



**REPORT ON THE IMPLEMENTATION  
OF THE AUDITOR-GENERAL'S  
RECOMMENDATIONS**

***In Masvingo Province Local Authorities***

# **REPORT ON THE IMPLEMENTATION OF THE AUDITOR-GENERAL'S RECOMMENDATIONS**

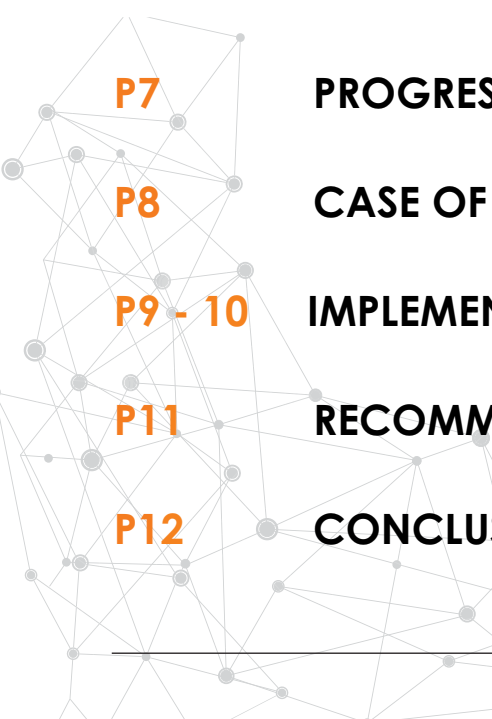
*In Masvingo Province Local Authorities*

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## INTRODUCTION

Section 298 of the Zimbabwean constitution stipulates Principles of public financial management which must guide all aspects of public finance in Zimbabwe. These principles emphasize transparency and accountability in financial matters and the need for the public finance system to be directed towards national development, among other principles. In pursuance of this, the Auditor General (AG) carried out an Audit of nine local authorities in Masvingo Province among other provinces for the financial year ending December 31, 2018, and produced a report to provide relevant and reliable information to users about the reported local authority's financial position. Local authorities covered in Masvingo Province include Masvingo City Council, Masvingo Rural District Council, Chiredzi Urban Council, Chiredzi Rural District Council, Mwenezi Rural District Council, Gutu Rural District Council, Chivi Rural District Council and Bikita Rural District council. The AG's report indicates some instances of misappropriation of public resources by authorities entrusted to safeguard them. In some instances, issues raised by the AG's report were resolved, however, some issues remained outstanding. This report raises AG's recommendations and enquires how they were addressed by the concerned local authorities.





## RESEARCH METHODOLOGY

The study was conducted in nine selected local authorities in Masvingo Province of Zimbabwe which are Masvingo City, Masvingo Rural District Council, Bikita Rural District Council, Mwenezi Rural District Council, Chivi Rural District Council, Zaka Rural District Council, Chiredzi Urban Council and Chiredzi Rural District Council as shown in figure 1.

## DATA COLLECTION AND ANALYSIS

In each local authority, purposive sampling was used to select senior management and those who have knowledge and experience on issues underpinning this report. Interviews were done with selected Chief Executive Officers (CEOs), Council Chairpersons, District Development Coordinators (DDC), Councilors, Council Staff and some members of these communities with real and lived experiences on issues raised in the Auditor General's report. The collected data were analysed using themes indicated in the Auditor General's report. To get a better understanding of the local authority's issues and challenges, key informants such as City Administrators were also interviewed. The participatory observation was also used to gather data leading to a better understanding of tools and mechanisms for transparency and accountability.



Figure 1:  
Map of Masvingo Province showing the areas covered in this report



## GOVERNANCE ISSUES

The audit report indicates that in the financial year 2017/18, Masvingo City Council did not maintain a comprehensive record of fuel usage during the year under review. The fuel register availed did not indicate the name of the person drawing down fuel from stores and the purpose for which the fuel was required creating opportunities for fuel misappropriation. There was a need for the Council to put a register indicating essential details like the purpose of fuel allocated and the name of the one receiving it. Besides, some motor vehicles with registration books on file could not be physically verified while some were not recorded in the fixed asset register. As a result of this, the AG recommended that Council should improve controls related to the recording and custody of motor vehicles and investigate the assets not physically verified and update its records. Masvingo City council indicated that this issue has since been resolved, an appropriate fuel record book has been put in place. On the issue of vehicle register, an update was made and the misinformation which was being caused by the availability of old vehicle books has been rectified.

