Investing In People For Social And Economic Justice

Analysis of the 2018 Auditor General's Report

Auditor General's Findings: Implications on the Realisation of Social and Economic Rights in Zimbabwe

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INTRODUCTION

It is no doubt that public finance management is a critical component of Zimbabwe's economic development trajectory at the backdrop of perpetual macroeconomic stagnation since 2000. The macroeconomic challenges are therefore enough motivation for strengthening public finance management in Zimbabwe towards an effective state. Whilst Chapter 17 of the Constitution of Zimbabwe, 2013, provides for the assurance and lays the foundation for effective public finance management (PFM) in Zimbabwe, the outcomes of the country's budget process are not reflective of such. The results of the 2018 Auditor General (AG)'s report are at variance with the principles of public finance management outlined in Section 298 of the Zimbabwean Constitution. The findings of the report signal a betrayal of the ordinary citizens by the very institutions and individuals that are entrusted to safeguard public resources and property as provided for in Section 308 of the Constitution. The AG's report flagged out both expenditure and non-expenditure related issues among government departments that require urgent attention as follows;

Expenditure related	**Non Expenditure Related**
• Unsupported expenditure • Wasteful expenditure • Unreconciled expenditures • Fraudulent expenditure • Excess expenditure • Overstated expenditures • Payments made for goods not delivered	• Violation of laws and procedures, • Bookkeeping • Unauthorised transfers of funds • Unauthorised borrowings • Non servicing of loans

This analysis is a civil society contribution towards influencing fiscal transparency in Zimbabwe focusing on audit results of selected government departments responsible for public service delivery. This independent analysis helps in providing relevant information on the impact of the financial and non-financial malpractices on citizens especially the poor and marginalized. Furthermore, the analysis interrogates the audit findings for local authorities including Harare, Bulawayo, Gweru, Mutare and Chitungwiza City Councils and Hwange and Goromonzi Rural District Councils[1]. It is also worth noting that some of the PFM issues raised in the Auditor General's report of 2018 date back to 2015.

[1] These local Authorities falls within the jurisdictions where ZIMCODD undertake its work on social and economic Justice and have been strategically picked to advance transparency and accountability in those local councils.

FINANCIAL IMPLICATIONS ON APPROPRIATION AND FUND ACCOUNTS

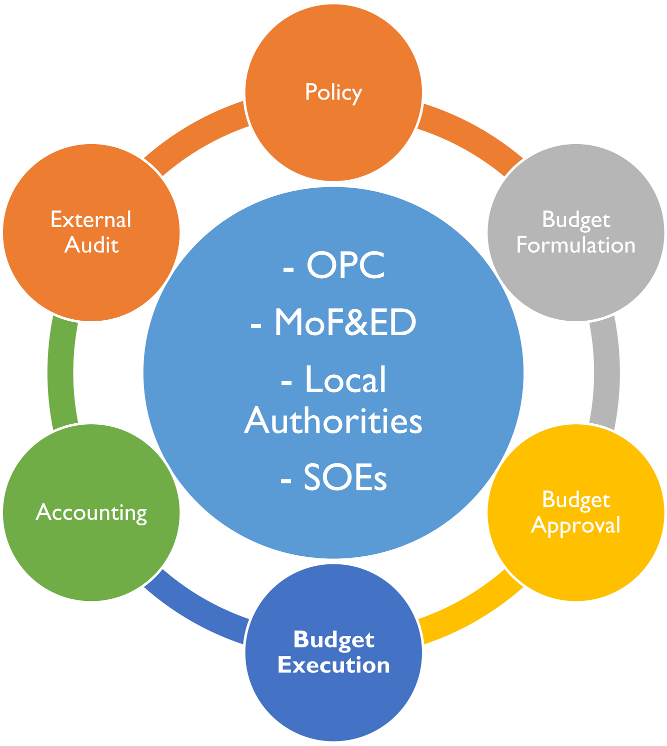
The mismanagement and misappropriation of public funds have both monetary and non-monetary implications. In 2018, transactions worth US$5.8 billion, EUR5 million and 319 thousand South African Rand had financial irregularities ranging from unsupported expenditure, excess expenditure, outstanding payments to suppliers of goods and services, transfers of funds without treasury approval among other issues. This constitute about 82% of government expenditure for 2018. This shows that public finance management in Zimbabwe is under threat. It is ironic that unauthorized expenditure amounting to US$3.2 billion was incurred by the Ministry of Finance and Economic Development in violation of Section 307 of the Constitution which require the Minister of Finance to introduce a Bill into the National Assembly seeking condonation of the unauthorized expenditure. Such a bill should have been ***introduced into the National Assembly without delay and in any event no later than 60 days after the extent of the unauthorized expenditure has been established.*** Incurring unauthorized excess expenditure has a risk of promoting irregular utilization of public funds which is against the principles of good public finance management.

