REPORT

of the

Auditor-General

for the

FINANCIAL YEAR ENDED DECEMBER 31, 2018

ON

STATE ENTERPRISES AND PARASTATALS

Presented to Parliament of Zimbabwe: 2019

Office of the Auditor-General of Zimbabwe
5th Floor, Burroughs House
48 George Silundika Avenue
Harare, Zimbabwe.

The Hon. M. Ncube
Minister of Finance and Economic Development
New Government Complex
Samora Machel Avenue
Harare

Dear Sir,

I hereby submit my Report on the audit of State Enterprises and Parastatals in terms of Section 309(2) of the Constitution of Zimbabwe read together with Section 10(1) of the Audit Office Act [*Chapter 22:18*], for the year ended December 31, 2018.

Yours faithfully,

M. CHIRI,
AUDITOR-GENERAL.

HARARE

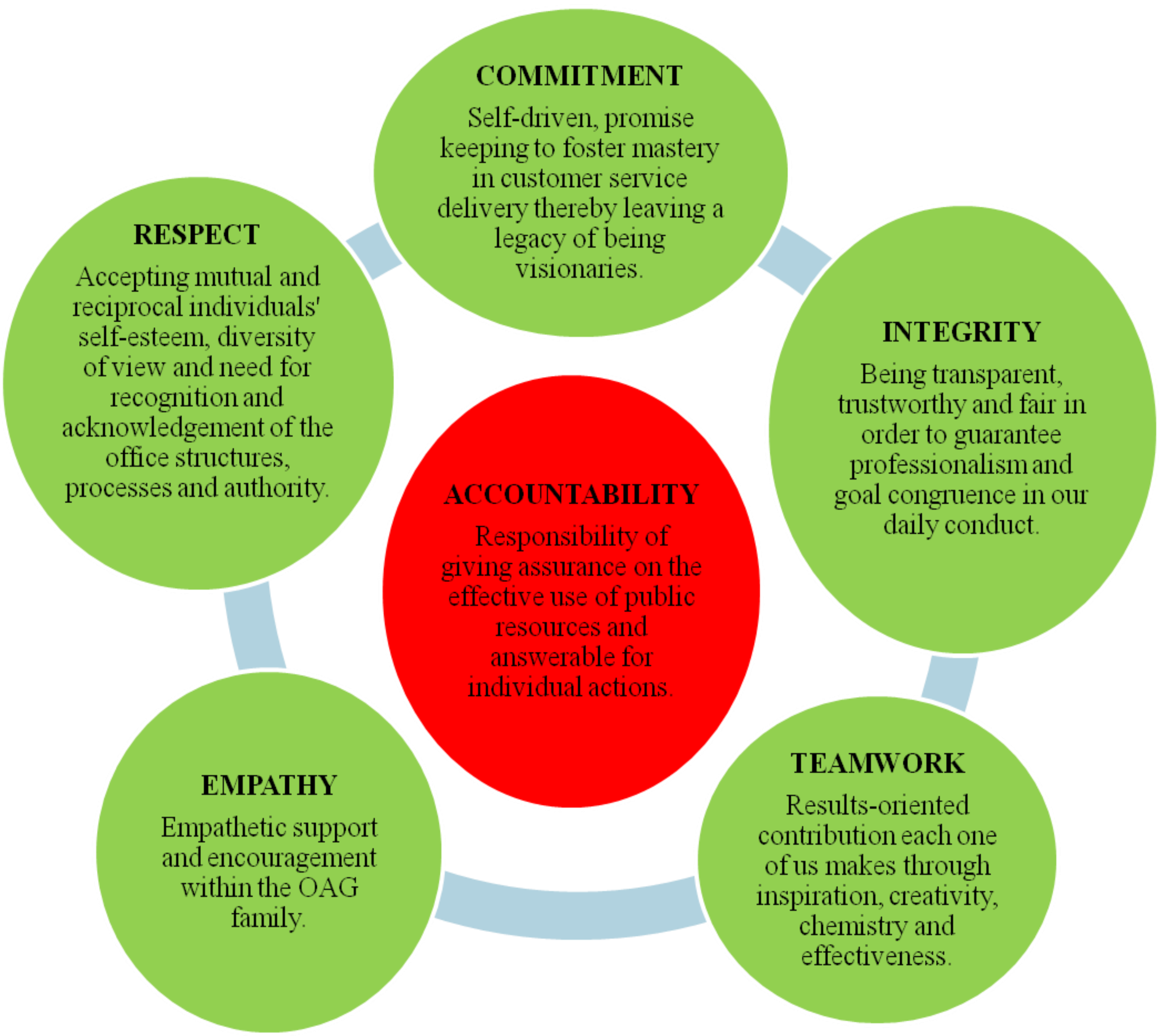
June 20, 2019

OAG Vision

To be the Center of Excellence in the provision of Auditing Services.

OAG Mission

To examine, audit and report to Parliament on the management of public resources of Zimbabwe through committed, motivated, customer focused and well trained staff with the aim of improving accountability and good corporate governance.