It was also reported that in the same financial year, Masvingo City Council did not have a lease register in place which shows details of all the leased properties, names of tenants and duration of the leases. A list of all leased properties compiled during the audit fieldwork was incomplete, as it did not include some of the properties being rented out. Consequently, there was a variance of \$520 653 between the recomputed lease rental balance (\$167 190) and the ledger balance (\$687 843) which Council management could not resolve. The Council responded by creating a database of all its leased properties within Masvingo City Council. It also managed to update all its assets registers as was recommended by the AG.

In Chiredzi Rural District Council asset registers were not updated, also bank and Ecocash reconciliations were not done. Besides, some policies were either outdated or not available. For instance, the housing and risk management policies were not established. In response to the recommendation of the AG, Chiredzi RDC updated its asset registers and ensure the bank and EcoCash reconciliations are being done well in time. However, it was noted that Ecocash takes longer to be deposited in the RDC's account which affect the reconciliation process. On policies, the council has already started working on developing and updating new policies.

In Mwenezi, the RDC entered into an out of court settlement with Zim Bio Energy (Pvt) Ltd and Mazunga Safaris and agreed to write off the debt amounting to \$1,6 million in contravention of Rural District Council Act [Chapter 29:13] Section 133(2). There was no Ministry's approval or full Council resolution about the write-off of \$1.6 million debt. An Unapproved write-off may reduce Council revenue hence, the Council was advised to approach the ministry on the issue. Mwenezi RDC was also reported in the same AG report that it was making a double allocation of stands which is unethical and prejudicial to residents. The council has since approached the Ministry on this issue as per the recommendation by the AG. In Mwenezi RDC, the Double allocation of stands issue was resolved through creating a partnership with the Harare Institute of Technology (HIT) assisted the RDC by developing software that detected such mistakes.



## REVENUE COLLECTION, MANAGEMENT AND DEBT RECOVERY

The review for parking fees for 2018 in Masvingo City council revealed that fees received in foreign currency (South African Rands) amounting to ZAR1 308 was not accounted for as it was not deposited into the Council bank account creating an opportunity for fraud. The Council needed to investigate this case and then put up necessary measures to avoid such incidences. The City of Masvingo launched an investigation into this matter and the employee who was responsible was prosecuted and convicted. The employee restituted the full amount and was dismissed from employment. Banking systems of all funds collected from parking have been activated and are being closely monitored by the head of finance and audit department.

Bikita RDC, during the Audited financial year, was not billing shop licenses and leases before they make some payments. The AG recommended that they must be billed regardless of whether they have been paid or not and the need to establish a comprehensive record of all shop license and lease holding debtors. In response to this, a record of all leased properties have been established and all leases and shop licenses are now billed as per the recommendation.

In Gutu RDC, the Council was not preparing monthly bank reconciliations for the eco-cash account pausing a risk of financial loss due to fraud or errors that may not be detected in time. In addition, Council was not billing customers during the 2017 financial year for income streams such as business licenses and way leaves creating possible financial loss due to non-billing. Budget decisions may be based on incomplete information. The council has resolved this issue since January 2018 and reconciliations are now being done every month to correct errors and avoid losing resources. The Council made a concerted effort to ensure that other revenue items such as business licenses are billed and maintained in the system to adhere to the accrual-based accounting requirements.

In 2017, the Gutu RDC was not preparing monthly Bank reconciliation statements for the eco-cash account creating a potential financial loss due to fraud or errors that may not be detected on time. Reconciliations should be done every month. Gutu RDC addressed this by doing all bank and EcoCash reconciliations monthly. However, Econet has not been releasing the Ecocash transactions statement on time affecting the RDC's timing for EcoCash reconciliation. Besides, Gutu like any other local authority is grappling with the ever-rising inflation creating some challenges in meeting some audit requirements due to constant changes creating variations in costs of goods and services which become questionable by the auditors each time they visit for inspections.

