 0907 prohibit making payment before services are rendered or value received.

2.1.2 In December 2011 the Ministry spent \$20 696 on acquisition of office furniture which had not been delivered at the end of May 2012.

2.2 Implications

2.2.1. Making payment before receiving the goods/services may result in losses to the State in the event of default by the supplier.

2.2.2 Failure to follow procedures may result in uneconomic buying and wastage of public funds.

2.3 Recommendations

2.3.1. The Ministry should desist from making advance payment unless prior Treasury authority is obtained.

2.3.2. The Ministry should ensure that all purchases are done in terms of State Procurement regulations.

VOTE 35.- PUBLIC WORKS

1 DEPARTMENTAL ASSETS

1.1 Observation

1.1.1 Although the Ministry submitted the Departmental Assets Certificate stating that Departmental Assets were physically compared with records at least once during the financial year, the validity of the certificate was in doubt as assets on the Ministry's ground floor, first and second floors at Makombe Building were not recorded in the assets register.

1.2 Implication

1.2.1 There is risk that assets could get lost without trace or diverted to personal use.

1.3 Recommendation

1.3.1 The Ministry should update the master assets register to ensure that all assets purchased are properly recorded in the register. Treasury Instruction 2004 should be complied with.

2 RESULTS BASED MANAGEMENT

2.1 Observation

2.1.1 Quarterly performance reports were not prepared and as a result, I was not able to assess whether the Ministry managed to apply its resources towards its planned objectives.

2.2 Implication

2.2.1 There is risk that the planned objectives were not met.

2.3 Recommendation

2.3.2 Performance reports should be prepared on quarterly basis for monitoring of progress.

3 ADVANCE PAYMENTS

3.1 Observation

3.2.2 An amount of \$11 876 was paid to ZINWA Masvingo (Runde Catchment Area) on December 31, 2011 for the installation of a borehole at a Government official's residence using funds meant for Ndanga Hospital maintenance. At the time of concluding this audit in May 2012, the borehole had not yet been sunk.

3.2 Implication

3.2.1 Project funds could have been diverted without Treasury authority, and the hospital deprived of its needs.

3.3 Recommendation

- 3.3.1 Project funds for a critical institution such as a hospital should never be diverted for other uses unless Treasury approval has been granted. The Ministry should ensure that project funds are used specifically for the purpose for which they were released.

4 PROCUREMENT

4.1 Observation

- 4.1.1 Tender Board formalities and the concurrence from the State Procurement Board were not observed in the award of a contract to a local firm for the supply and installation of an electronic access control system and Closed Circuit Television at Mukwati Building at a cost of \$67 071.

4.2 Implications

- 4.2.1 Involvement of the State Procurement Board in matters of acquisitions ensures that the Government derives value on all purchases. Failure to adhere to procurement regulations may result in purchases being made from expensive sources.
- 4.2.2 There may be an attempt to split tender in order to circumvent compliance with requirements of formal tender procedures.

4.3 Recommendation

- 4.3.1 Management should ensure that the procurement of goods and services is done in compliance with the Statute and in cases of waiver, the necessary authority should be sought in order to ensure transparency and value for money.

VOTE 36.- REGIONAL INTEGRATION AND INTERNATIONAL CO-OPERATION

1 SUB-PAYMASTER GENERAL'S ACCOUNT

1.1 Observation

1.1.1 The Ministry's Appropriation Account reflected total expenditure of \$1 522 713 while the Sub-Paymaster General's Account reflected \$1 501 323. No reconciliation of the two figures was done.

1.2 Implication

1.2.1 The Ministry's total expenditure may include fraudulently processed vouchers if the bank reconciliations are not carried out. The Ministry may pay for services not rendered to Government.

1.3 Recommendation

1.3.1 It is recommended that Ministry officials should carry out monthly reconciliations between the bank statement and the PFM system balances. This would enable the detection of errors of omission and commission.

2 ACCOUNTING FOR PUBLIC MONIES

2.1 Observation

2.1.1 The Ministry collected monies by way of salary advance recoveries totalling \$4 699 and deposited the same into its Sub-Paymaster General's Account instead of the Sub-Exchequer Account. This practice was also noted during the 2009 and 2010 financial years and the matter had not been corrected by the time of concluding the audit. This is contrary to the requirements of Section 16 (1) of the Public Finance Management Act [*Chapter 22:19*].

2.2 Implications

2.2.1 This had the effect of increasing the Ministry's budget without Parliamentary approval. It also reduced the revenue inflows into the Exchequer Account.

2.2.2 The money could have been used for purposes that had not been planned for thereby defeating the concept of budgetary control.

2.3 Recommendation

2.3.1 The money collected by the Ministry should be deposited into the Sub-Exchequer Account.

3 NON-SUBMISSION OF RETURNS

3.1 Observation

3.1.1 For the second year in succession, the Ministry failed to submit the following returns for audit in violation of Section 32 of the Public Finance Management Act [*Chapter 22:19*], read in conjunction with Audit Circular No.1 of 2011.

- i) Results Based Management Documents:
 - Work Performance Monitoring Plans
- ii) Other capital liabilities
- iii) Advances summary

3.2 Implication

3.2.1 The failure to submit returns limit the scope of my audit.

3.3 Recommendation

3.3.1 The Ministry should comply with the requirements of Audit Circular No. 1 of 2011 and Section 32 (1) and (2) of the Public Finance Management Act [*Chapter 22:19*].

4 FUEL MANAGEMENT

4.1 Observation

4.1.1 The evaluation of the Ministry's internal controls on fuel issues revealed that motor vehicle drivers were not using log books in their daily operations during the year under review.

4.2 Implication

4.2.1 Motor vehicles may be misused.

4.3 Recommendation

4.3.1 The Ministry should make use of log books to ensure proper accountability of fuel and vehicle use.

5 GENERAL INTERNAL CONTROL ENVIRONMENT

5.1 Observation

5.1.1 The overall internal control environment evaluation revealed that the Ministry did not have a documented and approved risk management policy at the time of audit.

5.2 Implication

5.2.1 If there are no formal risk management policies, the Ministry might not be able to detect risks which could lead to loss of public funds.

5.3 Recommendation

5.3.1 It is recommended that the Ministry should institute a risk management framework.

6 MANDATE OVERLAP

6.1 Observation

6.1.1 The Ministry did not resolve the issue of mandate overlaps between itself and the Ministry of Industry and Commerce despite the audit recommendation made in the financial year ended December 31, 2010.

6.2 Implication

6.2.1 There will be duplication of effort if two Ministries continue to have overlapping mandates.

6.3 Recommendation

6.3.1 The Ministry's mandate should be clearly defined to avoid duplication of effort.

7 DOMESTIC AND FOREIGN TRAVEL EXPENSES

7.1 Observation

7.1.1 The Ministry issued multiple Travelling and Subsistence advances to individuals before they cleared the previous advances in violation of the requirements of Treasury Instruction 1505.

7.2 Implication

7.2.1 The Ministry may fail to recover both advances if the officers fail to clear the old advances resulting in loss of public resources.

7.3 Recommendation

7.3.1 The requirements of Treasury Instruction 1505 should be complied with. No Travelling and Subsistence allowance should be advanced to an officer before clearing the previous advances.

VOTE 37.- LANDS AND RURAL RESETTLEMENT

1 MANAGEMENT OF PUBLIC RESOURCES

1.1 Observation

1.1.1 Boards of Inquiry on stolen assets were taking long to be convened thereby delaying the conclusions of the cases and replacement of the concerned items. The Police reports on the thefts and disappearance of the assets were not produced for audit examination. This is contrary to the requirements of Treasury Instruction 2302. I drew this issue to the attention of the Ministry's management in my management letter LRR 2/25/10 dated September 2, 2011.