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LIST OF ACRONYMS

1. AMA-Agricultural Marketing Authority

2. BUSE-Bindura University of Science Education

3. CAAZ- Civil Aviation Authority of Zimbabwe

4. CUT-Chinhoyi University of Technology

5. GMB- Grain Marketing Board

6. HIT-Harare Institute of Technology

7. IFRS- International Financial Reporting Standards

8. ISA- International Standards on Auditing

9. ISSAI- International Standards on Supreme Audit Institutions

10. MCAZ-Medicines Control Authority of Zimbabwe

11. MMCZ- Minerals Marketing Corporation of Zimbabwe

12. MSU-Midlands State University

13. NOIC- National Oil Infrastructure Company of Zimbabwe

14. NAC- National AIDS Council

15. NRZ- National Railways of Zimbabwe

16. NSSA- National Social Security Authority

17. NUST-National University of Science Education

18. OAG- Office of the Auditor General

19. PAYE-Pay As You Earn

20. POSB- People's Own Savings Bank

21. POTRAZ- Postal and Telecommunication Regulatory Authority of Zimbabwe

22. RBZ- Reserve Bank of Zimbabwe

23. RIB-Removal in Bond

24. RIT- Removal in Transit

25. SAP- Systems, Applications, Products in Data Processing.

26. SMEDCO-Small and Medium Enterprises Development Corporation

27. SPB- State Procurement Board

28. TIMB- Tobacco Industry and Marketing Board

29. TIP- Temporary Import Permit

30. VAT- Value Added Tax

31. ZBC-Zimbabwe Broadcasting Corporation

32. ZCDC-Zimbabwe Consolidated Diamond Company

33. ZENT-ZESA Enterprises (Private) Limited

34. ZETDC-Zimbabwe Electricity Transmission and Distribution Company

35. ZIA- Zimbabwe Investment Authority

36. ZTA- Zimbabwe Tourism Authority

37. ZIMCHE-Zimbabwe Council for Higher Education

38. ZIMPOST- Zimbabwe Posts (Private) Limited

39. ZIMRA- Zimbabwe Revenue Authority

40. ZIMSEC-Zimbabwe Schools Examinations Council

41. ZIMSTATS- Zimbabwe National Statistics Agency

42. ZINARA- Zimbabwe National Roads Administration

43. ZIPAM-Zimbabwe Institute of Public Administration and Management

44. ZPC-Zimbabwe Power Company

PREAMBLE

Introduction

The primary purpose of financial statements is to provide relevant and reliable information to users about a reporting entity's financial position. In the public sector, the users of financial statements include ministers, the Parliament and the community. The objectives of a financial statements audit in the public sector are often broader than expressing an opinion whether the financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework but also address service delivery issues.

Mandate

My duties as set out in the Constitution of Zimbabwe and amplified in the Audit Office Act [*Chapter 22:18]* are, in addition to examining, auditing and reporting on accounts of all persons entrusted with public monies or state property, to audit all institutions and agencies of government, and at the request of government carry out special audits of the accounts of any statutory body or government controlled entity. In fulfilling this mandate, I do contract from time to time, some of the audits to registered public auditors in terms of the Public Accountants and Auditors Act [*Chapter 27:12*] as stated in Section 9 of the Audit Office Act [*Chapter 22:18]*. Accordingly, I have included audit findings from such auditors in this report.

Audit approach

I conducted my audits in accordance with the International Standards on Supreme Audit Institutions (ISSAIs) and the International Standards on Auditing (ISAs). These Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. My audit approach was designed to enable me to express an opinion on the State Enterprises and Parastatals' financial statements.

All aspects of the entities' activities and procedures may not have been examined. I consider maintenance of adequate internal controls to be the responsibility of management. My work cannot therefore, be expected to identify all weaknesses in the systems and procedures, which a special investigation directed at those areas might reveal. As to the possibility of fraud, I plan my audits to have a reasonable expectation of its disclosure if the potential effects of the fraud would be material in the financial statements. However, there are many kinds of fraudulent activities, particularly those involving defalcation, forgery, collusion and management override of controls, which would be unreasonable to expect the normal audit to uncover. The principal objective of my audit procedures is to enable me to express an opinion on the truth and fairness of the financial statements as a whole. An audit opinion is based on the concept of reasonable assurance. It is not a guarantee that the financial statements are free of misstatements.

Financial reporting framework

The Public Finance Management Act [*Chapter 22:19*] requires all the State Enterprises and Parastatals' financial statements to be prepared in accordance with International Financial Reporting Standards (IFRSs). IFRSs comprise interpretations adopted by the International Accounting Standards Board (IASB), which set common rules so that financial statements can be consistent, transparent and comparable around the world.

In recent years, state enterprises and parastatals have generally been in compliance with the requirements of the IFRSs, however for the 2018 financial period, partial compliance has been achieved. This was due to the fact that in February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019 (SI 33), which, prescribed parity between the US dollar and local currency as at and up to the effective date of 22 February 2019. SI 33 also prescribed the manner in which certain balances in the financial statements were to be treated as a consequence of the recognition of the RTGS$ as currency in Zimbabwe.

The requirements of SI 33 of 2019 precluded public entities from complying with International Accounting Standard 21 "The effects of changes in foreign exchange rates" (IAS 21). Although, the assessment of the impact of complying with SI 33 was done on a case by case basis, adherence to the statutory instrument resulted in a significant number of State Enterprises' (with the exception of Enterprise in the Oil Industry) being unable to comply with IFRS. This therefore formed the basis for adverse opinions across entities I reported on for December 31, 2018 financial year.

Report Structure

The report outlines material audit findings noted during the audits of the financial statements of the State Enterprises and Parastatals. Also included under each audited account are possible risks / implications associated with the audit findings, audit recommendations, management responses in respect of the findings, audit comments to management responses where necessary. I also made a follow up on my prior year recommendations and reported on the progress made in addressing the prior year findings.

Although some of the issues identified are common within the audited entities, the majority of the findings are not the same due to the nature, uniqueness and varying mandates of the entities.

