



## **ZIMCODD Analysis of the 2023 Auditor-General's Report on Local Authorities**





**Only 19/ 92 Local Authorities had updated financials as at December 2023**

**60% of AG's opinions were adverse, with only two (2) clean audit opinions**

**71.29% of the 533 audit findings in 2022 were unaddressed**

**Many Local Authorities are diverting devolution funds from intended use**



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*Flooding in Harare due to poor drainage  
Picture courtesy of The Herald.*

## Introduction

The realization of sustainable development hinges on the effective and efficient utilization of public resources. To ensure this, legislation such as the Constitution of Zimbabwe Amendment (No. 20) Act, 2013, and the Public Finance Management Act [Chapter 22:19] have been enacted. These laws mandate the Office of the Auditor General (OAG) to publish audit reports periodically. The Constitution of Zimbabwe Amendment (No. 20) Act, 2013, provides the legal framework for the management of public resources, while the Public Finance Management Act [Chapter 22:19] outlines the procedures for financial management and accountability. These reports serve as a crucial evaluation tool for internal control mechanisms within the public sector, providing users with relevant and reliable information about a reporting entity's financial position and performance.

This paper aims to concisely analyze the latest OAG report on Local Authorities (LAs) for the financial year ended 31 December 2023.

The analysis will present the context, key audit findings, socio-economic implications and policy alternatives to strengthen Public Finance Management (PFM) systems and procedures. By doing so, we aim to contribute to the realization of Zimbabwe's Vision 2030 of becoming an upper-middle-income economy by the end of 2030.

## Key Audit findings

- LAs are not submitting their financials to the OAG for auditing in a timely manner. Of the 92 LAs in Zimbabwe, only 19 had up-to-date financials as of December 2023, slightly up from only 17 up-to-date financial statements submitted in 2022.
- Many LAs received adverse audit opinions.<sup>1</sup> Of the 98 financial statements audited, about 60% of AG's opinions were adverse, with only two (2) clean audit opinions. This shows that LAs' financial statements are grossly misrepresented, misstated and inaccurate.
- LAs are not seriously attempting to implement OAG audit recommendations. Of the 533 audit findings reported in the 2020-2022 annual reports, about 71.29% were unaddressed. This undermines the value of public sector auditing in promoting sustainable development.

1. Adverse audit opinion – The financial statements contain material misstatements that are not confined to, or misstatements represent a substantial portion of the financial statements.



- Governance irregularities topped the chart, up 36.69% from 139 issues reported in 2022 to 190 in 2023. These include weak internal controls over inventory, cash management, absence of bank reconciliations, unsupported adjustments and incomplete records.
- There is rampant diversion of devolution funds by many local authorities. The funds are not used for their intended purposes or are not properly managed and accounted for.
- Most LAs have limited International Public Sector Accounting Standards (IPSAS) knowledge. Yet these IPSAS standards are vital in improving governance, transparency and accountability within the public sector.

## Implications of the Audit Findings

Public sector auditing is fundamental in ensuring service delivery by directly addressing citizens' rights, including access to affordable and quality healthcare, housing, clean and safe water, education, transportation and social security as guaranteed by the International Bill of Rights. Therefore, this section highlights the significant implications of the OAG findings on residents' social and economic well-being across the country.



## Revenue Management

Effective domestic resource mobilization demands maximum efforts invested in revenue generation to enhance the attainment of sustainable development. Countries such as Rwanda have invested in tax administration to mobilize revenue and it is no surprise that it is the only country that has achieved the Millennium Development Goals.



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However, the latest audit report indicated that most LAs in Zimbabwe are poorly managing their revenues. For instance, many LAs did not keep beer levy reconciliations or verifications of sales made by commercial brewers, and they have inadequate billing, metering challenges, and capacity limitations. Consequently, this negatively impacts their financial stability, thus constraining service delivery. Generally, proper financial practices as well as addressing revenue collection problems, are critical steps toward sustainable governance.



## **Access to Water**

The constitution of Zimbabwe section 77 obligates the government of Zimbabwe to provide clean, portable and safe water for the people of Zimbabwe. This constitutional provision solidifies the idea that water is life. As such, the failure of LAs to provide water to citizens, as highlighted in the 2023 OAG audit report, is an apparent disregard for the supreme law of the land and an utter violation of the right to human dignity.

Despite this constitutional provision, many communities, urban and rural alike, lack access to clean water more than 40 years after attaining independence.

These LAs, particularly in urban areas, fail to expand water infrastructure, repair broken pumps and meters, replace aging water distribution networks and curtail illegal connections and vandalism. Rural-urban youth migration seeking greener pastures has drastically increased urban populations. This explains the frequent outbreaks of medieval diseases like cholera and typhoid in overpopulated cities, thereby causing avoidable loss of life. Poor provision of clean and safe water by LAs is also perpetuating inequalities, particularly for the girl child in marginalized communities who are attending class fatigued after walking long distances fetching water for household use. The intensity of unpaid care work faced by rural women and girls is inconsistent with Zimbabwe's aspirations under Vision 2030.