1.2 Implication

1.2.1 Boards of Inquiry are meant to determine and apportion responsibility for any losses or damage to State property. If these are not convened within reasonable times, the information may be lost; the members responsible may leave service or may be deceased. This would result in loss to Government.

1.3 Recommendation

1.3.1 Effort should be made to speed up the convening of Boards of Inquiry in order to apportion responsibility to enable Government to have the assets replaced and ensure continuity of service.

2 OUTSTANDING REVENUE

2.1 Observation

2.1.1 I could not verify the correctness of the outstanding revenue of \$4 618 344 for the 2011 financial year as the Ministry did not produce the database for all debtors under its charge. I drew this issue to the attention of the Ministry's management in my management letter LRR 2/25/10 dated September 2, 2011.

2.2 Implication

2.2.1 There could be understatement of outstanding revenue resulting in loss to Government. There is also the risk of financial prejudice to the State if revenue remains tied up in debtors.

2.3 Recommendations

2.3.1 The Ministry should put in place a reasonable method of recovering outstanding revenue.

2.3.2 All items constituting outstanding revenue should be included on the return for outstanding revenue.

3 UNRELIABLE ACCOUNTING SYSTEM

3.1 Observation

3.1.1 The Appropriation Account reflected an amount of \$9 093 811, the Public Finance Management System's consumed budget had a figure of \$9 092 523, while the Sub-Paymaster General's bank statement showed a total of \$9 096 059. For the third year in succession, the figures for the three components continued to be at variance despite that all transactions were now being processed through the system. The Ministry did not reconcile the three different figures. I was therefore unable to determine the correctness of the total expenditure incurred by the Ministry.

3.2 Implication

3.2.1 The Ministry's total expenditure may include fraudulently processed vouchers if reconciliations are not carried out.

3.3 Recommendation

3.3.1 The Ministry officials should carry out monthly reconciliations between the bank statement and the PFMS balances to enable the detection of errors of omission and commission.

4 REVENUE RECEIVED

4.1 Observations

4.1.1 For the third year in succession, the Ministry did not produce a database in respect of small scale farms, trading leases, commercial farms, farm equipment, survey fees and general leases. This was the case despite the fact that the Ministry paid out \$2 537 424 to former land owners for compensation. The Ministry also made an undertaking through the response letter reference R/E/2 dated June 4, 2012 that the exercise of updating the database for all land beneficiaries was at an advanced stage. Therefore, I could not ascertain if the Ministry collected all the revenue due to the State.

4.1.2 I was concerned that despite having mentioned in my management letter LRR 2/25/10 dated September 2, 2011, that there were no debtors' ledgers or registers for the Ministry's clients who made part payments for the services received, and that no follow up was being done to collect outstanding revenue from the clients, the Ministry still did not have the records during the year under review.

4.2 Implications

4.2.1 Failure to have a database for all land beneficiaries could deprive the State of its much needed revenue.

4.2.2 The lack of a debtor's ledger or register may result in the Ministry not being able to make regular follow ups on defaulters.

4.3 Recommendations

4.3.1 The Ministry should put in place measures to collect all its revenue.

4.3.2 The Ministry is advised to maintain updated debtors records for clients making part payments for commercial farms and general leases.

5 NON- SUBMISSION OF RETURNS

5.1 Observation

5.1.1 The Ministry did not submit Quarterly Performance Reports for audit in violation of Section 32 of the Public Finance Management Act [*Chapter 22:19*], read in conjunction with Audit Circular No.1 of 2011.

5.2 Implication

5.2.1 The failure to submit returns limit the scope of my audit. It would be difficult for the Ministry to evaluate and monitor its performance for future decision making.

5.3 Recommendation

5.3.1 The Ministry should comply with the requirements of Audit Circular No 1 of 2011 and Section 32 (1) and (2) of the Public Finance Management Act [*Chapter 22:19*]. The preparation of performance reports assists the Ministry to self-evaluate for continuous improvement.

VOTE 38.- JUDICIAL SERVICE COMMISSION

1 DEPARTMENTAL ASSETS

1.1 Observation

1.1.1 In violation of Treasury Instruction 2002, the Commission failed to produce for audit examination a Master Assets register. Consequently, I could not ascertain the quantity, nature and status of the Departmental Assets held by the Commission and to determine whether the assets were properly accounted for.

1.2 Implication

1.2.1 The internal control system over assets was weak. Assets could get lost without the Commission being able to determine the cause of the losses.

1.3 Recommendation

1.3.1 The Master Assets register should be put in place to ensure that all assets under the Commission are properly accounted for.

FUND ACCOUNTS

**DEFENCE- DEFENCE PROCUREMENT FUND ACCOUNT FOR THE YEAR ENDED
DECEMBER 31, 2010**

1 SALE OF SCRAP MATERIAL \$279 743

1.1 Observation

1.1.1 The Ministry of Defence entered into written agreements with a number of scrap metal companies to sell to them scrap metal. The income realised during the year amounting to \$279 743 which was disclosed in the financial statements could not be verified as Board of Survey papers with details of tonnage of scrap metal sold were not availed for my independent verification.

1.2 Implication

1.2.1 It may be difficult to tell whether all revenue was disclosed in the accounts in the absence of important originating documents such as Board of Survey papers and valuation certificates of equipment auctioned.

1.3 Recommendation

1.3.1 The Ministry should ensure that all accounting records are availed to the audit team during the audit so that verification of all transactions can be done in full. It is important that records that are kept at outstations are sent to Head Office together with accounting returns at year end in readiness for a final audit.

**DEFENCE- WAR VETERANS FUND ACCOUNT FOR THE YEAR ENDED
DECEMBER 31, 2010**

1 EDUCATION EXPENSES

1.1 Observation

1.1.1 Money for school fees was being deposited into personal bank accounts of beneficiaries/ parents instead of being deposited into accounts of schools or colleges.

1.2 Implication

1.2.1 The money for school fees paid into bank accounts of the parents may not be paid over to the schools resulting in the accumulation of unpaid school fees.

1.3 Recommendation

1.3.1 The Fund should maintain a record of its payments to schools in order to monitor and use the information for planning and budgeting purposes. The Fund should also introduce a system of obtaining independent confirmation from school authorities on school fees raised, payment received and outstanding balances in order to improve on the quality of its financial reports.

2 ASSET REGISTER

2.1 Observation

2.1.1 An Assets Register was not availed to me during the audit although the Fund acquired some assets during the year. The War Veterans Fund is required in terms of Treasury Instruction 2002 to maintain an up to date Assets Register and to carry out an annual physical asset count.

2.2 Implication

2.2.1 An Assets Register is a control tool whose absence may make the exercise of identifying asset losses and deficiencies difficult.

2.3 Recommendation

2.3.1 The Fund should maintain an Assets Register which should disclose details of all assets under its control for purposes of accountability.

INDUSTRY AND COMMERCE- TRADE MEASURES FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009

1 OUTSTANDING PAYMENT TO TREASURY

1.1 Observation

1.1.1 The Ministry did not transfer to Treasury revenue collected totalling \$30 039 disclosed as outstanding payments. There was no evidence that Treasury authority was granted to retain the revenue.

1.2 Implication

1.2.1 The Ministry retained revenue collections of the Fund without Treasury approval.

1.3 Recommendation

1.3.1 The Ministry should transfer all revenue to Treasury unless competent authority is granted to retain the revenue.

2 FRAUDULENT ACTIVITIES

2.1 Observation

2.1.1 The Fund was defrauded an amount of at least \$28 940 by four employees stationed at Mutare and Chinhoyi offices, who under receipted revenue for inspection fees and in certain instances customers, were directed to deposit money into personal bank accounts instead of the Fund's bank account.