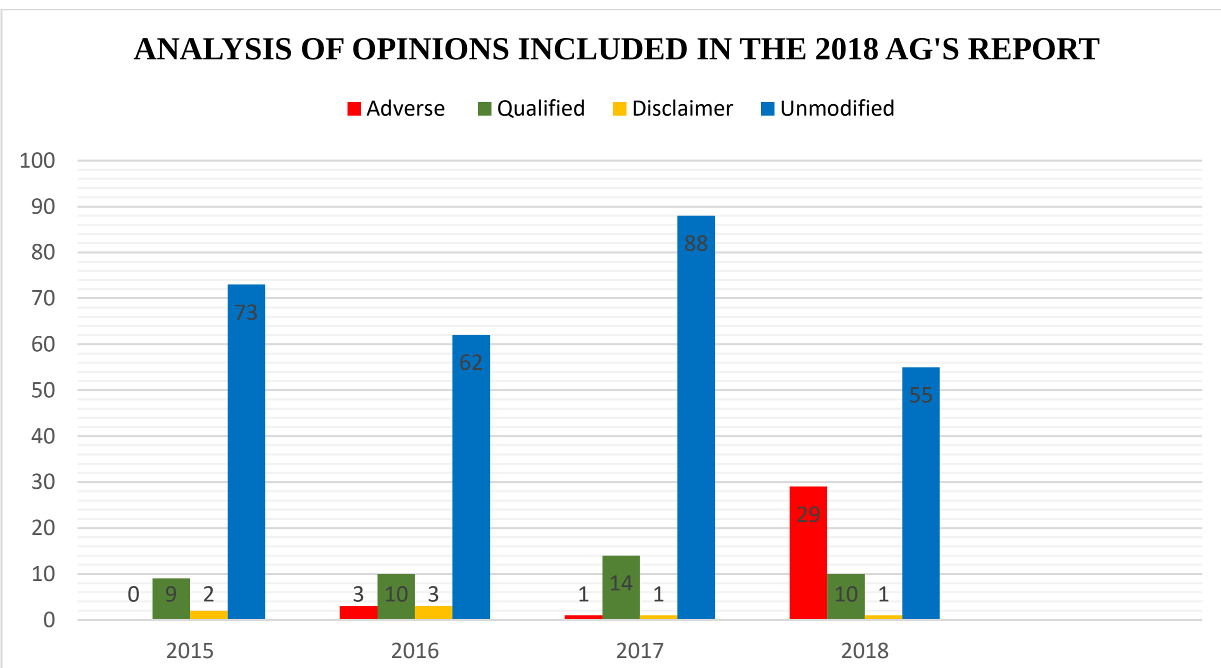
EXECUTIVE SUMMARY

This report contains the findings from the annual financial audits of state enterprises and parastatals. Over the past five years, I have witnessed a marked improvement in the number of state enterprises and parastatals complying with the provisions of the Public Finance Management Act [*Chapter 22:19*] on submission of financial statements. As at May 31, 2019, One hundred and three (103) out of One hundred and seventy nine (179) state enterprises and parastatals had submitted their financial statements for audit. This is a 10% increase as compared to 2017 report which had ninety four (94) entities that had submitted. This is a commendable step towards increased accountability and transparency among parastatals.

I am however still concerned by entities that continue to fall in arrears thereby remaining unaccountable. Notable cases include National Handcraft Centre and National Libraries and Documentation Centre which have not been submitting their financial statements for audit for the past ten (10) years.

Analysis of audit opinions

Of the audits included in my report, the audit area that showed a significant decline in performance was the audit opinions section on the financial statements. There was a sharp increase in the number of adverse opinions included in my 2018 report compared to prior years as shown in the graph below:



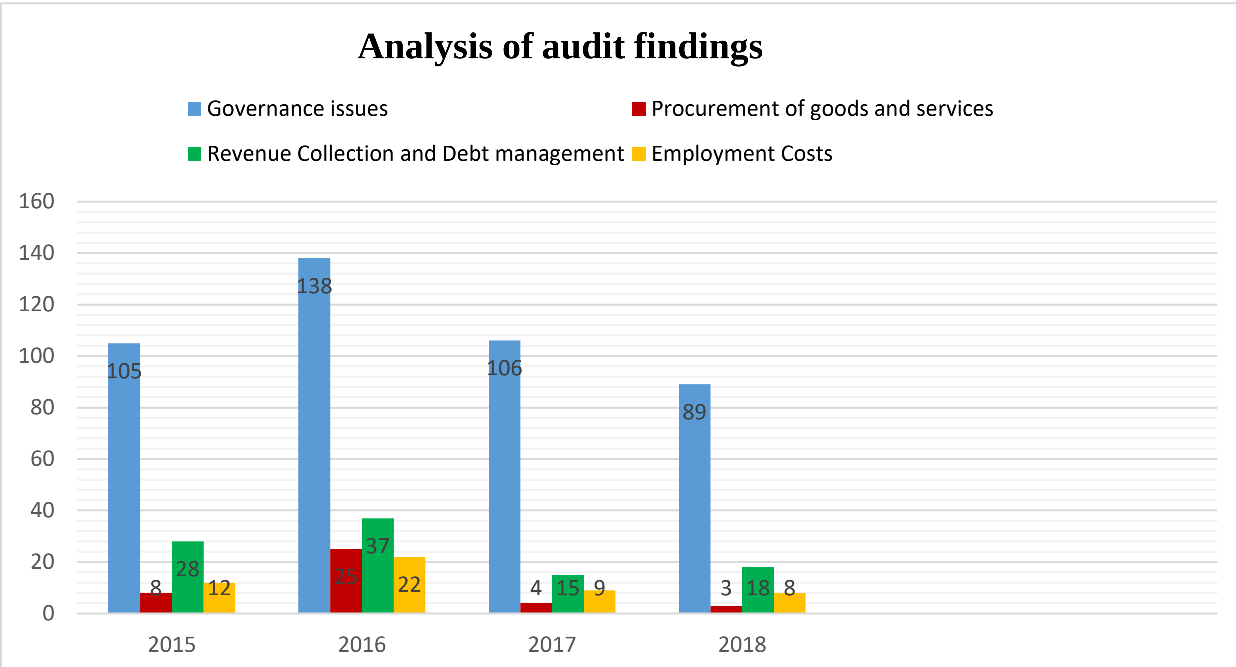
The adverse opinions issued were mainly attributable to the non-adherence with the International Accounting Standard (IAS) 21 (*The Effects of Changes in Foreign Exchange Rates),* in the 2018 financial statements as highlighted in my preamble above.

The number of unmodified opinions included in my report fell from eighty eight (88) in 2017 to fifty five (55), while qualified opinions decreased from fourteen (14) to ten (10) in the current year.

Air Zimbabwe was the only public entity that was issued with a disclaimer opinion for the 2011 to 2014 financial years.

ANALYSIS OF FINDINGS

Governance issues have continued to dominate my report constituting 80% of my total findings as depicted by the graph below. This reflected a marginal decrease of 16% from 2017. I anticipate a reduction in the future considering the promulgation of the Public Entities Corporate Governance Act [*Chapter 10:31]* in November 2018. The number of issues on revenue collection, management and debt recovery reported increased from fifteen (15) in 2016 to eighteen (18) in 2018.