## **Access to Education**

The latest 2023 OAG report on LAs has uncovered the public education sector's grave challenges. This is a critical sector as it sustains the majority of the population, especially the underprivileged families. LAs are crucial in the public education sector value chain, controlling 65% of total schools in Zimbabwe, disaggregated as RDCs (63%) and City Councils (2%). However, LAs' investment in the education sector to expand education infrastructure,

such as classroom blocks is inadequate, leading to hot sitting arrangements. The 2023 OAG report on LAs has shown a problem of lack of adequate and quality education infrastructure, a situation complicating the availability, accessibility, acceptability and adaptability of education to people with low incomes.

For instance, the report highlighted that infrastructure at the Chikomba Rural District Council's Northwood Primary School was inadequate as the school had only 12 instead of 28 classrooms based on an enrolment of 961 students. Such revelations align with ZIMCODD survey results<sup>2</sup>, which confirmed a massive decline in school infrastructure in rural Gokwe, where over 82% of the schools require extensive renovations including new roofing. With tightening university entry requirements (like 15 points at A' Level), poor provision of basic education by LAs is disproportionately crowding out learners from rural areas, thus trapping disadvantaged groups into a vicious cycle of poverty where poverty seems to be the cause and effect.

## Access to Health Care

Health is the foundation of productivity and happiness; everything else in life builds on top of it. From an economic perspective, a healthy population helps create a productive workforce and strengthens the country in many economic spheres. Accordingly, Zimbabwe's constitution provides universal access to health care under Section 76.

As such, LAs are expected to deliver affordable and accessible state-of-the-art healthcare infrastructure and services. These are crucial as they allow citizens to realize their potential and play an essential role in social and national development. Nevertheless, it is unfortunate that LAs are lagging in building health infrastructure consistent with the demands of the 21st century, as flagged by the 2023 OAG audit report on LAs. For instance, Chivi Rural District and Kadoma City Council still do not have any ambulance servicing clinics in their respective districts. Further, one of Mutare City Council's clinics was not registered with the Ministry of Health and Child Care, consequently failing to receive drugs from the National Pharmaceutical Company. All these irregularities compromise the accessibility, adaptability and availability of health care for residents.

## Environmental Protection

It is an undeniable fact that the environment is critical to the promotion of sustainable development. A healthy, clean, and safe environment is fundamental in enabling people to live a life of dignity. Against this background, even section 4(1) of Zimbabwe's Constitution provides that 'every person shall have a right to a clean environment that is not harmful to health.' Thus, LAs have a constitutional obligation to carry out their activities in a manner that does not harm the environment. However, the 2023 OAG report established that actions by many LAs are harming the environment.

2. <https://zimcodd.org/wp-content/uploads/2024/05/Gaps-Challenges-and-Critical-Success-Factors-in-Health-and-Education-Service-Delivery-in-Rural-District-Councils.pdf>



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Such actions include poor maintenance of drainage systems and culverts, allocation of stands in wetlands, sewer bursts and spillages, and poor solid waste management, as highlighted in Figure 1.



*Fig 1: Redcliff Municipality Dumpsite, Extracted from the 2023 OAG Report.*

Figure 1 is an extract from the 2023 OAG report on LAs. The report indicated that Redcliff Municipality did not have a landfill, as the Environmental Management Act required. Instead, the Municipality used a dumpsite in Torwood for waste management as shown in Figure 1. The degradation of the environment creates life-threatening hazards, inhibits rapid response to emergencies, and causes the extinction of species and biodiversity. This perpetuates inequalities as it disproportionately affects young and future generations.

## **Access to Housing**

Local Authorities are mandated to provide adequate housing to residents. As such, they are expected to develop and maintain up-to-date plans that meet the housing requirements of their communities, decide development applications promptly and ensure the homes they have planned for are built on time. This is key to reducing poverty, ensuring households can afford housing, and reducing illegal settlements and homelessness. Nevertheless, the 2023 OAG report showed that many LAs fail to take their housing responsibility seriously.



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The report established that many LAs lack proper control of stand registers to avoid manipulation. Some do not maintain stand registers, and some sell unserviced stands. For instance, Hurungwe Rural District did not account for 121 vacant and semi-serviced stands. As such, this lack of effective housing policies coupled with the sale of unserviced stands is leading to housing shortages and illegal settlements which fuel the spread of diseases and crime rates.

## **Access to Safe Sanitation & Social Amenities**

Zimbabwe remains one of the countries in Africa that is grappling with recurrent outbreaks of medieval diseases like cholera, a stark anomaly in the 21st century. This is primarily due to inadequate sanitation services provided by LAs where infrastructure investment has failed to keep pace with rapid urbanization. Rural-urban migration continues unabated as citizens seek better opportunities, exacerbating the strain on already overburdened urban facilities. The 2023 OAG report on LAs revealed widespread challenges across many LAs, including chronic sewer blockages caused by aging pipelines, unreliable power supply and outdated infrastructure designs. Communities are contending with sewage spills that contaminate water sources with raw effluent. For instance, the report showed that irregular refuse collection in areas like Mudzi Rural District Council

has led to the proliferation of unsanitary dumpsites near residential neighborhoods, particularly in densely populated areas. Furthermore, LAs often neglect critical maintenance of sewer treatment plants, posing severe and potentially life-threatening risks to public health.