2.2 Implication

2.2.1 The internal control system on revenue collection was weak. If appropriate measures are not taken to guard against fraud, the Fund would continue to lose revenue. Income figures disclosed in the financial statements could be grossly understated due to the prevalence of fraud.

2.3 Recommendation

2.3.1 The Ministry should strengthen the internal control system on revenue collection. The Ministry should also take appropriate measures to guard against fraudulent activities. All the money that was misappropriated due to fraud should be recovered from the culprits without delay.

3 UNVOUCHED EXPENDITURE

3.1 Observation

3.1.1 Expenditure on assize stamps and seals of assize amounting to \$3 125 was not supported by source documents such as invoices, receipts and goods received notes. I was therefore unable to satisfy myself that the payment was a proper charge against the Fund.

3.2 Implication

- 3.2.1 In the absence of the supporting documents it could not be established whether the expenditure was incurred for the intended purpose.

3.3 Recommendation

- 3.3.1 All payments should be properly supported by source documents such as invoices, receipts and goods received notes.

MINES AND MINING DEVELOPMENT- MINES AND MINING DEVELOPMENT FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

1 SCOPE LIMITATION

1.1 Observation

1.1.1 During the course of the audit, the cashbook in which expenditure was recorded, that was also serving as a ledger book and in which bank reconciliations were recorded was stolen. The Ministry was also not maintaining adequate accounting records such as ledgers and journals and the financial statements were prepared using entries in the cashbook. I was therefore not able to substantiate the figures in the financial statements and to validate various cash withdrawals that appeared on the bank statements due to loss of audit trail. The expenditure of \$1 634 260 in the financial statements could also not be verified due to the absence of the financial records.

1.2 Implication

1.2.1 There was scope limitation as a result of the absence of complete financial information. An assessment of whether the resources at the disposal of the Fund were properly accounted for could therefore not be done.

1.3 Recommendations

1.3.1 Investigations should be carried out to establish the whereabouts of the cashbook and corrective measures should be taken to avoid a repeat of the shortcoming.

1.3.2 The Ministry should reconstruct the cashbook from the available documents so that the utilization of the funds can be traced.

2 COMPUTERISATION OF MINING TITLES AND DIVERSION OF FUND RESOURCES

2.1 Observation

2.1.1 The Fund collected revenue amounting to \$2 135 842 during the year under review. However, no expenditure was incurred towards the computerization of the mining titles system, a system which is critical in the development of the mining industry. Audit noted that the Fund resources were mostly used to subsidize the operations of the Appropriation Account thereby defeating the purpose of establishing the Fund. The under listed items incurred very high expenditure which was not commensurate with the size and operations of the Fund.

Rentals and Hire Expenses	\$329 968
Foreign Travel	\$220 680
Food and Refreshments	\$ 69 325
Printing and Stationery	\$100 038
Domestic Travel	\$247 405

Therefore, audit was not convinced that monies were being used in pursuance of the Fund's objectives.

2.2 Implications

- 2.2.1 Without implementing state of the art mining titles system, it would be difficult to manage registered mining claims. Potential revenue would be lost through uncollected annual fees.
- 2.2.2 The Fund monies are being diverted to Appropriation Account activities which are supposed to be funded through the Appropriation Act.

2.3 Recommendation

- 2.3.1. The resources of the Fund should be channeled towards the computerization of the mining titles system and other key fund objectives.

3 POSSIBLE FRAUD

3.1 Observations

- 3.1.1 At the time of audit, the Internal Audit was in the process of investigating a fraud case related to printing and stationery expenses. The fraud was perpetrated by Ministry officials who took advantage of the weaknesses in the processing of payments whereby cash was being used instead of using cheques. The disappearance of the expenditure cash book appears to be linked to the fraud.

3.2 Implication

- 3.2.1 The Ministry might have been prejudiced of substantial sums of money through fraudulent practices by its staff members.

3.3 Recommendations

- 3.3.1 The Ministry should establish the root cause of the fraud and implement effective controls to avoid a repeat of fraudulent activities.
- 3.3.2 Investigation should be speeded up so that appropriate action is taken against the people responsible for the losses.

4 ASSETS

4.1 Observation

- 4.1.1 Property, Plant and Equipment worth \$359 735 was disclosed in the financial statements at year end. However, no breakdown of the assets was provided. I was therefore not able to verify the physical existence of the assets and authenticate the correctness of the value disclosed.

4.2 Implication

- 4.2.1 The correctness of the financial statements is highly questionable and also without a breakdown of the assets, effective control could be a challenge.

4.3 Recommendation

- 4.3.1 The Ministry should ensure that complete records of all assets are maintained and that all figures disclosed in the financial records are supported by the relevant breakdowns.

4.4 Observations

- 4.4.1 Further, Property, Plant and Equipment mentioned above, worth \$359 735 was not depreciated but was disclosed in the financial statements at cost. This was contrary to the Mines and Mining Development Fund Financial and Accounting Manual Section 3 paragraph 14.8 which states that Property, Plant and Equipment should be depreciated on a straight line method at a rate of 10% per annum.

4.5 Implication

- 4.5.1 There is a risk that assets may be over/ undervalued resulting in misrepresentation of accounting information.

4.6 Recommendation

- 4.6.1 The Ministry should properly account for assets so that the correct picture is disclosed in the financial books.

MINES AND MINING DEVELOPMENT - SPECIAL GOLD UNIT FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

1 EXPENDITURE

1.1 Observation

1.1.1 Payment vouchers with amounts totalling \$56 070 had no adequate documentation supporting different payments made to suppliers of goods and services. Without the supporting documents, I was not able to establish what the payments were for and whether the expenditure was a proper charge against the Fund.

1.2 Implication

1.2.1 There is a risk that funds could have been used for expenditure not related to activities of the Fund.

1.3 Recommendation

1.3.1 Further investigations should be carried out to establish whether the funds were used for expenditure related to the Fund activities.

2.1 Observation

2.1.1 My examination of the cash register revealed that a cash amount of \$5 120 was withdrawn from the Fund's bank account. Of this amount, \$5 000 was received and signed for by an Administration Officer and \$120 was signed for by a Minerals Unit Officer on September 6, 2010. However, neither the payment voucher nor the supporting documents pertaining to this transaction were available for my audit. Provisions of the Fund's Constitution which do not allow cash transactions and also contrary to the requirements of the Accounting Procedures Manual Section 2.6 Subsection (3) which states that all supporting documents should be securely attached to the payment voucher were not complied with.

Although it was indicated in the register that a payment of \$5 000 had been made to NetOne, there was no evidence available to support the assertion. A payment schedule requested from NetOne did not indicate the payment of \$5 000. Nonetheless, the balance of \$120 was used for Travelling and Subsistence allowances. It was later on, alleged that the \$5 000 was inadvertently used for vehicle maintenance. However, there was no evidence produced for audit purposes indicating that the payment had been authorized for vehicle maintenance and that indeed the monies were eventually used for vehicle maintenance. Therefore, audit could not authenticate the cash payment of \$5 000.

2.2 Implications

2.2.1 There is a likelihood of fraud having been perpetrated.

2.2.2 Disregard of laid down procedures with impunity, exposes the Fund to a lot of abuse.

2.3 Recommendations

2.3.1 Investigations should be done and the outcome should be reported to me without delay.

2.3.2 Furthermore, cash payments should be discontinued immediately as they are easily manipulated.

3 ASSETS

3.1 Observations

3.1.1 The Fund did not maintain an Assets register as per requirements of Appendix 1 of the Treasury Instructions which states that the Accounting Officer should delegate to a senior officer the responsibility for maintaining control records of all Departmental Assets on charge to his Ministry. Assets records should be maintained so as to safeguard the assets, manage and control asset utilization. As a result audit could not verify the existence of the assets owned by the Fund.