CURRENT YEAR REVIEWS

GOVERNANCE ISSUES

There has been marginal improvement in the area of corporate governance. Lack of due diligence when procuring goods and services resulted in cases of some payments being made without subsequent delivery. Notable cases included Zimbabwe Electrification Transmission and Distribution Company (ZETDC) which has not taken delivery of transformers nine years after making a payment of USD4.9 million to Pito Investments. The same contractor was also paid in advance an amount of USD561 935 by the Zimbabwe Power Company (ZPC) in 2016 and has not delivered. In addition, ZPC also paid ZAR 196 064 in 2016 to York International for gas that has not been received. Grain Marketing Board (GMB) also made an advance payment for maize worth $1 014 163 in 2016, and to date this has not been delivered.

NSSA invested significant amounts in troubled banks.

Despite acquiring a printing press in 2016, ZIMSEC was still outsourcing printing services for examination papers and in 2017, the Council incurred a total of USD 2 170 113 for the printing of June and November examination paper.

Accountability issues continued to affect Air Zimbabwe (Private) Limited. The Company could not provide supporting documentation for operating expenses amounting to $13,705,014 and petty cash expenditure amounting to $654 587. The Airline also had an unexplained suspense balance of $27,965,576. The company has not accounted for all aircrafts. There were 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. Cash withdrawals amounting to $173 162 could not be traced to the books of accounts.

A number of assets including motor vehicles could not be located at Elvington mine. Allied Timbers operated 8 bank accounts that were not registered in its name.

Genesis (Private) Limited was established without the approval from the parent ministry.

MMCZ could not avail geological maps of areas covering its mining claims.

My audits also revealed entities that were paying unauthorized remuneration and allowances to employees and board members.

Most public entities were not settling their statutory obligations. This resulted in most of them owing huge amounts of money to the relevant institutions. Of particular concern was Printflow (Pvt) Ltd and Zimbabwe Institute of Public Administration and Management which owed $2 422 252 and $997 530 respectively as at December 31, 2018. National Handling Services (NHS) was not remitting pension contributions and had an outstanding liability of $2 138 144. In addition NHS could not account for unbanked amounts totalling $49 290.

Printflow (Pvt) Ltd was not adhering to health and safety standards such that its employees did not have protective clothing such as safety shoes, helmets, work suits and gloves.

The Pig Industry Board lost funds for the second consecutive year due to lax controls over cash.

CAAZ was owed a total of $44 million by related parties.

IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATIONS

I acknowledge the role that Treasury is playing in following up on issues I will have raised. This has been evidenced by the high implementation rate of audit findings, as depicted in the Table below;

Year of report	2016	2017	2018
Number of recommendations made	222	134	118
Number of recommendations resolved	166	124	*
Prior year outstanding recommendations	**56**	**10**	
%age resolved	75%	93%	
Number of audited entities in the report excluding those whose audits were still in progress	78	104	

*To be assessed during the 2019 audit.

Analysis of outstanding issues (prior year recommendations) is limited to entities whose progress on implementation I managed to verify during my audits.

National Handcraft Centre, National Libraries and Documentation Services have not taken heed of my recommendations to submit their financial statements for audit. In addition some recommendations remain outstanding due to the fact that some public entities fall into arrears in terms of being audited. Notable examples include Sandawana, Elvington Mine and ZMDC. It should also be noted that delays in submitting financial statements for audit has an impact on the nature and relevance of audit recommendations.

Conclusion

The audit findings warrant the attention of management and those charged with governance. The audit revealed that most of the weaknesses emanated from governance issues. Most governance issues centered on absence of good stewardship over public resources. It is therefore imperative that State Enterprises and Parastatals embrace provisions of the new Public Entities Corporate Governance Act [*Chapter 10:31*] and incorporate these into their existing structures and processes. I envisage a situation where the performance of State Enterprises and Parastatals will greatly improve if my recommendations and provisions of the said act are implemented.

My office remains committed to working tirelessly within my mandate to promote transparency and accountability in State enterprises and parastatals.

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PUBLIC ENTITIES UNDER THE

CATEGORY OF

AUTHORITIES AND AGENCIES

AGRICULTURAL MARKETING AUTHORITY (AMA) 2018

Background information

The Agricultural Marketing Authority (AMA) is a statutory body established in terms of an act of parliament [*Chapter 18:24*] with a broad mandate to regulate the participation in production, buying and processing of agricultural products in Zimbabwe. Its key functions are to promote agricultural production, borrowing and lending for agricultural production and marketing, promoting contract farming through encouraging private sector participation, promoting marketing and fair pricing of agricultural commodities, advising the Minister of Agriculture on formulation of national policies and coordinating the operations of statutory bodies charged with regulating and marketing of agricultural products.

I have audited the financial statements of Agricultural Marketing Authority, for the year ended December 31, 2018 and I issued an adverse opinion.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, the accompanying financial statements do not present fairly the financial position of the Agricultural Marketing Authority as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Agricultural Marketing Authority Act [*Chapter 18:24*] and the Public Finance Management Act [*Chapter 22:19*].

Basis For Adverse Opinion

On the 22nd of February 2019, a statutory instrument (S.I) 33 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency called the RTGS Dollar. The Exchange Control Directive RU 28 of 2019 was issued on the same day which introduced an interbank market for the RTGS Dollar and the USD as well as other existing currencies in the multi-currency regime. SI 33 of 2019 specified on 22 February 2019 and it specified that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in United States Dollars (other than assets and liabilities referred to in section 44C(2) of the Reserve Bank of Zimbabwe Act) shall on and after the effective date be deemed to be values in RTGS dollars at a rate of one-to-one to the United States Dollar. Therefore, there are misstatements on the financial statements' items due to inconsistencies in translation and conversion of those items prior to formalisation of RTGS$. There was no formal spot rate being used resulting in use of any available or agreed spot rate for transacting.