This was also established in Mwenezi RDC where reconciling items were not being cleared as the same amount was being carried forward for several months without being cleared causing a risk of misappropriation of council funds as the amounts could not be verified. It was recommended that reconciling items should be cleared and bank reconciliations prepared at least once a month. The council resolved to stop transacting using Ecocash because it was not giving those transactions statements on time creating delays in reconciliations. Besides, at times delays in the distribution of devolution funds by the central bank also make it difficult for the council to do acquittals on time. For example, Mwenezi RDC received their devolution funds for 2021 on December 28, three days before the year ended.

The issue of bank and EcoCash reconciliations were also raised in Bikita RDC by the AG saying reconciliations should be done in time (before or on the last day of each month). Bikita RDC has since addressed this issue and further engaged in capacity building of its staff so that they can effectively implement the recommendations that were made.



## SERVICE DELIVERY ISSUES

At the time of the AG's audit, Masvingo City council was failing to meet the water demands of the city as it was producing 30 megalitres of treated water per day and the current demand for the Council was 48 megalitres per day. As a result the Council ration the water affecting high land areas such as Four Brigade, Mucheke D and Mucheke F. In addition, an estimated 40% of the water is lost due to the old water reticulation system. As a result of these challenges, an outbreak of water-borne diseases in areas that are affected by the water rationing cannot be discounted and loss of revenue due to leaking pipes. There is a need to upgrade the water system to meet the water demands of the public effectively and efficiently. The water issue has always been a perennial problem for Masvingo city Council. The equipment installed at the City Council waterworks are old and need replacement. However, the City Council indicates that they are facing financial challenges to rectify this issue at the moment. The council is still pursuing some funding options in a bid to resolve this problem.

Masvingo City Council dumpsite remains a health hazard. The Victoria Range landfill was no longer suitable for use as the site was now too close to the residential location. Besides, the City Council had only three (3) refuse compactors instead of six (6) compactors as required by refuse management standards to effectively service its consumers. As a result of this, residents are exposed to health and safety hazards due to the proximity of the dumpsite to their homes. Besides, this may attract fines and penalties from regulatory authorities. An alternative dumpsite must be found away from residential areas and the refuse department should be adequately resourced in terms of equipment.

The City of Masvingo has since identified a new dumping site and they are developing the new landfill at Cambria Farm.

The project is around 70% complete and is expected to be complete by August 2022. Work is in progress although it was delayed by the rain affecting the council's deadline projection.

The Sewerage Treatment needs urgent attention in Masvingo as sewer spills in areas like Old Mucheke suburbs as well as into the nearby river streams which feed into the Council's main source of water (Lake Mutirikwi). The Council acquired a loan of \$2 100 000 from NSSA in 2014 for the construction of a sewer trunk pipeline. However, the project was still to be completed due to a lack of funding. At the time of the audit, the project was assessed to be 65% complete. Sewer spillages pose a health and safety hazard to the residents and surrounding environment. Also, this may attract penalties and fines from Environmental Management Agency (EMA). In response to this Masvingo City Council has taken over the Mucheke Sewer trunk construction after the contractor who was given tender failed to complete the project. Council is now using devolution funds to complete the project and they expect to finish by 2023. In 2021, 1.6 kilometres of work was completed and in the 2022 financial year, the Council has budgeted ZW\$100 million towards the Mucheke sewer trunk project.

Chiredzi urban Council has 682 housing units not yet connected to the sewer system as indicated in the 2016 AG report. Besides, the sewer ponds which were being used were located close to residential areas and the council had not erected a security wall or fence as a perimeter barrier. Additionally, sewer blockages and spillage were being experienced as a result of silting and solid objects accumulation posing hazards as a result of the sewer system not yet connected.