3.2 Implication

3.2.1 Without a register it will be difficult to safeguard, manage and control the utilization of the Fund's assets.

3.3 Recommendation

3.3.1 The Fund should maintain an Assets register which should be kept up to date.

4 CASHBOOK

4.1 Observation

4.1.1 The closing cashbook balance for the year 2009 was \$22 419 while the opening cashbook balance for 2010 was \$19 534 and cash on hand of \$171 giving rise to a total of \$19 705. There was no explanation forthcoming for the variance of \$2 714. Proper accounting practice requires that the closing cashbook balance for the previous year should tally with the opening cashbook balance for the current year.

4.2 Implication

4.2.1 There is risk of manipulation of figures which would result in material misstatement of financial records and statements.

4.3 Recommendation

4.3.1 Supervisory controls should be enforced and management should account for the anomaly.

4.4 Observation

4.4.1 There was no evidence availed to audit that goods procured and services provided with a total of \$105 060, had actually been received by the Fund as the goods were not recorded anywhere and there were no goods received notes confirming receipt. Therefore, audit was not satisfied that this was a proper charge to the Fund.

4.5 Implication

4.5.1 In the absence of goods received vouchers or registers showing that the goods were received, there is a risk that goods might not have been delivered to the Fund.

4.5 Recommendation

- 4.6.1 Goods received vouchers or registers should be put in place so that the Fund will be able to properly account for the usage of the funds.

5 FAILURE TO HOLD MEETINGS

5.1 Observation

- 5.1.1 The three parties namely, Ministry of Mines and Mining Development, Ministry of Home Affairs and the Reserve Bank of Zimbabwe (RBZ) are supposed to hold meetings to discuss the operations of the Fund. It could not be established how the Fund was administered because minutes of management meetings could not be availed for audit inspection as evidence that the Accounting Officer and other parties were meeting on a regular basis to discuss pertinent issues relating to the Fund. Therefore, the Ministry of Mines and Mining Development was running the affairs of the Fund without involving the other stakeholders thus giving rise to incoherent operations of the Fund.

5.2 Implication

- 5.2.1 Failure to meet as administrators of the Special Gold Unit Fund negatively impacts on the performance of the Fund and thus can result in the Fund failing to fulfill its obligations.

5.3 Recommendation

- 5.3.1 The Ministry of Mines should call for the meetings frequently so as to strategize on the operations of the Fund and exchange ideas.

TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT- ROADS AND ROAD TRAFFIC STORES FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009

1 ADMINISTRATION OF THE FUND

1.1 Observations

- 1.1.1 The Fund was established to make readily available those materials, tools and equipment required for road construction and maintenance programmes which are not bought as a direct charge to specific jobs. The financial statements produced for audit did not disclose materials, tools and equipment acquired for construction and maintenance of roads. Therefore, the financial statements did not give full information on the financial position and performance of the Fund.
- 1.1.2 The Stores Manual requires that at the end of each financial year, a Stores Account and Balance Sheet be prepared and submitted for audit. No Stores Account and balance sheet was produced that would have given information on the stores materials acquired during the year, how much materials were consumed and the value of the materials on hand, due to absence of accounting records.
- 1.1.3 Financial statements produced did not include financial information relating to the eight (8) Provincial Offices. They only disclosed financial information from Head Office. I was therefore, not able to evaluate the financial performance of all provinces. As a result, the financial statements did not give full financial information of the Fund.
- 1.1.4 According to Zimbabwe National Roads Administration (ZINARA) financial statements, the Roads and Road Traffic Stores Fund received \$6 208 826 for maintenance of roads throughout the country. The amount received from ZINARA was not disclosed in the financial statements. I was not able to determine how the \$6 208 826 was utilized and accounted for. The funds were allocated as shown below:

Province	Amount \$
Head Office	23 000
Manicaland	281 851
Mashonaland Central	90 000
Mashonaland East	3 662 475
Mashonaland West	105 040
Masvingo	158 000
Matebeleland North	1 071 706
Matebeleland South	680 754
Midlands	136 000
Total	\$6 208 826

1.1 Implications

- 1.2.1 In the absence of the Stores Account, the Fund would not be able to fully account for the materials acquired and consumed during the year. It would be difficult to determine the closing stocks of the Fund.

- 1.2.2 Without consolidated financial statements of all the provinces, the financial information produced would be incomplete resulting in inappropriate decisions being made.
- 1.2.3 Failure to disclose an amount of \$6 208 826 in the financial statements undermines the credibility of the financial statements, and thereby affecting their reliability.

1.3 Recommendations

- 1.3.1 A Stores Account should be prepared and submitted for audit as this would give full disclosure of materials acquired and how they were consumed. This would also assist in the management and control of the stores.
- 1.3.2 Consolidated financial statements should be prepared and submitted for audit in order to provide decision makers with accurate information to enable them assess the performance of the Fund. This would enable the Fund to effectively manage the resources it is entrusted with.
- 1.3.3 The Fund should provide audit with information on how the \$6 208 826 disbursed from ZINARA was utilized.

2 ACCOUNTING RECORDS

4.2 Observation

- 2.1.1 The Fund did not maintain adequate books of accounts such as the cashbook, ledgers and registers. The financial statements were prepared from payment vouchers, bank statements and sub-collectors schedules. As a result, the figures disclosed in the financial statements could not be relied on.

4.3 Implication

- 4.3.1 In the absence of adequate books of accounts, some accounting transactions might not be recorded and processed thereby affecting the accuracy and completeness of financial information.

4.4 Recommendation

- 4.4.1 Adequate books of accounts should be maintained to record and disclose all the financial information.

EDUCATION, SPORT, ARTS AND CULTURE- SCHOOL SERVICES FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009

1 INCOMPLETE AND INACCURATE FINANCIAL STATEMENTS

1.1 Observation

- 1.1.1 There were differences between the Provincial account balances submitted to Head Office and those posted to the Ministry's consolidated financial statements availed for audit. The differences were as follows: income \$113 133, expenditure \$173 854, current assets \$223 532 and current liabilities \$46 787. The variances could not be explained and therefore I could not confirm the accuracy of the figures disclosed in the financial statements submitted for audit.
- 1.1.2 The Midlands Province collected income in both the United States dollars and South African rands and prepared financial statements in both currencies. However, the consolidated financial statements submitted for audit did not disclose the Rand currency transactions. The amounts not accounted for were for income, expenditure and current assets amounting to ZAR13 053, ZAR3 492 and ZAR8 561 respectively. The non-disclosure of these transactions materially affected the correctness of the financial statements.
- 1.1.3 In Masvingo and Mashonaland East Provinces funds for the School Development Association (SDA) were being mixed with funds for the School Services Fund (SSF) yet these should operate independently. It was difficult to isolate transactions relating to the SSF.
- 1.1.4 Amounts for other debtors of \$1 895 and other creditors of \$37 138 disclosed in the financial statements could not be verified with accuracy because the source documents and the breakdown of what constituted these figures could not be produced for my audit.

2 Implications

- 2.1 The financial statements are rendered unreliable.
- 2.2 The mixing of the SSF and SDA income and expenditure makes it difficult to account for the Fund's financial activities.

3 Recommendations

- 3.1 Corrected financial statements should be submitted for audit.
- 3.2 All income, expenditure and current assets due to the Fund should be disclosed so as to show its correct financial position.
- 3.3 The combining of incomes should be discontinued by operating separate bank accounts for the SSF and SDA accounts.