However, the following material issue was noted during the audit

1. REVENUE COLLECTION, MANAGEMENT AND DEBT RECOVERY

1.1 Service provision

Finding

The Authority was providing its services to cotton and horticulture farmers only, leaving out other farming activities or sectors. My enquiry with management revealed that the Authority provided services to these as they were the only sectors contributing the most towards levies/revenue.

Risk / Implication

The Authority may fail to achieve its wider mandate by leaving out other sectors.

Recommendation

The Authority should provide its services to all stakeholders and farming activities or sectors.

Management Response

The other sectors have received frequent consultations and guidance from AMA though their levy contribution is nil. Financials are limiting us to spread to every crop and livestock.

CIVIL AVIATION AUTHORITY OF ZIMBABWE (CAAZ) 2018

Background information

Civil Aviation Authority of Zimbabwe was incorporated in Zimbabwe in terms of the Civil Aviation Act [*Chapter 13:16*]. The Authority was established to promote the safe, regular and efficient use and development of aviation inside and outside Zimbabwe and to advise the Government on all matters relating to domestic and international civil aviation.

I have audited the financial statements of the Civil Aviation Authority of Zimbabwe for the year ended December 31, 2018 and I issued an adverse opinion with a material uncertainty related to going concern paragraph.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph of my report, the accompanying financial statements do not present fairly the financial position of the Civil Aviation Authority of Zimbabwe as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

The Authority did not fully comply with the provisions of International Accounting Standard 21 “The effects of Changes in Foreign Exchange rate” as Statutory Instrument 33 of 2019 precluded the Authority from applying an independent assessment of functional currency as required by the accounting standard and in terms of the guidance provided by the Public Accountants and Auditors Board (PAAB).

The need to account for these effects emanated from the ‘multi-tiered’ pricing environment that was prevailing during the year under review, where settlement of transactions was dependent on the mode of payment, whether USD cash, RTGS, bond notes and mobile money. Shortage of foreign currency also resulted in foreign exchange rate disparities between RTGS and US$. This in turn affected the pricing structures to incorporate foreign exchange rate movements on the RTGS and bond notes, hence the need to comply with IAS 21 to reflect effects of these changes in the preparation of financial statements.

This ‘multi-tiered pricing environment resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21 would apply. Had the Authority complied with the requirements of IAS 21, many elements in the financial statements would have been materially affected. As a result, the impact of the Authority’s inability to comply with IAS 21 has been determined as significant hence the effects on the financial statements as a whole are considered material and pervasive.

Material Uncertainty Related to Going Concern

I draw attention to the fact that the Authority did not service overdue long term foreign loans amounting to $ 312 283 403 and domestic loans amounting to $ 105 842 913 during the year ended December 31, 2018 and, as of that date, the Authority's current liabilities exceeded its current assets by $ 199 728 126. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern. My opinion is not modified in respect of this matter.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Key vacant posts

Finding

The Authority has been operating without a substantive Finance Director since 2016. In addition, the positions of senior airside safety officer and airside safety officer were also vacant.

Risk / Implication

Service delivery may be compromised.

Recommendation

The Authority should ensure that vacant management posts are filled.

Management response

The audit observation is noted. The Authority is in the process of filling in vacant posts.

2. REVENUE COLLECTION MANAGEMENT AND DEBT RECOVERY

2.1 Outstanding receivables

Finding

As at December 31, 2018 the Authority had trade receivables amounting to US$55,993,388. Enquiries with management revealed that US$44,128,139 (78%) were owed by related parties.

Risk / Implication

Service delivery may be compromised as funds are tied up in debtors.

Financial loss as recoverability of these debts may be doubtful.

Recommendation

Management should negotiate settlement plans with customers and monitor compliance where such plans have been agreed.

Management response

The audit observation is noted. The bulk of the $44.1million of debtors' value is attributed to Air Zimbabwe, National Handling Services and Catercraft. Air Zimbabwe is not paying for all services invoiced save for PSC and AIDEF. The Airline is currently under Judicial Administration and the Authority lodged its claim which was provisionally accepted in the first creditors meeting held in December 2018.The Authority is currently awaiting the outcome of the Administration process. The National Handling Services is owing the Authority $5.8million. The company is paying current invoices and has attributed nonpayment of the outstanding debt to nonpayment by Air Zimbabwe which is its major client. Catercraft is owing the Authority $1.2million and is currently paying $1,000 per month against an average invoice of $10,000. The company has attributed nonpayment to low business and also nonpayment by Air Zimbabwe.

3. PROGRESS IN THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATIONS

I reviewed the progress made towards the implementation of prior year recommendations and found that the Authority made some progress and there was room for improvement in respect of the following recommendations.

3.1 Procurement of Furniture JM Nkomo International Airport

Recommendation

The Authority should follow up on the outstanding furniture.

The Authority should use legal options to recover the money and or furniture.

Progress made

The Contractor is being engaged to finalise the delivery of the outstanding furniture. It is hoped that this issue will be concluded in the shortest possible time.

NATIONAL SOCIAL SECURITY AUTHORITY 2017

Background information

The National Social Security Authority is a corporate body that was established in terms of the National Social Security Authority Act, [*Chapter 17:04*], to establish social security schemes for the provision of benefits to contributors of the schemes. It has the mandate to administer the pension and other benefits scheme, the accident prevention and workers compensation scheme. These financial statements are in respect of the authority as a whole (consolidation of the two schemes and the subsidiaries) and separate financial statements have been prepared for the individual schemes.

I have audited the financial statements of National Social Security Authority for the year ended December 31, 2017 and I issued an unmodified/clean opinion with an emphasis of matter paragraph.

