



# THE Weekend Reader

"Your Weekly Read on Debt, Development & Social & Economic Justice"

## ENDEMIC CORRUPTION REVEALED IN THE COVID-19 SPECIAL AUDIT REPORT

The latest Special COVID-19 Audit report tabled before the parliament by the Office of the Auditor-General (OAG) in terms of Section 11 of the Constitution of Zimbabwe is commended and another positive sign of the dedication to duty by the OAG.

The report confirms the public fears as it unearthed gross misappropriations of COVID-19 resources by Ministries, Departments, and Agencies (MDAs) which has become a trend in prior OAG annual reports.

Approximately ZW\$330million and over US\$15000 has been misappropriated in COVID-19 earmarked resources between April and December 2020.

Grand systemic corruption by public officials has become rampant and a chief cause of socio-economic challenges in Zimbabwe. Some of the key highlights from the findings of the OAG's Special Audit Report on COVID-19 are shared below:

1. **Disbursement of COVID-19 Relief funds** - According to the report, relief funds totaling ZW\$89,022,103 were disbursed to beneficiaries between 19 May 2020 and 12 December 2020. However, the OAG found that the intended objectives of the intervention may not have been achieved. Why? Because the processes for identification and assessment of intended beneficiaries were poorly coordinated leading to the establishment of unreliable beneficiaries' databases, duplicate payments as well as payments to fictitious individuals. Further, there was no follow-up mechanism to verify the authenticity of beneficiaries and no reconciliations were done with Net One - the selected mobile money service provider- as some individuals had two (2) different Net One lines.
2. **Public Sector Investment Programme (PSIP)** - The District Development Fund (DDF) was tasked to prioritize the drilling of new boreholes at health institutions across the country. The program commenced in April 2020 and was expected to take a maximum of 3 months. As of 12 December 2020, about ZW\$30,960,000 was allocated to DDF. However, as of 12 December, out of the planned 48 new boreholes, 31 (63%) were drilled but not functional while 8 (17%) were not drilled, 3(6%) were drilled & functional and 6 (14%) were dry holes. According to the report, an estimated ZW\$6,650,000 was spent on 38 non-functional boreholes.

3. **Procurement of Goods and Services** - The OAG found that some procurement entities like the Ministry of Public Service, Labor and Social Welfare did not develop procurement plans between April and December 2020 citing the emergency nature of the then existing environment. The OAG also noted that some contracted work was not effectively managed. Contract documents were not signed between service providers and MDAs while several contracts were awarded to one (1) contractor thereby delaying the completion of projects. In some cases, there were missing service provider details, contract amount and signatures. For instance, a tender worth ZW\$3,580,127 awarded to Mash-West Provincial Public Works Office for the supply of air conditioning services at the provincial hospital had a nameless supplier.
4. **Expenditure Mismanagement** - The OAG noted with concern the increased use of funds for non-prioritized COVID-19 related costs whilst other provinces had unutilized bank balances. For example, on September 18, Masvingo PMD's office received ZW\$14,295,000 for village health workers' allowances. However, as of December 10, the money remained unutilized 2 months after it was received.

**To correct the anomalies raised by the OAG report, ZIMCODD recommends:**

- i. Government Ministries, Departments and Agencies to:
  - **Invest in public resource tracking** - Resource trackers are essential in monitoring multiple programs simultaneously. This ensures efficient use of public resources (intended purposes only) and timeous completion of programs.
  - **Overhaul their recordkeeping systems** – The OAG has raised issues of insufficient records by some government entities. Some donations and gifts both financial and in-kind were unaccounted for. In the expending of public funds, transparency and accountability are crucial variables. Hence, these entities must always keep up-to-date records and receipts of all transactions.
  - **Develop clear chain of commands** – the OAG's report also highlighted a lack of segregation of duties thereby exposing public resources to potential misuse. For this reason, there should be a clear chain of command in public entities.
  - **Government ministries, departments and agencies must exercise strong public finance management** to address observations and recommendations made by the OAG in the Special Audit Report. Adherence and compliance with the basic principles of public finance management enshrined in Section 298 of the Constitution should be the cornerstone.
- ii. **Strengthen PRAZ** – COVID-19 has highlighted some key weaknesses of the existing procurement laws in the country as evidenced by some procurement entities which have bypassed key procedures. This will strengthen fiscal hygiene and reduce issues of financial prejudice.
- iii. **Law enforcement** – This is crucial in deterring the misappropriation of public resources. The 'catch & release' model must be abandoned and all perpetrators must be brought to justice.
- iv. **Oversight and scrutiny of COVID-19 earmarked resources** by accountability institutions such as the Parliament of Zimbabwe and the Zimbabwe Anti-Corruption Commission remain cardinal to plug out leakages and to guard against corruption, abuse and misuse of public resources. These institutions should be strengthened to spearhead the fight against corruption.
- v. **Political will and commitment to curb corruption** must be demonstrated by Executive including the Office of the President and Cabinet through enforcement of the recommendations of the Office of the Auditor General in all Public entities.