2 BASIS FOR VALUATION OF ASSETS

2.1 Observation

2.2 The Ministry did not disclose the basis used to value assets that were disclosed in the 2008 financial statements as Z\$6 340 625 055 659 312 and were revalued to US\$380 130 in 2009. I could therefore not determine the accuracy of the assets figure.

2.2 Implication

2.2.1 There is risk that assets may be undervalued or overvalued hence depicting the wrong state of affairs of the Balance Sheet.

Recommendation

2.2.3 The Ministry should clarify how the assets acquired prior to 2009 were converted to US dollars.

3.1 CONSTITUTION OF THE FUND

3.1.1 There was no evidence indicating that the Fund's Constitution was tabled and approved by Parliament prior to the Fund being operationalized as required by section 30 of the Audit and Exchequer Act [*Chapter 22:03*]. Therefore the Fund was operating outside the confines of the relevant statutes.

3.2 Implication

3.2.1 The Fund was operating without a Constitution.

3.3 Recommendation

3.3.1 The Ministry should endeavour to have the Fund's Constitution approved by Parliament.

4 UNAUTHORISED EXPENDITURE

4.1 Observation

4.1.1 A total of \$72 590 and ZAR39 500 was incurred as unauthorized expenditure as the expenses were not provided for in the Fund's draft Constitution. Salaries and teacher incentives paid out amounted to \$33 118 and ZAR36 000 whereas other miscellaneous expenses paid out amounted to \$39 471 and ZAR3 500. These were supposed to be paid for from the School Development Association (SDA).

4.2 Implication

4.2.1 The Fund was prejudiced of funds which could have been used in line with its objectives.

4.3 Recommendation

- 4.3.1 The School Services Fund (SSF) should be re-imbursed by the SDA the funds used to pay for salaries, teacher incentives and other miscellaneous expenses as these were not provided for in the Fund's draft Constitution.

HIGHER AND TERTIARY EDUCATION- VOCATIONAL AND TECHNICAL EXAMINATIONS FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

1 CONSTITUTION OF THE FUND

1.1 Observation

1.1.1 In my 2009 audit report, I made mention that the Fund had been operating since 1999 without an approved Constitution. The Fund continued to operate without an approved Constitution during the 2010 financial year. A Fund established in terms of Section 18 of the Public Finance Management Act [*Chapter 22:19*] is supposed to have a Constitution which is tabled and approved in Parliament. No evidence was produced to show that effort was being made to have an approved Constitution.

1.2 Implication

1.2.1 In the absence of an approved Constitution, there is no legal basis to assess the Fund's performance and this has an impact on accountability.

1.3 Recommendation

1.3.1 The Ministry should make a follow up with the Ministry of Finance so as to have the Fund's Constitution tabled in Parliament and approved to comply with legal requirements.

2 INACCURATE FINANCIAL STATEMENTS

2.1 Observation

2.1.1 The Fund is responsible for the administration and management of the Vocational and Technical Examinations in the country. It registers and licenses all private colleges which operate in Zimbabwe. No register was maintained to record all private colleges registered with the Ministry of Higher and Tertiary Education. Without the number of private colleges registered, I was unable to determine the expected annual registration and license fees from the private colleges. The amount of \$13 219 disclosed in the financial statements as college license fees and registration fees could not be substantiated due to the unavailability of a Register of Colleges which would reflect the number of colleges registered.

2.2 Furthermore, the figure of debtors could not be determined in the absence of accurate information on the expected income and total receipts from the registered private colleges. As a result, debtors were not disclosed in the financial statements; hence the financial statements could be incorrectly stated.

2.2 Implication

2.2.1 Without accurate information on the number of colleges registered, the Fund would not be able to account for income due from the registered colleges. It would also be difficult to effectively monitor the operations of the colleges.

2.3 Recommendation

2.3.1 A register of all private colleges should be maintained as this would enable the Fund to effectively collect revenue due from the colleges, and monitor their operations.

3 LACK OF ACCOUNTING INSTRUCTIONS

3.1 Observation

3.1.1 Section 4.1 of the draft Constitution of the Fund requires the Secretary for Higher and Tertiary Education to issue detailed Accounting Officer's Instructions for the effective administration of the Fund. However, no detailed Accounting Officer's Instructions were produced for audit examination.

3.2 Implication

3.2.1 The objectives of the Fund may not be met in the absence of specific accounting and administrative instructions on its operations.

3.3 Recommendation

3.3.1 Detailed Accounting Officer's Instructions on accounting and administrative procedures should be issued to facilitate smooth operations of the Fund as required by the Fund's draft Constitution.

HOME AFFAIRS- REGISTRAR GENERAL RETENTION FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009

1 INACCURATE FINANCIAL STATEMENTS

1.1 Observation

- 1.1.1 The financial statements produced included in the Accumulated Deficit figure of \$354 640 that was brought forward from the 2008 financial year. This amount could not be substantiated as the 2008 financial statements were not produced for audit. Furthermore, the total expenditure figure disclosed in the financial statements was overstated by an amount of \$3 775 052 relating to the previous year.
- 1.1.2 Expenditure amounting to \$6 902 673 could not be validated as the payment vouchers did not have supporting documents that would have given details of the nature of items paid for.

1.2 Implication

- 1.2.1 In the absence of adequate information to substantiate figures disclosed in the financial statements, the reliability of the financial information would be compromised.
- 1.2.2 It would be difficult to assess the legality and accuracy of the expenditure incurred, where payment vouchers are not adequately supported by source documents such as purchase orders or invoices.

1.3 Recommendation

- 1.3.1 Adequate information should be provided to substantiate figures disclosed in the financial statements.
- 1.3.2 Payment vouchers should be adequately supported as required by Treasury Instruction 1216(f). This would enable the Ministry to monitor and ensure that the payments made were a proper charge to the Fund.

2 NON-CURRENT ASSETS

2.1 Observation

- 2.1.1 Included in the financial statements, were non-current assets valued at \$958 432. However, the figure did not include assets acquired prior to 2009 financial year. Value of the assets acquired prior to 2009 could not be established. I therefore, could not place reliance on the figure of non-current assets.

2.2 Implication

- 2.2.1 Assets may be exposed to abuse, losses or thefts when not disclosed in the financial statements.

2.3 Recommendation

- 2.3.1 All assets owned by the Fund should be disclosed in the financial statements to ensure completeness of financial information. This would enable decision makers to formulate informed decisions on the performance of the Fund. The Ministry would also be able to monitor the usage of such assets.

3 ASSETS

3.1 Observation

- 3.1.1 During the year, the Fund purchased 80 Samsung fax machines for distribution to its offices countrywide. I noted that 21 of the fax machines, valued at \$5 471, were lying idle one and half years after their acquisition. With the rapid technological changes, the machines may become obsolete. No satisfactory explanation was provided for the non-installation of the fax machines.

3.2 Implication

- 3.2.1 Resources of the Fund may be wasted through acquisition of assets which were not urgently needed.

3.3 Recommendation

- 3.3.1 The fax machines should be disposed of if not urgently required, as they would become obsolete due to changes in technology.

4 ACQUISITION OF GOODS WITHOUT AUTHORITY

4.1 Observation

- 4.1.1 Treasury Instruction 1005(4) states that where supplies cannot be obtained satisfactorily within Zimbabwe, or when the prices quoted in a tender for supplies called for in terms of this section are considered to be excessive, such supplies may be purchased with the approval of the Ministry of Industry and Commerce from outside Zimbabwe subject to the approval of the State Procurement Board. However, the Fund bought various goods worth over \$173 260 from South Africa. Authorities to purchase outside Zimbabwe were not produced for my examination.