Opinion on the Group's Financial Statements

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion on the Authority's Financial Statements

In my opinion, the Authority's financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion on Pension and Other Benefits Scheme

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Pensions and other Benefits Scheme as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion on Accident Prevention and Workers' Compensation Scheme

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Accident Prevention and Workers' Compensation Scheme as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Emphasis of Matter

Without qualifying my opinion, I draw your attention to the fact that Capital Bank results have not been included in the consolidated financial statements. The Bank's operating license was withdrawn by the Reserve Bank of Zimbabwe after the major shareholder had opted for voluntary liquidation due to recurring and unsustainable losses. The liquidation process is yet to be initiated as the matter is before the courts following an objection by minority shareholders. No final determination has been given with regards to the value of assets and liabilities held by the Bank as no financial information was available.

However, the following are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Investments with Metbank

Finding

NSSA invested Treasury Bills amounting to $20 000 000 with Metbank during the year despite the fact that the Authority's Risk and Management Department had recommended against this investment. The Bank had a nil trading limit due to the fact that its risk of default was high and was deemed to be financially weak.

NSSA further placed $62, 25 million worth of Treasury Bills with Metbank and the agreement was that NSSA would advise Metbank on the utilization of these Treasury Bills. The authorization to instruct Metbank was supposed to be approved by the Board. However, an officer instructed Metbank to utilize the Treasury Bills with a face value of $37.35 million without authorization from the Board.

Risk / Implication

Financial loss due to non-recovery from risky investments.

Recommendation

All investments should be authorized as per standing policies and deviations should be properly approved.

Management response

The necessary corrective internal processes are being undertaken and management has issued summons to recall the treasury bills. Going forward, management will push for the adherence to counterparty limits and any deviations will have to have clear justification and adequate risk mitigation in place.

1.2 Terms of reference

Finding

The Board Chairman was also the Chairperson of the Investment and Procurement subcommittee. This was not in line with best practice of corporate governance that encourages such key subcommittees not to be chaired by the Board Chair for effective oversight. The responsibilities of Investments and Procurement sub committees compliment those of Risk subcommittee. Investment and Procurement committee were key committees of the Board due to the nature of operations of the Authority.

Risk / Implication

Oversight at board level may be compromised due to the significance of the self-review threat.

Recommendation

Board Committees Chairperson appointments should be made in line with best practice of corporate governance.

Management response

Management and the Board are currently reviewing the terms of reference for the Board Investments Committee which will take into account best business practice.

1.3 Board investment expert

Finding

The Authority obtained approval from the Parent Ministry on November 15, 2015 to appoint Investment expert to the Investments Committee for a period of one (1) year. The Authority appointed an expert who resided in South Africa on November 30, 2015,for a three-year period at a fixed quarterly fee of $2 500. In addition, the Authority incurred additional costs in respect of airfare costs and hotel expenses for the expert to attend meetings. As a result the Authority incurred an excess of $20 000 on the expert fees and expenses.

NSSA Act [*Chapter 17:04*] section 13 (4) (b) provides that the Board may appoint as members of any committee, on such terms and conditions as the Board may fix, persons who are not members. NSSA went on to appoint an investment expert to the Investment Committee who was not ordinarily resident in Zimbabwe and this is contrary to the requirements of section 8 of the NSSA Act [*Chapter 17:04*]. There was no evidence of clearance or waver from relevant authorites.

Risk / Implication

Financial loss resulting from unauthorized payments.

Recommendation

The Authority should comply with Parent Ministry directives and where there are variations they should be authorised.

Management response

Going forward management will ensure approvals for appointment of such members are in place.

1.4 Accident records

Finding

The Authority had no procedures in place to enable it to comply with Section 73 subsection 6 of SI 68 of 1990 which stipulates that additional premium be levied on companies with poor workplace and unfavorable accident records.

Risk / Implication

Financial loss as a result of exposure emanating from premiums that are below the insured thresholds.

Recommendation

The Authority should comply with the provisions of the Statutory Instrument.

Management response

Management is working on developing a system which will be able to identify and record accidents for each company and perform the rate assessments. This is expected to be done in the second quarter of 2019.

1.5 Contract management

Finding

The Authority had not put to tender the provision of property management services following the expiry of its contract with two real estate agencies in 2015. The Authority was still using the original contracts which expired in 2015.

Furthermore, the Authority had no contracts with the consultant who provided Human Resource consultancy.

Risk / Implication

Financial loss in the event of disputes or disagreements.

Recommendation

The Authority must adhere to its procurement procedures and ensure that contracts are in place for all services provided by third parties.

Management response

Management will conduct the tender process to regularise the anomaly.

1.6 Benefits payment

Finding

The Mutare Regional Office was taking an average of forty (40) to one hundred and thirty-three (133) days more than the stipulated time to process benefits after all required documents would have been submitted. All short term benefits should be processed within ten working days and twenty-eight working days for long term benefits.

Risk / Implication

Reputational risk arising from poor service delivery.

Recommendation

The office should comply with the stipulated turnaround times.

Management response

The office was not meeting turnaround time due to staff manning levels, system challenges and adhoc data clean up exercises. As a mitigatory measure to improve turnaround time, staff worked over time to clear the backlog and to manage daily targets.

2. EMPLOYMENT COSTS

2.1 Recruitment

Finding

The Authority shortlisted four (4) candidates for the post of ICT and Digital Strategy Executive. Three of these including the incumbent did not apply for the post. The post had been advertised and interested candidates were required to respond by sending their applications and curriculum vitae to a given email address. A total of 171 candidates responded to this job interview. No explanations were provided as to why the Authority had shortlisted some candidates who had not applied for the job.

In addition, the Authority made appointments to the positions of Loss Control Officer and Accountant Pension and other Benefits Scheme which were not on the organogram.

Furthermore, no adverts were placed, no job applications were in place and no interviews were conducted with regard to these positions.

Risk / Implication

Lack of transparency may result in corruption and nepotism.

Recommendation

Recruitment procedures should be transparent and adhered to.

Management response

Management will ensure issues highlighted are well captured in the recruitment policies.

3. PROGRESS IN IMPLEMENTATION OF PRIOR YEAR RECOMMENDATIONS

I reviewed the progress made towards the implementation of prior year recommendations and found that the Authority made some progress and there was room for improvement in respect of the following recommendations.

3.1 Implementation of SAP

Recommendation

The Authority should also re-assess the SAP project and evaluate whether the software meets the needs of the entity and the possibility of the project being completed in light of the challenges being encountered.