<table>
<tr><th colspan="2">Financial Irregularities</th><th colspan="3">Amount Involved (2018)</th></tr>
<tr><td colspan="2">Sub PMG Account Balances not reconciling with the PFMS Balances</td><td colspan="3">$492 357 855</td></tr>
<tr><td colspan="2">Suspense Account Balances</td><td colspan="3">$18 353 571</td></tr>
<tr><td colspan="2" rowspan="2">Outstanding Payments to Suppliers of Goods and Services</td><td>EUR</td><td>ZAR</td><td>$</td></tr>
<tr><td>5 044 062</td><td>318 675</td><td>69 188 951</td></tr>
<tr><td colspan="2">Unsupported Expenditure</td><td colspan="3">$ 239 468 023</td></tr>
<tr><td colspan="2">Excess Expenditure over Income</td><td colspan="3">$24 415 778</td></tr>
<tr><td colspan="2">Uncollected Debtors</td><td colspan="3">$416 852 415</td></tr>
<tr><td colspan="2">Variances between Treasury Balances and Ministry Balances</td><td colspan="3">$3 768 578</td></tr>
<tr><td colspan="2">Balances from Unreconciled Employment Costs</td><td colspan="3">$3 012 861</td></tr>
<tr><td colspan="2">Overstatement of balances on financial statements</td><td colspan="3">$16 745 223</td></tr>
<tr><td colspan="2">Understatement of balances on financial Statements</td><td colspan="3">$21 153 747</td></tr>
<tr><td colspan="2">Amounts that could not be verified</td><td colspan="3">$21 725 598</td></tr>
<tr><td colspan="2">Unallocated Reserves</td><td colspan="3">$3 267 556 865</td></tr>
<tr><td colspan="2">Direct Payments made by treasury not recorded</td><td colspan="3">$849 836 759</td></tr>
<tr><td colspan="2">Payment of goods not delivered</td><td colspan="3">$2 368 932</td></tr>
<tr><td colspan="2">Transfer of funds without Treasury Authority</td><td colspan="3">$381 291 118</td></tr>
<tr><td>Total</td><td>US$5 828 096 274</td><td>ZAR318 675</td><td colspan="2">EUR5 044 062</td></tr>
</table>

BUDGET AS THE FOUNDATION FOR THE REALISATION OF SOCIAL AND ECONOMIC RIGHTS

The fulfilment of the state's obligation to respect, protect and fulfil human rights depends on both the availability of public resources and the effectiveness of institutions charged with the provision of public services. To this effect, it is one thing to mobilise resources and another thing to effectively deliver public services as anticipated. Both the constitution and international statutes are clear on progressive realisation of rights and it is against this background that the government should be held accountable for the provision of public services in Zimbabwe. The International Covenant on Economic, Social and Cultural Rights requires states to take steps to the maximum of their available resources to achieve progressively the full realization of economic, social and cultural rights. The Covenant also requires states to guarantee the enjoyment of economic, social and cultural rights without discrimination and to ensure the equal right of men and women to the enjoyment of these rights. In the Zimbabwean context, it is ironic that resources mobilised in 2018 did not contribute much to the realisation of social and economic rights of citizens due to poor governance, corruption and violation of procurement procedures. The role of the AG in assessing the economy, effectiveness and efficient utilization of public funds becomes more important more so in ensuring that tax payers realise value for their money and ultimately that their right to education, health care, food and water are guaranteed by law and respected in practice. Notwithstanding strong frameworks, systems and procedures for ensuring transparent and accountable public finance management which should inherently guarantee effective and equitable delivery of public services, public officials continue to misuse and abuse public funds. All these malpractices negatively affect service delivery and subsequently the realisation of citizens' socio-economic rights. Poverty reduction efforts and growth prospects for Zimbabwe are also under threat.

WHERE ARE THE MISSING LINKS?



Key

1. OPC-Office of the President and Cabinet
2. MOE&D- Ministry of Finance and Economic Development
3. SOEs- State Owned

Whilst there are weaknesses associated with the budget formulation process, especially the manner in which the consultation process is rushed, budget approval and policy formulation, the irregularities associated with budget execution are so glaring. The most recurrent irregularities are in respect of governance, procurement, employment costs, revenues and asset management. The rest of other government ministries and departments responsible for provision of sector specific public services violate the provisions of the Public Finance Management Act (PFM Act), the Constitution and other regulations, procedures and systems. The Ministry of Finance and Economic Development which is charged with the responsibility to coordinate and drive the budget process in accordance with the PFM Act is also found wanting. With an overall qualified opinion[2], the Ministry of Finance and Economic Development was awarded adverse opinions[3] in respect of the following;

- Summary of transactions on Consolidated Revenue Fund,
- Statements of Receipts and Disbursements,
- Statement of Contingent Liabilities and statement of Public Financial Assets.