Picture Masvingo City Council preparing new dumping site



It was recommended that the Council should erect a perimeter wall at the ponds and expand the sewer system to accommodate the growing population. In addition, the Council should replace nonfunctional water meters and investigate the significant processed water losses. Although efforts are being made to address all these challenges, the Council have decided to prioritize the sewer system replacing the older pipes with new and bigger ones. The project started in 2021 using devolution funds and they target to complete the project in 2022. The water project expansion programme has also been started but yet to complete. In the water project, the Council is facing financial challenges in replacing the defunct water meters to control water wastage.

Chiredzi Urban Council did not avail documentation to support the low-density housing development project arrangement between the Council and a private land developer. As a result, the AG was unable to ascertain the level of implementation or status of performance delivery as far as this arrangement is concerned and the council may enter into arrangements that may not be beneficial to the Local Authority and respective residents. In this, the Council has availed all documentation for all the companies they engaged in business. An asset register was established and updated for all Council assets. The issue of double stands allocation has been resolved with the Chiredzi Council updating its policies including the housing policy. Outstanding is to develop a risk management policy. So far about 80percent of the recommendations that were made by the AG have been implemented by the Chiredzi Town Council.

## MASVINGO CITY COUNCIL IMPLEMENTING AG'S RECOMMENDATIONS



Pictures showing progress at Mucheke trunk sewer line



## EMPLOYMENT COSTS

AG reports in 2017 that Chiredzi RDC was not taxing its executive allowances and benefits. These allowances include payment of electricity, water, security, school fees, rentals and gardener costs. This attracts penalties and fines from relevant authorities as this goes against the provision of the Income Tax Act [*Chapter 23:06*]. The issue has been resolved, and all executive benefits are now being taxed as recommended by the AG.

In Zaka RDC, Pension deductions from employees were not being remitted to the relevant pension fund. For the year ended 31 December 2017, the outstanding pension contributions balance was \$459 894. This may prejudice retired employees who may not be able to access their pensions. It was recommended that the Council should ensure that pension contributions are paid. The Council should also consider making payment plans with pension funds to ensure continuity in service provisions.



## PROGRESS IN IMPLEMENTATION OF PRIOR YEAR ISSUES

While some local authorities may have tried to implement the recommendations of the AG's report. A number of the local authorities have not been able to do it 100% due to some debilitating factors and this has affected the revenue collection and efficiency of the institutions. For instance, there is generally a lack of proper supervision mechanisms from the government. After the audit recommendations have been released. There is very little or no follow-up from the central government to monitor the timeous implementation of the noted anomalies. Also, there is no incentive for compliance. Those that comply and those that do not comply are just treated in the same manner. The government system does not reward the compliant authority and therefore most of the things go without being rectified. Most councils just indicated that anomalies were noted and promise to rectify but it usually ends there. In Masvingo Province, Masvingo Rural District Council and Chivi Rural District Council have been missing from the AG's reports since 2014 to date but there is no motivation to correct that.

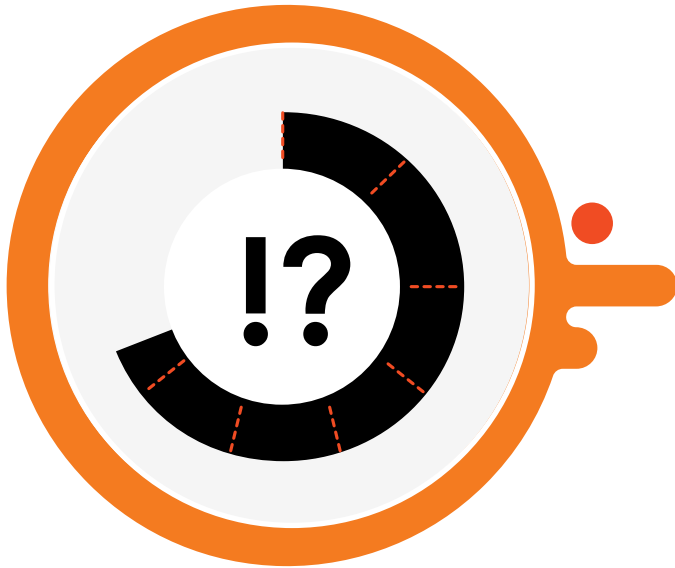
The results of this audit report indicate that there is generally a lack of quality leadership in some local authorities. In some councils, most of the key departments are not properly run as the CEOs are either incompetent or are reluctant to be firm in demanding accountability among HoDs resulting in inefficient service delivery or some financial misappropriation without noticing. Some CEOs show a lack of basic knowledge on what happens in some of the council departments.