Feasibility studies be conducted for future projects.

Progress made

Feasibility studies will be carried out on all future projects.

A new ICT project is underway and all users are in the process of building up a business case as the basis of forming a request for proposal for a new ICT system which will be used to identify a new ICT system. A team visited Zambia, Kenya and Tanzania as part of feasibility assessment.

3.2 Property lease records

Recommendation

The Authority should ensure that property lease records are updated timely.

Progress made

The Agent has completed marrying tenant information on rent rolls and actual leases as well as Model Driven Architecture software. Renewal or updating of legacy leases is work

in progress with most of the documents having been sent out to tenants for their signatures. Monthly follow up with the agent has been put in place to review progress.

3.3 Investment properties

Recommendation

Management should continuously monitor all its properties and consider refurbishing them to an income generating state.

Progress made

Whilst the properties continue to be vacant, all efforts are being made to market and put the assets to some form of visibility as well as preserving the property values;

Ekusileni- Regular cleaning as well as outdoor landscaping has been engaged to maintain the property. A potential investor has been shortlisted through the Ministry of Health and Child Care and Cabinet clearance is awaited to conclude the operating agreement.

8 Legal case between tenant and NSSA set to be resolved through an out of court settlement where tenant may continue to lease premises or NSSA may proceed with eviction through an earlier court order.

ZIMBABWE NATIONAL ROAD ADMINISTRATION (ZINARA) 2017

Background information

The Zimbabwe National Road Administration was established in 2001 by the Roads Act [*Chapter 13:18*] to administer the fixing, collection, management and disbursement of road funds. The Fund consists of road user charges collected. The funds are disbursed to Local Authorities, Department of Roads and District Development Fund for the purpose of road maintenance, rehabilitation and construction.

I have audited the financial statements of Zimbabwe National Road Administration for the year ended December 31, 2017 and I issued a qualified opinion.

Qualified Opinion on the consolidated financial statements

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion on the consolidated financial statements

The Road Administration recognised revenue from vehicle licencing amounting to $59 542 342 on a cash basis during the period under review. As a result, vehicle licencing amounts received in advance were treated as revenue for the current period despite the fact that they relate to a future period. The vehicle licencing system was not configured to split payments for current period and for future periods. Failure to recognise revenue in the appropriate accounting period and to carry out cut off procedures constitute a departure from International Financial Reporting Standards. Management did not quantify and disclose the vehicle licensing revenue and receivables relating to future periods and management did not make any adjustments to that effect in the financial statements.

Infralink (Private) Limited received a garnishee order for understated Income Tax and Value Added Tax (VAT) of $46 977 476 in 2015. Management did not accrue for these amounts because they contend that the tax status of the company is still to be established. The effect of non-accrual of these tax obligations is an overstatement of retained earnings by $46 977 476 and an understatement of $46 977 476 in trade and other payables. No tax assessments were performed for 2016 and the current financial year therefore there is potential for additional exposure of 2 years.

Qualified Opinion on the Road Administration's financial statements

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Zimbabwe National Road Administration as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion on the Road Administration's financial statements

The Road Administration recognised revenue from vehicle licencing amounting to $59 542 342 on a cash basis during the period under review. As a result, vehicle licencing amounts received in advance were treated as revenue for the current period despite the fact that they related to a future period. The vehicle licencing system was not configured to split payments for current period and payments for future periods. The failure to recognise revenue in the appropriate accounting period and to carry out cut off procedures constituted a departure from International Financial Reporting Standards (IFRSs). Accordingly, vehicle licensing revenue and receivables were materially misstated.

Report on Other Legal and Regulatory Requirements

In my opinion, the consolidated financial statements of the Zimbabwe National Road Administration and its subsidiary have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Roads Act [*Chapter 13:18*] and other relevant Statutory Instruments except for Section 15(d) of the Roads Act which states that the Road Administration shall use the Road Fund in meeting any salaries, allowances and other expenses of the Road Administration provided that expenditure of this purpose shall not exceed two point five per centum (2.5%) of the revenue of the Road Fund in any financial year. ZINARA utilized 11% which is 8.5% above the percentage specified in the Roads Act.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Board fees and allowances

Finding

There was no evidence of approval from the parent ministry for the representation allowances that were being paid to the board members whenever they attended workshops and other non-board/committee meetings.

Risk / Implication

Financial losses due to payment of unapproved board expenses.

Recommendation

The Administration should ensure that payments made are for board fees and in respect of representation allowances, these should be approved by the Minister.

Management

Submission for approval by the Ministry was done pursuant to a Board Resolution. We await to receive written approval from the Minister of Transport and Infrastructure Development.

1.2 Toll gate bypass

Finding

There was no active monitoring of Lutumba tollgate as motorists detoured in full view of the tollgate to evade toll fees payment. Upon enquiry, I was informed that the pillars that had been used as barriers to illegal bypass had been pulled down.

Risk / Implication

Loss of revenue due to toll gate bypass.

Recommendation

Permanent and active monitoring measures should be taken to reduce tollgate bypassing by motorists.

Management response

Observation noted.
Efforts are being made to permanently close the by-pass and continuous monitoring is being done. The Administration is intending to lobby for statutory legislation that empowers ZINARA to levy fines for any motorists that by-passes the tollgate.

2. PROGRESS IN IMPLEMENTATION OF PRIOR YEAR RECOMMENDATIONS

I reviewed the progress made towards the implementation of prior year recommendations and found that the Administration made some progress and there was room for improvement in respect of the following recommendations.

2.1 Compliance with the Roads Act

Recommendation

The Administration should comply with the requirements of the Roads Act [Chapter13:18].

Progress made

In response, ZINARA stated as follows:

On 20 August 2016, a 25 page document analysing section 15(d) of the Roads Act Chapter 13.18 (2.5% document) was done. The structure of this document formed the basis of the 2017 budget. This restructuring saw the re-adjusted percentage falling from 11% to 4% in 2017 budget and 3% in 2018 budget. The budgets were approved by the board, the Parent Ministry, budget committee (Ministry of Finance) and presented to the parliament. These are the numbers the executive is working toward achieving and forms the basis for 2.5% Administration expenses recognised in 2017 Annual Financial Statements.