The role of the legislature then becomes more important in scrutinizing and authorizing revenues and expenditures especially as representatives of the people who are also owners and beneficiaries of public finances over and above the legislative and oversight roles.

[1] A qualified opinion is a statement issued after an audit is completed by a professional auditor, suggesting that the information provided is limited in scope and/or the company being audited has not maintained GAAP accounting principles.

[2] An adverse opinion is a professional opinion made by an auditor indicating that a company's financial statements are misrepresented, misstated and do not accurately reflect its financial performance and health.

STATE OF PUBLIC FINANCE MANAGEMENT IN ZIMBABWE

The pilot assessment of the functionality of government's public finance management system based on the Public Finance Management Reporting Framework identified serious gaps in respect of inadequate governance and oversight and inadequate policy and legal frameworks across government ministries and departments. This resulted in poor ratings in the following key areas;

Public Finance Management Process	Reason
Macroeconomic Policy, Fiscal Policy and Budgeting	- Inaccurate prior year fiscal forecasts
Budget Preparation	- Absence of clear budget priorities
Budget Approval	- Inadequate scrutiny and debate of the budget - Absence of legislative calendar for oversight functions.
Financial Management and Service Delivery	- Inadequacies in governance, procurement, management of programmes, management of assets and revenue collection and debt management. - Failure to monitor and review performance against Sustainable Development Goal (SDG) targets.
Accounting, Reporting and Oversight	- Fair performance due to the availability, reviews and debates of audit reports by Parliament

IMPLICATIONS ON SOCIAL SERVICE DELIVERY

Perennially, the Ministry of Public Service, Labour and Social Welfare has diverted funds from fund accounts meant for cushioning vulnerable people. At the beginning of 2018, the Ministry carried over US$1.5 million after which the Auditor General recommended that the Ministry should refund the respective Fund Accounts. Instead, the Ministry further borrowed over US$823 thousand and reimbursed US$ 493 thousand raising the balance owed to US$1.8 million. The diversion of resources from Fund Accounts have a risk of undermining social service provision for vulnerable groups inclusive of people living with disabilities, children, older persons and children on the streets further marginalising them from enjoying the basic social and economic rights guaranteed in Chapter 4 of the national Constitution.

Financial Irregularities	Financial Implication	Risk/Implication
Non disbursement of Funds towards Harmonised Cash Transfers	$9 759 723	Failure to disburse funds appropriated for the programme further worsens the plight of the beneficiaries in the absence of alternative livelihood sources
Outstanding Beam Arrears	$54 503 745	This does not only disadvantage the beneficiaries of BEAM's right to education provided for in section 75 of the Constitution but compromise the education sector performance as a whole.
Outstanding Health Assistance Bill	$5 000 000	The failure to clear the arrears dating back to 2016 will cripple the health sector and worsens the plight of the beneficiaries
Diverting Resource for the Public Assistance Programme to repay money borrowed from NSSA	$ 500 000	The operations of the programmes are affected if funds are diverted elsewhere.
Diversion of Resources from Fund Accounts	$1 801 698	The Fund Accounts fail to meet the objectives of promoting the welfare and protection of vulnerable groups