4.2 Implication

- 4.2.1 The purchases may have been done without approval and due regard to maximizing resources.

4.3 Recommendation

- 4.3.1 The Ministry should seek approval of the Tender Board for any purchases out of Zimbabwe as required by Treasury Instructions 1005 as it would enable the Ministry to efficiently manage the resources of Fund.

JUSTICE AND LEGAL AFFAIRS- COURTS ADMINISTRATION FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

1 STATE OF REVENUE RECORDS

1.1 Observation

1.1.1 The Ministry failed to maintain revenue records such as originating source documents and sub-collectors schedule for the revenue that was collected during the year under review. Copies of receipts for revenue received from outstations and other Government Departments were not produced for audit examination. As a result of the absence of records, I was unable to ascertain whether all the revenue that was collected for the Fund was properly accounted for and fully disclosed in the accounts submitted for audit.

1.2 Implication

1.2.1 Some of the money could have been misappropriated and the figure of revenue disclosed in the financial statements could also be inaccurate.

1.3 Recommendation

1.3.1 The Ministry should receipt and record in the sub-collectors schedule all revenue received from outstations and other Government Departments. Copies of receipts and sub-collectors schedules should be maintained and availed for audit examination.

2 OVERSTATEMENT OF EXPENDITURE

2.1 Observation

2.1.1 Expenditure of the Ministry's main Appropriation Account was charged on the Fund Account resulting in the overstatement of the expenditure of the Fund Account. Consequently, the Ministry incurred unauthorized expenditure since the Fund's resources were used without prior Treasury approval.

2.2 Implication

2.2.1 Expenditure relating to the Fund was overstated as it included expenditure that should have been charged to the main Appropriation Account.

2.2.2 The Ministry's expenditure could be materially misstated by the amount charged to the Fund.

2.3 Recommendation

2.3.1 The Ministry should comply with the Fund's constitution and restrict all payments to authorized items. Treasury authority should be sought before using the Fund's resources to meet expenses that are outside the provisions of the Fund's constitution.

3 FAILURE TO MAINTAIN A PROPER AND SEPARATE ASSETS REGISTER FOR THE FUND.

3.1 Observation

3.1.1 The Ministry failed to produce for audit examination a proper separate assets register for the Fund. During the year under review, the Ministry purchased assets for the Fund worth \$2 019 962. In the absence of a proper separate assets register, I was unable to determine whether all assets belonging to the Fund were properly accounted for.

3.2 Implication

3.2.1 The existence of the assets may be difficult to distinguish from those of the Ministry and those of the Fund.

4.6 Recommendation

3.3.1 The Ministry should open a separate Assets Register for the Fund so that the assets that are purchased are properly recorded and accounted for.

**JUSTICE AND LEGAL AFFAIRS- DEEDS AND COMPANIES OFFICE FUND
ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010**

1 UNRELIABLE REVENUE RECORDS

1.1 Observation

1.1.1 The accounts submitted for audit reflected a total revenue figure of \$14 724 166 while records revealed total revenue collections of \$14 681 343 resulting in an imbalance of \$42 823 which could not be explained. As a result, I was unable to determine the accuracy of the total revenue figure disclosed in the financial statements.

1.2 Implication

1.2.1 It might be difficult to rely on the Fund accounts if material differences exist between the revenue figure disclosed in the accounts and the audited source records.

1.3 Recommendation

1.3.1 The Management of the Fund should investigate the difference between the two figures and be able to produce accurate revenue figures.

2 WEAKNESSES IN INTERNAL CONTROL SYSTEM

2.1 Observation

2.1.1 The Management of the Fund did not put in place a system of mastering revenue receipts creating conditions for bulky transactions which would not be verifiable. I was unable to determine whether all revenue collected was properly accounted for.

2.1.2 There was lack of segregation of duties for accounting staff responsible for processing revenue transactions. The officials who receipted the money also compiled the sub-collectors schedule and deposited the money with the Bank.

2.1 Implications

2.2.1 Errors whether unintentional or fraudulent could go unnoticed if mastering of receipts is omitted in the transaction cycle. The current method did not provide for an audit trail on revenue collections.

2.2.2 Lack of segregation of duties creates room for errors and fraud. There was no assurance that all revenue collected was properly accounted for.

2.2 Recommendations

2.3.1 All revenue receipts should be mastered to provide an audit trail and facilitate verification of revenue receipts.

2.3.2 Segregation of duties should be practiced at all times since it is an essential component of the internal control system. Segregation of duties also allows unintentional and intentional errors to be detected at every stage of processing transactions.

JUSTICE AND LEGAL AFFAIRS- LEGAL AID FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

1 MAINTENANCE OF ACCOUNTING RECORDS

1.1 Observation

1.1 Section 4 of the Legal Aid (Fund) Regulations, 2006 requires the Management of the Fund to maintain accurate and up to date books of accounts. Contrary to the regulations, the Management failed to maintain proper accounting records such as the cash book, ledger accounts and bank reconciliation statements. Consequently, I was unable to determine whether the balances disclosed in the financial statements submitted for audit were accurately and fairly stated.

1.2 Implication

1.2.1 Accuracy of the balances disclosed in the financial statements was in doubt. Failure to maintain proper books of accounts could result in violation of the Legal Aid Fund regulations. Errors and fraud could also occur and may not be detected.

1.3 Recommendations

1.3.1 The Ministry should ensure that proper books of accounts are opened and maintained for the Fund in compliance with Section 4 of the Legal Aid Fund Regulations 2006. Bank reconciliation statements should be prepared on a monthly basis so that errors and fraud if they occur could be detected early.

2 PURCHASES OUT OF TENDER

2.4 Observation

2.1.1 Treasury Instruction 1005 read in conjunction with Statutory Instrument 161 of 2008 (Number 16) requires purchases with a value above US \$10 000 to go through informal tender procedures. In violation of the regulations, the Management of the Fund purchased goods from a supplier worth \$10 482 without going through informal tender procedures.

2.2 Implication

2.2.1 Failure to follow laid down procurement regulations results in uneconomic buying or fraud. There was no evidence that the supplier was the most competitive.

2.3 Recommendation

2.3.1 The Ministry should always follow laid down procurement procedures when purchasing goods and services from suppliers.

JUSTICE AND LEGAL AFFAIRS- GUARDIAN'S FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

1 FAILURE TO PAY INTEREST ON MONEYS OF MINORS AND MENTALLY DISORDERED OR DEFECTIVE PERSONS

1.1 Observation

In terms of the Administration of Estate Act (*Chapter 6:01*) Section 98(1), "interest shall be allowed on every sum of money so received by the Master for the account of minors or mentally disordered or defective person or any person who has been declared by the Court to be incapable of running their own affairs...". Section 98(3) further states that, "interest shall be allowed at such rate, being not less than three *per centum* per annum..." Contrary to these provisions no interest was paid during the year under review.

1.2 Implication

Beneficiaries might be prejudiced. Non compliance with the Act may cause litigation to be raised against the Master of the High Court.

1.3 Recommendation

The Fund should comply with the requirements of the Act.

2 FAILURE TO CLAIM LOSS FROM THE MINISTRY OF FINANCE

2.1 Observation

In terms of the Administration Act (*Chapter 6:01*) Section 111, "The Master shall pay to the Ministry responsible for Finance for the benefit of the Consolidated Revenue Fund any credit balance on the profit and loss account. The Ministry responsible for Finance shall, from the moneys appropriated by Parliament, make good any loss on the profit and loss account". I however, observed that no effort was made to recover financial loss of \$1 239 for the financial year ended December 31, 2009 from the Ministry of Finance.

