



Investing in People for social & Economic Justice

The Public Finance Management Amendment Bill 2021

Reference Document for the Public Hearings, 07-11 June 2021

The Public Finance Management Amendment Bill seeks to align the Public Finance Management Act to the Constitution, in particular Chapter 17 of the Constitution on Principles of Public Finance Management.

Overall, the following are some of the key elements that the bill should address:

1. **The Bill must be grounded on International best practices** for example international practice calls for all anti-corruption agencies to work closely with Parliament so that action is taken immediately when the need arises. However, the Bill states that Parliament can now refer all matters to the Zimbabwe Republic Police or the Zimbabwe Anti-Corruption Commission (ZACC).
2. **The Bill should take into account and make it mandatory for the principle of social inclusion and equity** in the budget formulation (mandatory for Ministries to consider gender, youth and disability issues in their budgeting)

The following clauses in the proposed Amendment Bill needs attention so that they are in line with the Constitution and best practice:

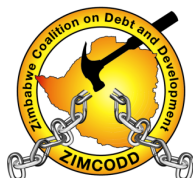
1. **Clause 3 – The Bill should make Public Finance Management Principles a statute as contained in Chapter 17 of the Constitution.** The objectives of the Bill should be more detailed by including other principles of sound public finance management enshrined in section 298 of the Constitution. The Clause as it stands only has two principles: transparency and accountability leaving out other such as fair taxation, equitable use of revenue, expenditure being directed to national development etc.
2. **Clause 6 - Internal auditors should have reporting obligations to the Treasury** to ensure transparency and not have a dual reporting obligation to the Accounting Officer and Treasury.
3. **Clause 9 inserts a new subsection (8) replacing section 12(b). It should be worded clearly and in simple terms.**

4. **Clause 14 - The accounting officer should never be forced to comply with orders that are not allowable.** This is because section 9 (4) {b} empowers the Accountant General to refuse payment on any voucher in support of a charge on the Consolidated Revenue Funds which is not allowable.
5. **Clause 31 creates Audit Committees. In order to enhance independence of the Committees, there is need to introduce an independent reporting unit** for Internal Auditors in the Ministry of Finance (like in Zambia) where all internal audits report to.

Some of the sections in the PFMA should be amended so that they are in line with the Constitution and best practices, and these include:

1. **Section 28** of the PFMA requires the national budget to be tabled before the National Assembly “not earlier than 30 days before or not later than 30 days after the start of the forthcoming financial year”. This provision should be aligned with section 305 (2) of the Constitution which requires the estimates of revenue and expenditure to be presented to the National Assembly on a day on which the National Assembly sits before or not later than 30 days after the start of each financial year. There is need for clear timelines on the budget cycle.
2. **Section 11 (2)** of the PFMA should be amended so that the Minister of Finance and Economic Development seeks authority through Parliament resolution to write off debt instead to seek condonation of already written off debt.
3. The Public Finance Management Act must be fully aligned with Section 308 of the Constitution which outlines Duties of custodians of public funds and property. Monetary penalties outlined in the current Act must be revisited to make them more deterrent.

The Public Finance Management bill presents Zimbabweans with a key opportunity to influence how public resources are managed. With the background of limited transparency and accountability in the way public finances are managed, this chance should be fully embraced by all citizens. Participation in the parliamentary public hearings as well as make submissions on the bill should be prioritised by everyone.



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