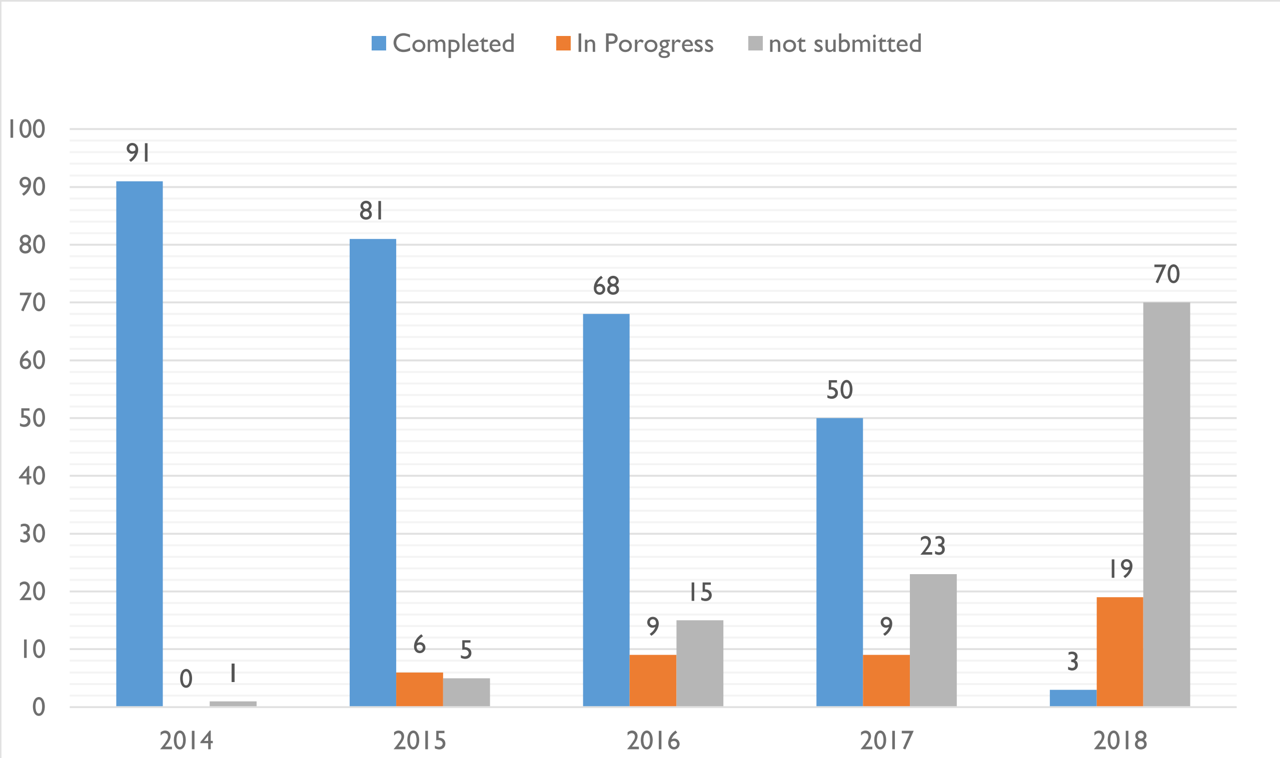
Irregularities in respect of asset management, failure to reconcile employment costs, breaching procurement procedures, failure to collect revenue from debtors among other governance challenges affected public service delivery amongst key ministries charged with social service delivery as shown below;

Responsible Ministry	Key Findings
Ministry of Health and Child Care	52% of the ambulances were non-runners whilst only 134 out of the 282 ambulances were functional. This compromises the right to health care spelt out in section 76 of the constitution of Zimbabwe.
Ministry of Primary and Secondary Education	The Ministry diverted over US$6 million meant for procuring books for the curriculum and technical services to other expenditures. This adversely affect the attainment of Goal Number 4 of the Sustainable Development Goals (SDG 4) which seeks to ensure inclusive and equitable quality education and promote life long learning opportunities for all.
Ministry of Land, Agriculture and Rural Resettlement	Violated section 81 of the Public Finance Management Act by failing to provide supporting documents for the total payment of US$849 million directly paid by the Ministry of Finance and Economic Development to various service providers. The shortage of foot and moth vaccines and dipping chemicals resulted in the outbreaks of diseases and death of livestock. The shortage of dipping chemicals alone led to the death of over 500 000 cattle across the country, thereby affecting people's livelihoods. The Ministry Department of Irrigation received only 6 vehicles out of the 10 after paying US$519 million in December 2017. The Ministry should follow up with Solution Motors on the remaining 4 vehicles.

COMPROMISED PUBLIC SERVICE DELIVERY IN LOCAL AUTHORITIES

Local authorities are institutions closer to the people, as such, trust and confidence between them and citizens are key catalysts for a successful social contract that exists between the two parties. For citizens to fully realize their socio-economic rights and justice, local authorities must fully deliver their mandate clearly stated in Section 265 of the Constitution, (general principles of provincial and local government), of ensuring good governance by being effective, transparent, accountable and institutionally coherent. Disappointingly, local authorities have divorced themselves from the guiding principles and have been characterized by inefficiency, high levels of "organized fraud", noncompliance, operating without key policy and procedure manuals and high debt levels. Despite annual findings of gross public resources mismanagement exposed by the Auditor General, it is worrying to note that the recommendations from the previous reports have not been implemented rather malpractices worsened.

Local authorities are notorious for not submitting their financial statements for audit purposes. Out of the 92 local authorities, only Bindura, Goromonzi and Marondera submitted their 2018 financial statements as at 31 May 2019. It makes it extremely difficult for both parliament and the Auditor General to follow up and address issues raised in the previous reports especially when the 2018 report is based on 2014 financial statements. The audit results for City of Bulawayo, for instance, are based on 2014/2015 financial statements and the issues raised would have been recurrent in the preceding years further undermining public service delivery. The graph below shows the number of local authorities who submitted audited financial statement since 2014.