There is rampant Politicisation of council business. Most council management is found in a very difficult position to promote service delivery due to interference by politicians. This usually forces council leadership to join political parties as a shield from further harassment. However, once they become politically aligned, they become thick-headed and refuse to follow orders. In some instances, junior employees feel intimidated by their bosses wearing political jackets hence council business becomes compromised in the process. Political interference which sometimes comes like government orders such as slashing of debts owed to councils towards elections creates room for manipulation of council procedures, policies and records.

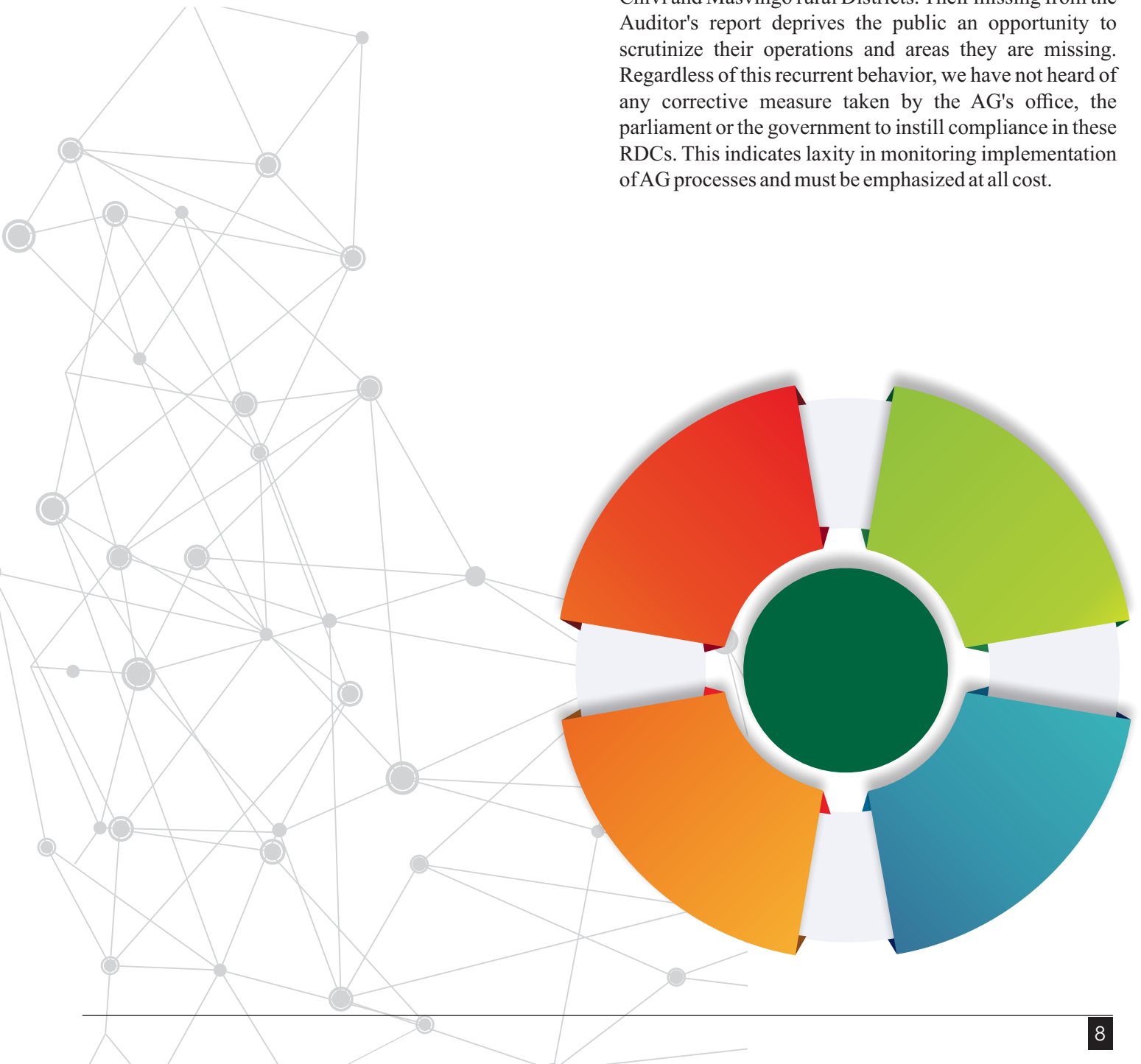
The Government owe billions of dollars to local authorities. In as much as the government expect the councils to perform, they are equally guilty of failing to clear their debts with local authorities. The central government pushes the local authorities into fraudulent activities as a way of survival because they are not receiving the revenue from government departments, parastatals and other ministries. For example, Masvingo City Council is owed millions of dollars by police, army and other government departments. This creates a difficult situation for managers who end up manipulating systems as a way of survival.