2.2 Implications

2.2.1 There was non- compliance with the Act.

2.2.2 Failure to recover amounts due to the Fund may affect the viability of the Fund.

2.3 Recommendation

2.3.1 The Fund should comply with the Administration of Estates Act [*Chapter 6:01*] to safeguard the values of minors' money.

JUSTICE AND LEGAL AFFAIRS- ZIMBABWE PRISON SERVICE FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

1 CASH MANAGEMENT

1.1 Observations

1.1.1 According to Treasury Instruction 0454 banking is supposed to be done on daily basis or the following business day. Audit observed that some stations were taking more than a month to bank. Connemara Open Prison received \$144 in March and banking was done in June and Chiredzi Prison received \$3 477 and \$905 in July and August respectively. These collections were banked on 7 September.

1.1.2 I observed that some stations violated the provisions of Treasury Instruction 0454 which forbids the use of cash collected before banking. Contrary to this regulation, some stations used revenue collected to meet the stations' expenses. Furthermore, the details of the transactions were not forwarded to Head Office for consolidation into the main account. Despite Management having written to stations to stop using money before banking, some stations continued using cash before banking.

1.2 Implications

1.2.1 Cash could be converted to personal use and be reimbursed on a later date.

1.2.2 Revenue collection could be understated in the revenue records and financial statements.

1.3 Recommendations

1.3.1 Cash received should be banked daily or on the following business day in compliance with Treasury Instruction 0454.

1.3.2 Money received should not be used before banking in compliance with the Treasury Instructions.

2. INCURRING APPROPRIATION ACCOUNT EXPENDITURE FROM THE FUND

2.1 Observation

2.1.1 Audit observed that an amount of \$318 421 was transferred from the Appropriation Account into the Fund's bank account without Treasury Authority. My audit also revealed that payments amounting to \$316 785 were made by the Fund to meet expenditure of the Appropriation Account without Treasury authority.

2.2 Implication

2.2.1 Transfer of funds between the main Appropriation Account and the Fund Account could result in the Ministry failing to properly account for resources allocated to each of the entities and could also result in fraud.

2.3 Recommendation

- 2.3.1 The Ministry should desist from transferring money from the Fund to the main Appropriation Account or vice versa as this could result in accountability challenges.

ENERGY AND POWER DEVELOPMENT- OIL LICENCING FUND ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

1 MONITORING AND INSPECTION OF OIL COMPANIES

1.1 Observation

1.1.1 The Ministry, as the regulatory authority was mandated to carry out countrywide inspections of petroleum industry operators to ensure that they are fully compliant to the licencing requirements. However, according to Provincial field inspection reports on Petroleum Industry for the period 01/01/11 to 30/09/11, the inspection teams established that in some areas the level of non-compliance was very high. With regular site inspections and thorough monitoring, the Fund could realize much more revenue. The few companies that were visited during sight inspections revealed that the Fund could have realised additional revenue of \$62 200.

1.2 Implication

1.2.1 The Fund was being prejudiced of hundreds of thousands of dollars in potential revenue due to the laxity in enforcement of licencing requirements.

1.3 Recommendation

1.3.1 The Fund should be fully capacitated to execute its mandate of monitoring the Petroleum sector and enhance revenue collection.

2 LONG OUTSTANDING ACCOUNTS RECEIVABLE

2.1 Observation

2.1.1 The Ministry failed to provide reasonable explanations as to why the accounts receivable totalling \$68 949 dating back to the year ending December 31, 2009 remained uncollected, neither did the Ministry provide evidence of effort made to collect the same.

2.2 Implication

2.2.1 The failure to make concerted effort to collect income owed to the Fund deprives it of the much needed resources for it to attain its objectives.

2.3 Recommendation

2.3.1 The Ministry should take the necessary steps to collect the amounts owed to the Fund.

**NATIONAL HOUSING AND SOCIAL AMENITIES- SOCIAL AMENITIES FUND
ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010**

1 NON DELIVERY OF BUILDING MATERIALS TO PROJECT SITES

1.1 Observation

1.1.1 For the second year in succession, the Ministry failed to produce goods received notes or any other evidence that building materials worth US\$73 126 (2009: US\$43 874) were delivered to project sites from Provincial Offices. I am concerned that the problem has recurred although I had recommended to the Ministry to take corrective action. I was therefore not able to determine whether the materials meant for the following projects were properly accounted for.

PROJECT NAME	BUILDING MATERIALS BOUGHT (US\$)
Machakata Primary School	13 767
Nyautare Primary School	10 485
Madziwa Secondary School	9 801
Manasa Primary School	6 411
Mutiweshiri Secondary School	12 070
Mvuthu Primary School	4 837
Nharira Primary School	4 353
St Edwards Zvoi Primary School	2 704
Ndorwe Primary School	3 520
Hombwe Primary School	1 555
Sikhanyiso Primary School	2 537
Jaravaza Primary School	1 176
TOTAL	\$73 216

1.2 Implication

1.2.1 Building materials may not be delivered to intended destinations and consequently diverted for personal use. Projects may not be effectively implemented.

1.3 Recommendation

1.3.1 An investigation should be carried out to establish what happened to the building materials and a copy of the report should be submitted to this Office.

2 PURCHASES MADE WITHOUT FOLLOWING PROPER PROCUREMENT PROCEDURES

2.1 Observation

2.1.1 Goods and services worth \$25 135 were purchased without seeking competitive quotations. This was in violation of provisions of Section 16 of Statutory Instrument 171 of 2002 and Treasury Instructions 1005 to 1007. The amount constituted 26% of total expenditure.

2.2 Implication

2.2.1 Purchases may not have been acquired from the most competitive suppliers, and this may result in uneconomic buying which could lead to loss of State funds.

2.3 Recommendation

2.3.1 The Fund`s management should follow laid down procurement procedures at all times to guard against uneconomic buying.

**STATE ENTERPRISES AND PARASTATALS- STATE ENTERPRISES
RESTRUCTURING AGENCY FOR THE YEAR ENDED DECEMBER 31, 2010**

1 CONSTITUTION OF THE AGENCY

1.1 Observation

1.2.1 The Agency was operating without an approved Constitution and was awaiting approval of the amended Constitution. It was operating as a semi-autonomous body with the Privatization Agency of Zimbabwe (PAZ) Constitution which did not provide for that set up.

1.2 Implication

1.2.1 The Agency was operating without a Constitution putting the organization at the risk of operating outside the law.

1.3 Recommendation

1.3.1 The Agency should make an effort to have its Constitution approved so that it could operate within a valid legal framework.

DONOR FUNDED PROJECTS

TOURISM AND HOSPITALITY INDUSTRY-

UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP): INSTITUTIONAL STRENGTHENING FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL IN ZIMBABWE (IM/0902-95-02): 2010

1. TRAVEL AND SUBSISTENCE ADVANCES NOT ACQUITTED

1.1 Observation

1.1.1 An amount of USD 4 579 advanced to staff was not acquitted. I was unable to determine whether the money was applied for the intended purpose and properly accounted for.

1.2 Implication

1.2.1 Failure to enforce acquittal of advances result in inaccurate reporting as the project officials will not be able to tell whether the money was used as per plan.

1.3 Recommendation

1.3.1 The Ministry should ensure that Project Officers who receive advances acquit the money advanced to them upon return to home station as required by Treasury Instructions 1504 and 1505.