There are local authorities which are borrowing for recurrent expenditures. This has a negative bearing on public service delivery as the funds borrowed were not used for projects that generate resources for repayment of the loans and overdrafts. Harare City Council borrowed US$ 32.5 million from CABS to fund salaries and terminal benefits of employees without ministerial approval provided for in the Urban Councils Act (Chapter 29:15). Gweru City Council and Mutare City Council have also been implicated in borrowing funds for recurrent expenditures amounting to US$775 thousand and US$5.4 million respectively. The two city councils further diverted resources from Estate Accounts towards recurrent expenditure at the expense of capital related expenditures thereby compromising service delivery. This is in contravention of Section 300 of the Urban Council's Act. Amid all forms of malpractices, public service delivery in local authorities have remained poor, with repeated outbreaks of cholera and typhoid being recorded during the same period when resources were being diverted. However, citizens have started demanding for transparency and accountability in local authorities. During Constituency Indabas held by ZIMCODD on a quarterly basis, residents from Harare, Bulawayo, Gweru, Mutare and Hwange raised similar issues with regards to the state of public service delivery in their respective local authorities ranging from shortage of water, non-collection of refuse, unavailability of public toilets, poor state of roads, deplorable education and health facilities and obsolete medical equipment in local councils in cases where they are available. As if that is not enough, there is a regular trend among local authorities which are defaulting the payment of statutory requirements. The City of Gweru, for instance, owes the Zimbabwe Electricity Supply Authority (ZESA) ($16 983 554) and the Zimbabwe National Water Authority (ZINWA) ($ 861 156) and statutory remittances to the Zimbabwe Revenue Authority (ZIMRA) ($652 777). This is negatively affecting service delivery in the event of cut-offs by utility service providers. The City of Gweru faces a risk of financial losses due to penalties and fines charged by ZIMRA. Moreover, the same institutions that are owed by the local authorities are also crippled due to financial losses resulting from defaulted payments, especially when Gweru City Council alone owes ZESA nearly US$17 million. ZESA has therefore been incapacitated to the extent of failing to repay its debt obligations to Kahora Bassa and Eskom of Mozambique and South Africa respectively resulting in massive power cuts across the country.

Public service delivery remains a challenge for city councils particularly the provision of portable water and sanitation services. Chitungwiza Municipality for instance buys water from Harare City Council and is already in arrears for unpaid water amounting to US$53 million. As if that is not enough the City of Harare supplies a daily average of 25 000 cubic meters to Chitungwiza Municipality which is far below the municipality's daily requirements of 62 000 cubic meters. The implication is that residents are deprived of water, increasing their vulnerability to water bone diseases. The blockages and or collapse of trunk sewer behind Chitungwiza Hospital also compromises the health of citizen's in the dormitory town. Unilateral decisions that affect public service delivery are carried out without following policies and procedures. Hwange Rural District council incurred financial loss of over US$5.9 million when debt owed to the council by a particular debtor was written off without any documentation and justification.