The use of archaic laws and outdated policies in councils always affect the council's efficiency. Some of the by-laws and statutes that govern local authorities are no longer fit for purpose. They were established well in colonial Rhodesia. However, the councils continue to use these laws making it difficult to promote ease of doing business and that generally affect the efficiency of local authorities. In trying to be in tandem with current trends, local authorities often violate the laid down policies, laws and procedures. In Masvingo Province, while some local authorities have been working hard to implement the AG recommendations, some have been reluctant to do undermining both the AG's office and mainly the public they are supposed to serve.

## CASE OF MASVINGO 'MISSING' RURAL DISTRICT COUNCILS



To proceed Towards a Prosperous and Empowered Upper Middle-Income Society by 2030, with Job Opportunities and a High Quality of Life for its Citizens" the government must get the support of local authorities which are at the grassroots. However, failure to adhere to issues of public finance management draws back the government's effort towards upper middle income. In Masvingo province there is a case of always "Missing" Local authorities since 2014. They are known to be infamous for not submitting their financial statements for audit purposes to the AG's office in time. Out of nine local authorities indicated above, seven submitted their accounts in time leaving out the other two, Chivi and Masvingo rural Districts. Their missing from the Auditor's report deprives the public an opportunity to scrutinize their operations and areas they are missing. Regardless of this recurrent behavior, we have not heard of any corrective measure taken by the AG's office, the parliament or the government to instill compliance in these RDCs. This indicates laxity in monitoring implementation of AG processes and must be emphasized at all cost.



# IMPLEMENTATION PROGRESS RATING



**ALEXANDER MTEMBWA**

GUTU RDC  
CEO

Gutu RDC has been implementing most of the recommendations by the AG. Evidence on the ground shows a local authority willing to comply. Gutu RDC revamped its accounts operating system and began preparing monthly bank and eco-cash reconciliations. The Council raised issues that were debilitating in achieving 100% compliance and came up with a clear strategic plan to counter them. **Gutu is in the Very Good Category**



**PETER CHIBI**

BIKITA RDC  
CEO

Bikita RDC has been submitting financials within the stipulated time and there is evidence towards implementing observations by the AG. A record of all leased properties have been established. All leases and shop licenses are now billed as recommended by the AG. The council conducted capacity building for its staff so that they can effectively implement the AG's recommendations. **Bikita is in the Very Good Category**



**ALBERT CHIVANGA**

MWENEZI RDC  
CEO

Mwenezi RDC has shown significant strides towards implementing AG's recommendations. Relevant institutions such as the Harare Institute of Technology (HIT) have since been engaged by the local authority to help in implementing the observations. The council has approached the Ministry on the issue of writing off the debt contravening the RDC Act. **Mwenezi is in the Very Good Category**



**ENG. EDWARD MUKARATIRWA**

MASVINGO CITY COUNCIL  
TOWN CLERK

Masvingo City Council is the biggest local authority in the province. The council has been submitting its financials within stipulated time however, the observations were many but evidence on the ground shows a council willing to implement the recommendations. Progress may be slow due to an array of reasons such as lack of financial resources but the council's management is transparent regarding the implementation plan. Masvingo City Council has been working hard to resolve several issues affecting the City such as refuse collection, the water crisis, the sewage trunk, a new dumping site, among others. **Their implementation rate is in the Good Category**