## **Emergency Response**

The lack of ambulance and fire service vehicles in many LAs is concerning as it poses significant risks to both lives and property during fire outbreaks. The 2023 OAG report highlighted that Mvurwi Town Council lacks fire service vehicles, which goes against the Urban Council Act [Chapter 29:15], specifically paragraph 36 of the first schedule that mandates councils to provide fire protection services to their communities. Similarly, Chiredzi Rural District Council did not have a fire brigade service dedicated to safeguarding lives and properties in case of fire emergencies. Inadequate fire protection services in these areas underscore an urgent need for improved infrastructure to ensure the safety and well-being of residents.

## **Summative Evaluation**

The 2023 OAG report findings, as discussed in the previous sections, have highlighted that local governments are partly to blame for poor service delivery. However, as highlighted in the ZIMCODD analysis of the 2022 audit report,<sup>3</sup> the central government is also contributing to the poor performance of LAs.

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3. <https://zimcodd.org/wp-content/uploads/2023/12/An-Analysis-of-the-Report-of-the-OAG-On-Local-Authorities-2022.pdf>

For instance, since the transfer of political administration of most urban councils from the ruling party to the opposition party, there has been increased interference in the operations of LAs by the Ministry of Local Government, demonstrating a lack of administrative autonomy. Political interference is affecting the independence of LAs in discharging their mandates and sustaining land barons, fueling illegal settlements in urban councils as corroborated by the 2019 Justice Uchena Commission of Inquiry into the sale of state land in and around metropolitan areas since 2005. Therefore, without a whole-of-government approach and non-partisanship, improved service delivery and uplifting marginalized people out of poverty will likely remain an elusive goal for Zimbabwe.

## Conclusion

Unlike the central government, LAs are close to ordinary citizens. Because of this, services provided by LAs directly and quickly impact the welfare of Zimbabweans, rich and poor alike. All LAs must maintain high operational efficiency and effectiveness to ensure accessible, quality and affordable social services. However, the 2023 OAG report on LAs has highlighted alarming declines in PFM standards, including poor revenue collection, inadequate management of debts, compromised governance structures, ineffective procurement procedures and mismanagement of assets.

Addressing these issues is critical in complementing the central government's efforts to improve and achieve sustainable development goals.

## Policy Recommendations

### 1. Central government

- Mechanisms should be put in place to enforce the compliance of LAs with the reports of the OAG to enhance and develop a culture of adherence to audit recommendations.
- The government should disburse the devolution fund timeously to expedite infrastructural development. There should be a binding legal framework that regulates the utilization of the devolution fund as some LAs have been diverting it.
- Almost all LAs are not implementing the IPSAS standards. As such, the line ministry must avail adequate financial resources for the capacitation of LAs in adopting and implementing these standards which help curb corruption and embezzlement of public funds.





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## **2. Local authorities**

- LAs must fully deliver their mandate as clearly stated in Section 265 of the Constitution on general principles of provincial and local governments, to ensure good governance by being effective, transparent, accountable and institutionally coherent.
- LAs must earnestly implement the Auditor-General's recommendations to restore public trust. Restoring residents' trust will go a long way toward ensuring cooperation between LAs and residents in local development processes.
- LAs operating without key policy documents must prioritize formulating and implementing policy guidelines. This must be done through genuine and more comprehensive stakeholder consultations, especially those guiding public service delivery.
- LAs must put in place rigorous measures to root out leakages in revenue collection in their jurisdictions by implementing an electronic Public Finance Management System to reduce the manipulation of manual operations by unscrupulous officers and agents.
- The Ministry of Local Government and the Procurement Regulatory Authority of Zimbabwe must approve budgets and procurement requests from LAs in a timely manner. LAs must also comply with legislation such as the Procurement and Disposal of Public Assets Act to avoid revenue loss and non-delivery of procured goods and services.

## **3. Civil Society Organisations (CSO's)**

- CSO's should invest in equipping LAs with the knowledge required to promote sound public finance management such as adherence to IFAS and IPSAS standards as well as mobilize resources for digitalizing financial management in the LAs.
- CSO's must mobilize and undertake research and workshops that seek to compel LAs to submit timely financial statements for auditing and implement the OAG recommendations.



**ZIMCODD**

Address | 49 Pendennis Rd, Mt Pleasant, Harare, Zimbabwe

Telephone | +263 242776830/1

Email | [zimcodd@zimcodd.co.zw](mailto:zimcodd@zimcodd.co.zw)

Facebook | Zimbabwe Coalition on Debt and Development

Web | [www.zimcodd.org](http://www.zimcodd.org)

Twitter | @zimcodd1

Instagram | @zimcodd1

YouTube | Zimbabwe Coalition on Debt and Development