DEVELOPMENTS IN DEBT MANAGEMENT

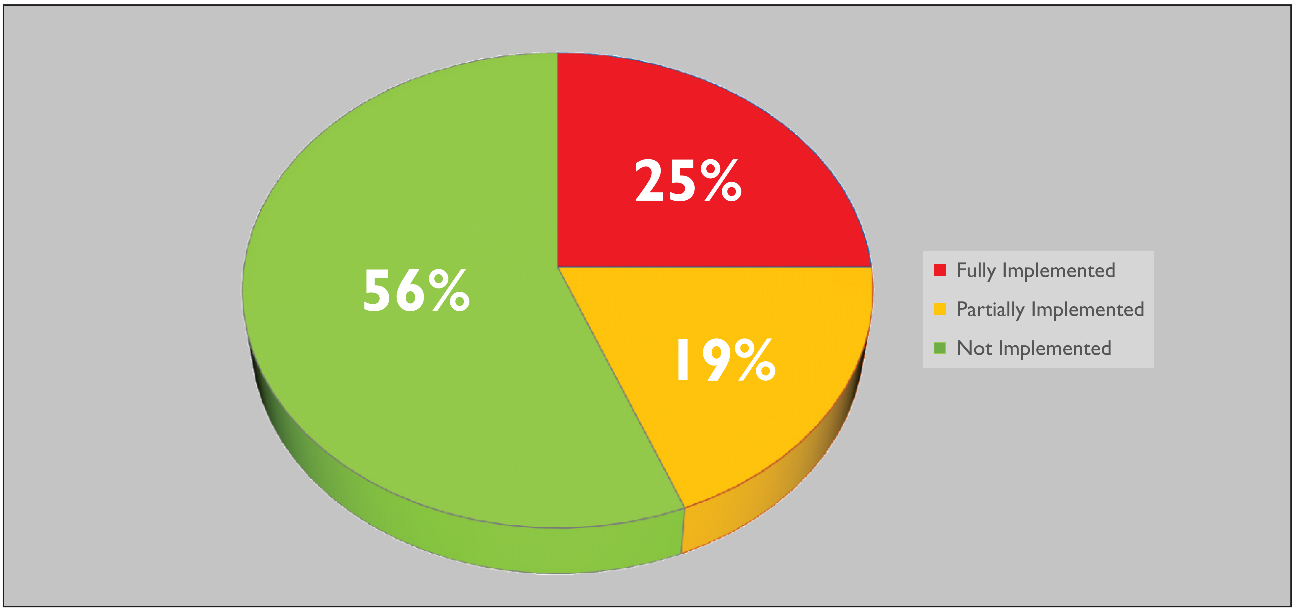
As the country continue grappling with the ballooning external and domestic debt which stood at US$8, 2 billion and US$9.2 billion respectively as at 31 March 2019[4], the Ministry of Finance and Economic Development did not avail payment vouchers to support the reported US$1.97 billion paid in the servicing and repayment of public debt. This was done in contravention of Treasury Instructions 1606 which makes it mandatory for government ministries to have payment vouchers to be adequately supported before making a payment. For consecutive years, the ministry has failed to reconcile debt repayment balances recorded in the Public Finance Management System (PFMS), the Statement of Public Debt (SPD) and Constitutional and Statutory Appropriation (CSA) which give varying figures. The PFMS had a payment amounting to US$1 977 876 054, while the Statement of Public Debt had a balance of US$1 977 875 064 and the CSA disclosed expenditure of US$1 970 093 271.

In response to the AG's report of 2017, Treasury indicated that it had erroneously paid over US$1 billion as settlement of the Zimbabwe Asset Management Company (ZAMCO) debts, however, the amount has not been recovered yet. The diverted US$1 billion paid in 2017 constituted about 29% of the 2017 National Budget and was enough to cover the budget for Health and Child Care (US$282 million), Agriculture (US$293 million), Public Service Labour and Social Welfare (US$194 million) Office of the President and Cabinet (US$176 million), Youth (US$17 million) as well as Transport and Infrastructure Development (US$55 million). Alternatively, it was enough to cover the entire budget for Primary and Secondary Education (US$804 million) and Health (US$282 million). ZAMCO is a special purpose "vehicle" which was created by the Government of Zimbabwe in 2014 to take over non-performing loans after an insidious culture of dishonouring credit obligations took root, inhibiting banks from providing fresh loans to the market. Some of the companies that benefited from ZAMCO's rescue scheme include the Cotton Company of Zimbabwe, RioZim, Star Africa, Cairns, Hwange Colliery Company of Zimbabwe, Border Timbers and Cold Storage Company (CSC).[5]

Loan advances made to parastatals and local authorities of US$68.1 million had no supporting documents. Figures reflected on the Statement of Public Financial Assets for similar loans had a balance of US$1.2 million giving a variance of US$66.9 million. The variance was not reconciled, hence the correct value of loans advanced is not known. The inability of the state to reconcile public debt has a risk of misstating the public debt figures hence the persistent call for a comprehensive debt audit in Zimbabwe to ascertain the exact amounts owed both externally and domestically, evaluating the terms of the specific loans and how the loans benefited Zimbabweans. This process mitigates the shouldering of odious and illegitimate debts by citizens.

PROGRESS IN ADDRESSING PRIOR YEAR AUDIT FINDINGS

It is sad to note that out of the 435 recommendations made in 2017, only 25% were fully implemented, 19% partially implemented and the 56% not implemented at all. The reluctance on the part of government to address the AG's recommendations undermines public trust in the government. This affects the revenue mobilisation efforts of government as people do not see value in their contribution to tax revenue.