# IMPLEMENTATION PROGRESS RATING



**ENG. WESLEY KAUMA**  
CHIREDDZI TOWN COUNCIL  
SECRETARY

Both Chiredzi RDC and Town Council have issues with the AG. Both council management show willingness to implement the observations however, a little push from the central government will improve the pace of implementation rate. **They are both in the Average Category**



**AILESS BALOYI**  
CHIREDDZI RDC  
CEO



**DAVID B. MAJOURA**  
ZAKA RDC  
CEO

Zaka RDC has very few things noted by the AG in the 2015/16 Audit, however, in the 2018 audit, the RDC failed to submit its accounts for audit in time resulting in missing. Evidence on the ground indicates a local authority which is yet to find a clear strategy to implement a few issues raised in the AG's report. For example, the issue of employee pension remittances is yet to be resolved and there is no clear roadmap of implementation plan. **In this instance, Zaka RDC is rated poor**



**MARTIN MUBVIRO**  
MASVINGO RDC  
CEO

Masvingo Rural District Council did not submit their accounts for audit in 2015/16 and 2018 hence they were missing in all the Auditor General's Reports published. This defeats the objectives of a financial statements audit in the public sector which address issues of governance and service delivery among several others. Failure to have reports on Masvingo RDC denies the public an opportunity to understand whether issues of governance and service delivery are being properly handled by the local authority. In such perpetual default, we expect the Auditor-General in terms of the constitutional provision to order submission to be done in time. Regardless of the availability of the AG's report, Masvingo RDC has to resolve the issue of the Victoria Ranch which falls under its jurisdiction. The new residential area has no running water, sewage, and the roads are in a bad state.



**TARIRO MATAVIRE**  
CHIVI RDC  
CEO

Chivi RDC had a good record in 2015/16. In 2018 the RDC did not submit its accounts for audit in time and their report is missing in the AG's report.

**In the absence of such reports, Masvingo and Chivi RDC are not rateable.**

# RECOMMENDATIONS



## To the Government

- The government departments must pay their bills to local authorities to enable efficient and effective service delivery
- The government must initiate punitive measures to local authorities that deliberately fail to submit their items for audit to the AG in time. On the other hand those that comply must be incentivized for doing well.
- The Central government must make close monitoring of local authorities and issue warnings should they discover some divergence from the principles of public finance management.

## To the parliament

- The parliament should repeal or do away with laws such as the Urban Councils Act [*Chapter 29:15*] and Rural District Councils Act [*Chapter 29:13*] which in some parts seem to be old and obsolete in the 21<sup>st</sup> Century.
- Parliament must also establish mechanism to monitor irregularities in local authorities and to monitor action taken on the recommendations with clear indication of the time frame.

## To local authorities

- Local authorities must bring forth localized initiatives to support their programmes and increase revenue collection.
- The head of Local authorities and heads of departments must monitor adherence to policies and procedures to avoid loss in the institutions
- Local authority leaders must be firm in decision making against political pressures.

## CONCLUSION

The principles of Public Finance Management as laid down in the constitution of Zimbabwe forms the key to the success of the national development strategy. However, there are several challenges confronting local authorities and making it difficult to adhere to the principles of public finance management. Surprisingly, these issues have not been raised in the AG's report yet they are pertinent in the AG's recommendation implementation matrix. To a greater extent, this is one reason why the AG's report always raises the same issues every year. The government and the parliament need to take a decisive measure in making sure all the recommendations are implemented and at the same time seek to understand the rationale behind those who may not be able to implement the recommendations. Local authority leaders need to be motivated to do their work as some have not been active in service delivery and revenue collection areas. We have seen local authorities such as Masvingo and Chivi RDC not submitting their books in time perennially for audit to take place. As a result the two RDCs have always been missing in the AG's report and from the public. The government and the parliament must enforce by making sure that Local authorities are guided by the principles of Public Finance Management.