2. MAINTENANCE OF SEPARATE PROJECT BANK ACCOUNTS

2.1 Observation

2.1.1 For the fourth year in succession, I have to report that the Project Administrators did not maintain a separate Bank account for the Project. One Bank account for the United Nations Environment Programme (UNEP) and German Technical Zimbabwe (GTZ) supported activities was maintained. I was therefore unable to determine with a reasonable degree of accuracy the actual balance in the Bank account that related to the United Nations Environment Programme (UNEP).

2.2 Implication

2.2.1 The maintenance of a single bank account for funds that were received from two different donors created accounting problems as it was difficult to determine the amount of money that related to the support provided by United Nations Environment Programme.

2.3 Recommendation

1.3.1 The Project Managers should ensure that an account specifically for UNEP funded activities is opened and maintained for the project.

ANNEXURES

ANNEXURE A

STATIONS VISITED DURING THE 2011 FINANCIAL YEAR

MINISTRY	TOTAL
Foreign Affairs	6
Home Affairs	104
Higher and Tertiary Education	3
Transport and Infrastructural Development	18
Constitutional and Parliamentary Affairs	5
Education, Sport, Arts and Culture	100
Health and Child Welfare	56
National Housing and Social Amenities	10
State Enterprises and Parastatals	1
Agriculture, Mechanisation and Irrigation Development	67
Labour and Social Services	3
Justice and Legal Affairs	13
Lands and Rural Resettlement	1
Office of the President and Cabinet- District Development Fund	2
Local Government, Urban and Rural Development	9
Public Service	4
Youth, Indigenisation and Empowerment	4
Public Works	3
TOTAL	409

ANNEXURE B

**RESIGNATIONS AND NEW APPOINTMENTS IN THE YEAR UNDER REVIEW
COMPARED WITH THE PREVIOUS YEAR**

	<u>AUDIT STAFF</u>	<u>SUPPORT STAFF</u>	<u>TOTAL</u>
In post as at January 1, 2010	209	57	266
<u>less</u> Movement Out	24	2	26
<u>add</u> Appointments	185	55	240
	35	4	39
In post as at January 1, 2011	220	59	279
<u>less</u> Movement out	25	0	25
<u>add</u> new appointments	0	3	3
In post as at December 31, 2011	195	62	257

**AUDIT STAFF: DURATION OF EXPERIENCE IN VARIOUS GRADES AS AT
DECEMBER 31, 2010**

Grade	Total	Less than 1 yr	1yr	2yrs	3yrs	4yrs	5yr s	6yrs	7yrs	8yrs	9yrs
Principal Auditor	12	Nil	6	5	Nil	1	Nil	Nil	Nil	Nil	Nil
Senior Auditor	32	2	18	11	1	Nil	Nil	Nil	Nil	Nil	Nil
Auditor	138	60	59	16	3	Nil	Nil	Nil	Nil	Nil	Nil
Audit Assistant	38	Nil	21	9	3	1	Nil	4	Nil	Nil	Nil

**AUDIT STAFF: DURATION OF EXPERIENCE IN THE VARIOUS GRADES AS AT
DECEMBER 31, 2011**

Grade	Total	Less than 1 yr	1yr	2yrs	3yrs	4yrs	5yrs	6yrs	7yrs	8yrs	9yrs
Principal Auditor	23	Nil	8	9	3	1	1	Nil	1	Nil	Nil
Senior Auditor	40	Nil	15	4	21	Nil	Nil	Nil	Nil	Nil	Nil
Auditor	101	3	45	53	Nil						
Audit Assistant	31	Nil	Nil	18	6	3	1	3	Nil	Nil	Nil

ESTABLISHMENT

Establishment and officers in post

IN POST	AS AT 31.12.10		AS AT 31.12.11	
	Authorized	In Post	Authorized	In Post
Comptroller and Auditor-General	1	1	1	1
Manager (Parastatals)	1	0	1	0
Deputy Auditor-General	3	3	3	3
Director Finance, Human Resources and Administration	1	1	1	1
Director of Audit	11	7	11	11
Chief Accountant	1	0	1	0
Deputy Director of Audit	22	12	22	15
Deputy Director Human Resources and Administration	1	0	1	0
Systems Manager	1	0	1	0
Audit Assistant/Auditor/Senior	229	220	229	195
Accountant/Senior Accountant	4	3	4	3
Accounting Assistant	4	3	4	2
Senior Executive Assistant	15	1	15	0
Executive Assistant	5	3	5	1
Private Secretary I/Principal Executive Assistant.	2	1	2	1
Records Supervisor II	1	0	1	0
Records and Information Assistant	5	5	5	5
Driver	2	2	2	2
Senior Office Assistant	2	1	2	1
Office Assistant	11	6	11	6
Administration Officer/Senior/Principal	2	0	2	0
Librarian	1	1	1	1
Human Resources Officer/Senior/Principal	2	2	2	2
Administrative Assistant	2	2	2	2
Computer Technician	3	3	3	3
Human Resources Assistant	2	2	2	2
TOTAL	334	279	334	257

TRAINING PROGRAMMES AND ACTIVITIES FOR 2011

COURSE/ACTIVITY	Number of participants
Management Technical Update Workshop on Risk Based Audit	33
Risk Based Regularity Audit for Auditors	45
Report Writing	45
Supervision and File Review	29
Management Development Programme	36
Tax Update	40
Audit in a Systems, Application and Products (SAP) Environment	90
Technical update on International Financial Reporting Standards, (IFRS)- Auditors Champions and International Standards on Auditing (ISA) for fund accounts	65
International Public Sector Accounting Standards (IPSAS) Exposure	10
Grooming and Deportment for Auditors	80
Certified Information Systems Auditor Workshop	3
Government Accounting for Office Finance 11-111	2
Advanced Auditing	2
Workshop on Municipalities	9
Information Technology Audit	10
ACADEMIC AND PROFESSIONAL SPONSORED PROGRAMMES	
Association of Chartered Certified Accountants- (ACCA)	36
Degree Programmes	8
Articled Clerks	6
Certified Information Systems Auditor- (CISA)	3
Certified Public Accountants-(CPA)	4
CONTINUOUS PROFESSIONAL DEVELOPMENT COURSES	
Certified Public Accountants- (CPA) Winter School	3
Chartered Institute of Secretaries and Administrators- (CIS) Annual General Conference	4
Chartered Institute of Secretaries and Administrators- (CIS) Winter School-Continuous Professional Development	10
Computer Society of Zimbabwe Summer School	2
Library and Documentation	1
Administrative Professionals- Winter School	2
Human Resources and Records Management	4
Office Assistants	6
International Public Sector Accounting Standards- (IPSAS) Workshop for Managers	15
Environmental Audit	10

Corporate Governance	36
Sound Enterprises Risk Management	45
Fraud and Forensic Audit Workshop	45
Pastel	20
Use of CAATS (IDEA)	22
Certified Information Systems Auditor-(CISA)	6
Audit of Donor Funded Projects	1
Human Resources Management	1
Library and Documentation	1
Management of the Training Function	2
REGIONAL AND INTERNATIONAL TRAINING COOPERATION	
Gender Workshop-ESAAG -(East and Southern Africa Association of Accountant-Generals)	4
Risk Management-ESAAG -(East and Southern Africa Association of Accountant-Generals)	2
Public Debt	3
Government Cooperation with India- Audit of Receipts	2
Government Cooperation with India- Audit of Public Sector	2
AFROSAI-E WORKSHOPS	
AFROSAI-E Communications Workshop	1
Management Development Programme	4
AFROSAI-E Management Development Programme Facilitation Skills	3
AFROSAI-E Technical Update	5
AFROSAI-E Performance Audit Refresher Course	2
AFROSAI-E Regularity Audit Refresher Course	1
AFROSAI-E Audit Flow	3
Value for Money- Module I and II	2