[4] Ministry of Finance and Economic Development, State of the Economy, May 2019
[5] The Business Daily, http://businessdaily.co.zw/index-id-national-zk-47528.html

SUBSIDISING STATE OWNED ENTERPRISES: IMPLICATIONS ON PUBLIC SERVICE DELIVERY

Year in year out, the government of Zimbabwe allocates resources towards the capitalization of loss-making state-owned enterprises (SOEs). Most of these entities are loss making and survive on bailouts from the national purse. Air Zimbabwe for instance, incurred a loss before tax of US$27.7 million in 2013 and US$36.2 million in 2014. To that effect, the 2019 National Budget allocated US$2 million to Air Zimbabwe, US$615 to the State Grain Reserve and US$80 million to the Agricultural Marketing Authority among other state-owned enterprises. The allocations to the Grain Marketing Board (State Grain Reserve) and Air Zimbabwe were reviewed upwards to ZWL$1.5 billion and ZW64.3 million under the 2019 Mid Term Budget Review and Supplementary Budget which was presented by the Minister of Finance and Economic Development on 1 August 2019. It is, however, disappointing to note that these and other SOEs violate best practices in corporate governance and provisions of the PFM Act. About 80% of the irregularities raised in the 2018 Auditor General's report are attributed to poor governance whilst the rest are related to violation of procurement procedures, failure to recover money owed to service providers, failure to pay statutory obligations and utilities, and the excessive payment of management and board fees without approvals. These have been recurrent in the successive reports of the Auditor General. Air Zimbabwe for instance has been implicated in gross financial malpractices which included failure to account for 3 MA60 air crafts, unsupported expenditure amounting to US$1.8 billion, no supporting documents to support the use of US$655 thousand among other irregularities, no supporting documentation for operating expenses amounting to $13.7 million, unexplained suspense balance of $28 million, unsupported payables balances of at least $26 million and unexplained variances of $87 million from amounts confirmed by suppliers. No minutes of board and management meetings were available for the period under review and cash withdrawals amounting to $173 162 could not be traced to the books of accounts. The list of irregularities is endless. In overall, the irregularities within Air Zimbabwe has both financial and non-financial implications which affects its commercial viability and service provision. It is unfortunate that the government continue investing in such a loss-making entity involving a lot of corruption and fraudulent activities. There is no guarantee that the ZWL$64.3 million allocated to Air Zimbabwe in 2019 will not be abused, an amount that could have been used for provision of essential social services such as health and education.

At a time when the country is battling with excessive power cuts, two subsidiaries of ZESA that is ZETDC and the Zimbabwe Power Company (ZPC) paid US$4.9 million and US$562 thousand to Pito Investments for transformers not delivered dating to as far back as 2010. This has seriously affected electricity supply in the country which does not only affect ordinary citizens but the entire economy. The failure to supply electricity ultimately affect ordinary citizens as the additional cost of running with alternative power sources is passed on to final consumers. Now that ZESA is failing to settle its debt obligations to Eskom and Kahora Bassa, the decision to increase household tariffs from ZWL$9.86c to ZWL$27c per kilo hour watt (KHW) for domestic consumers did not factor some of the irregularities within ZESA and its subsidiaries.
When farmers struggle to get payments for their maize deliveries to the Grain Marketing Board, privileged farmers are paid in advance for maize not delivered. To that effect, the Board made an advance payment for the purchase of 2 467 metric tons of maize worth over a $1 million in 2016 but upon inquiry at the time of the audit, management confirmed the maize had not been received by the Board. The immediate implication is financial loss due to non-delivery of the purchased maize. Additionally, the 277,522 kgs of the maize dispatched from the Mutare depot, only 271, 360 kgs were received by Masvingo depot leaving 6, 162 kgs unaccounted for. Thus, the Board incurred a financial loss due to fraud and error. Such cases of fraud are noticeable across depots but no action is taken to address the anomalies, further threatening food security in the country. There is therefore need for implementing punitive measures which are deterrent enough to stop further leakages. The level of impunity in the country as a whole undermine efforts to eradicate poverty and inequalities and ultimately the realisation of Sustainable Development Goals (SDGs).

Pensioners have become destitutes in Zimbabwe despite having worked and contributed to the National Social Security Authority (NSSA) for years. The Authority has been implicated in investing in troubled banks without following procedures and against recommendations from the Authority's Risk and Management Department. This has resulted in financial losses due to nonrecovery of risky investments. This directly and indirectly affects the pensioner in terms of untimely payments.

ZIMRA on the other hand is compromised in terms of revenue collection at a time when the country desperately needs resources for the provision of public service delivery and in meeting the country's infrastructure gap. The tax agency has outstanding revenue returns of $8, 458, 237 from companies under liquidation and judicial management in which the recoverability of the full amount is doubtful. Furthermore, the Authority did not have policies and procedures to allow for regular inspections specifically for the verification of production output and sales volumes declared by miners for purposes of determining mining royalties' payable. There were no structured exports clearance documentation and equipment to confirm the mineral quantity and quality on export declarations at ports of exit. Reliance was being placed only on the documentation lodged with the clearing agent and the Authority issues a release order on that basis. There is currently no way of confirming the quantities of raw (ores) minerals being exported. This will result in under declaration of mining royalties and perpetuation of revenue leakages.

CONCLUSION

Effective and efficient PFM systems are key for democratic governance, macro-economic stability and effective use of available resources. As such, duty bearers guided by sound, transparent and accountable PFM systems tend to deliver services more effectively and equitably.

The social service sector remains the cornerstone in resolving the underlying causes of poverty, inequality, deprivation and vulnerability in Zimbabwe. It occupies a critical position in ensuring the attainment of SDGs. Whilst efforts are being made to ensure resource availability towards social service delivery, especially through taxation of ordinary citizens, the government is reluctant in ensuring fiscal transparency and safeguarding of public resources and property towards social service delivery both at national and local level.

The issues raised in the Auditor General's report are not new across the various government ministries, local authorities and state-owned enterprises. The inaction on the part of the government leaves a lot to be desired on the part of the executive and parliament. Citizens have completely lost public trust amid the high macroeconomic challenges perpetuated by governance challenges among other malpractices in government. The laws, rules, practices and processes are necessary but not sufficient condition for ensuring public finance management. The implementation of such is more important. It therefore takes a lot of effort from both the central government and parliament to ensure adherence to fiscal rules and principles of public finance management. This is particularly important at a time the country is grappling with the same financial and non-financial irregularities in public finance management in successive years. The role of citizens and collective voices become more relevant in setting the priorities and ensuring effective implementation of government programmes through social accountability. As a collective, a strong political and technical commitment, clear communication and coordination of fiscal reforms, budget formulation and budget execution is necessary for realising value for money and safeguarding of national resources and property.

POLICY RECOMMENDATIONS

To the Parliament

- The parliament should expedite the alignment of the PFM Act to the Constitution in order to enforce mechanisms for continuous monitoring of public resources and provision for redress during implementation of the budget rather than waiting for the Auditor General's report.

- Parliament should facilitate an inquiry into the specific recurrent irregularities on appropriation accounts, state owned enterprises and local authorities and develop a comprehensive programme for monitoring and reviewing actions taken on the recommendations outlining clear timelines considering that some of the recommendations date back to 2014. Clear penalties should also be enforced on persistent malpractices.

- The Parliament must come up with an Act of Parliament that protects Fund Accounts especially those that are meant for supporting vulnerable groups such as children, the elderly, people living with disabilities as well as beneficiaries of the National Drought Fund and the National Rehabilitation Centres Welfare Fund.

- Parliament of Zimbabwe must guarantee operating space and legal freedoms required by civil society organizations to engage in advocacy and activism on the basis of the audit findings.

National Prosecuting Authority

- The National Prosecuting Authority must deliberately invest in strengthening the capacity of its staff to investigate and prosecute perpetrators of commercial crimes in order to ensure that those committing offences are held accountable and appropriate penalties and disciplinary actions are enforced.

Ministry of Finance and Economic Development

- The Ministry of Finance and Economic Development should come up with a comprehensive programme for strengthening institutional capacities in state owned enterprises, local authorities and government ministries including tailor made trainings on revenue management, contract management, financial reporting and procurement.

Office of the President and Cabinet (OPC)

- OPC should demonstrate political will to eradicate corruption and mismanagement of public funds. There must, therefore, be greater commitment from OPC which goes beyond verbal pronouncements and translates to actions which arrests and punish perpetrators of corruption.

Judiciary

- The judiciary should be independent and must be able to interpret the law without fear or favour.

Anti-Corruption Commission

- The Anti-Corruption commission should be armed with prosecuting powers guaranteed by the Constitution

To Civil Society Organizations (CSOs)

Civil society organisations should undertake the following actions to ensuring transparency and accountability in public resources as provided for under Section 298 of the Constitution of Zimbabwe;

- Mobilise citizens, empower them, create platforms for engagement between duty bearers and rights holders, and build a movement in order to give pressure to government to respond to the recommendations from the Auditor General.

- Create networks and coalitions with organisations working against corruption, service delivery, health, education and vulnerable groups in order to develop a coordinated advocacy on the outcome of the AG's report in particular and public finance management in general. This is critical in sustaining dialogue rather than wait for the release of the next report. Tracking actions being taken to implement the recommendations, and utilising the findings of the report in informing citizen engagement at the various stages of the budget cycle is also critical.

- Fostering collaborations with the Parliament Budget Office in assessing the capacity of the Parliament Accounts Committee and challenges inhibiting the implementation of the recommendations with a view to build their capacity to enforce the sanctions against financial misconduct outlined in Section 86 of the PFM Act.

- CSOs must create more platforms that promote budget literacy initiatives to enable citizens to engage with their local and national government on budgeting decisions and become key stakeholders in PFM discussions.

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