2.2 Revenue recognition

Recommendation

Revenue should be recognised on an accrual basis and cut off procedures be applied to comply with IFRSs.

Progress made

ZINARA noted the finding and stated as follows:

Efforts are being made to ensure that the system developer enhances the system to accommodate revenue reports that meet IFRS requirements. Currently, ZINARA and the Central Vehicle Registry (CVR) are in progress to develop a live vehicle database for use in modern electronic revenue collection. This development is being done by UNIVERN our system developer and Concession partner.

2.3 Toll gate construction

Recommendation

The Administration should ensure that the tollgate construction is completed and the tollgate are operationalized.

Progress made

Observation was noted by ZINARA and they went on to state that:

The entity received approval from the Emergency Road Rehabilitation Program committee and the parent Ministry to operationalize the five tollgates. Currently, management is working on appropriate design for implementation.

2.4 Petty cash disbursements

Recommendation

The Administration should consider operationalising bank accounts for the station that is registered in its own name and which the Administration had control of.

Progress made

The response was as follows:

Submission to get corporate cards from Steward Bank had been done. We are now waiting activation of accounts.

2.5 Special projects

Recommendation

The Administration should come up with a policy which caters for special projects.

Progress made

ZINARA responded as follows:

Special projects come with special requirements and constrictions. Some of these projects were done in security cantonment areas and do not fall under a road authority. This is the reason why they are not managed normally. Some of the projects come at short notice where for instance there is going to be a State occasion and there are Road works that need to be done in a short space of time. The short notice periods do not allow for the normal due process.
The companies to carry out these works require security clearance. As ZINARA we tend to use contractors that have done similar works in similar security circumstances successfully.

ZIMBABWE PARKS AND WILDLIFE MANAGEMENT AUTHORITY 2017

Background information

Zimbabwe Parks and Wildlife Management Authority is incorporated in terms of the Parks and Wildlife Act [*Chapter 20.14*]. The functions of the Authority are to control, manage and maintain national parks, botanical reserves and botanical gardens, sanctuaries, safari areas and recreational parks.

I have audited the financial statements for Zimbabwe Parks and Wildlife Management Authority for the year ended December 31, 2017 and I issued an unmodified/clean opinion.

However, below are material issues noted during the audit.

GOVERNANCE ISSUES

1.1 Internet for board members

Finding

The Authority incurred $11 421 related to the installation of Wi-Fi at the individual board member's residence. These board expenses had not been approved by the Parent Ministry.

Risk / Implication

Financial loss due to unauthorized expenditure.

Recommendation

All Board expenditure should be approved by the Parent Ministry.

Management response

Audit finding is noted and acknowledged. Management relied on the Board approval which was there for implementing the decision to install Wi-Fi for its Board members. This was done to ensure easy access to emailed business documents for the Board members. Management will ensure that appropriate approvals are obtained from the parent Ministry for all Board related transactions.

ZIMBABWE REVENUE AUTHORITY (ZIMRA) 2018

Background information

The Zimbabwe Revenue Authority (ZIMRA) is constituted in terms of the Zimbabwe Revenue Authority Act [*Chapter 23:11*] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of trade and economic development in the region and beyond.

I have audited the financial statements of the Zimbabwe Revenue Authority for the year ended December 31, 2018 as well as the revenue returns. I issued an adverse opinion on the Authority's financial statements, a modified opinion on the Outstanding Revenue Return, unmodified opinion on the Revenue return, Tax Reserve Certificates Return and unmodified opinion with an emphasis of matter paragraph on the Receipts and Disbursements return.

Opinion on the Authority's financial statements

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph of my report, the financial statements do not present fairly the financial position of the Zimbabwe Revenue Authority as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

The Authority did not fully comply with the provisions of International Accounting Standard 21 "The effects of Changes in Foreign Exchange rate" as Statutory Instrument 33 of 2019 precluded the Authority from applying an independent assessment of functional currency as required by the accounting standard and in terms of the guidance provided by the Public Accountants and Auditors Board (PAAB).

The need to account for these effects emanated from the 'multi-tiered' pricing environment that was prevailing during the year under review, where settlement of transactions was dependent on the mode of payment, whether USD cash, RTGS, bond notes and mobile money. Shortage of foreign currency also resulted in foreign exchange rate disparities between RTGS and US$. This in turn affected the pricing structures to incorporate foreign exchange rate movements on the RTGS and bond notes, hence the need to comply with IAS 21 to reflect effects of these changes in the preparation of financial statements.

This 'multi-tiered pricing environment resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21 would apply. Had the Authority complied with the requirements of IAS 21, many elements in the financial statements would have been materially affected. As a result, the impact of the Authority's inability to comply with IAS 21 has been determined as significant hence the effects on the financial statements as a whole are considered material and pervasive.

Opinion on Outstanding Revenue Return

In my opinion, except for the possible effects of matters described in the Basis for Qualified Opinion paragraph, the Outstanding Revenue Return presents fairly, in all material respects, the Outstanding Revenue as at December 31, 2018.

Basis of Qualified Opinion

i) Removal in Transit (regional consignments) entries amounting to $13 919 861 which originated at ports of entry had not been acquitted as at December 31, 2018. Some of the entries date back to the year 2015. As a result, the extent of outstanding duty payable to be included in the outstanding revenue return could not be ascertained as some of the goods might have been consumed locally.

ii) The SAP system allowed creation of duplicate contract accounts for the same revenue head under one business partner number. Evidently, assessments by the Authority and payments from clients were posted to the different contract accounts for the same business partner thereby distorting outstanding revenue for the individual business partners.

iii) Vehicles that enter the country temporarily are given Temporary Import Permits. As at December 31, 2018 there were 35 210 (2017: 20 394) electronic Temporary Importers Permits that had not been acquitted despite the fact that they had expired. Some of the entries date back to the year 2014. Some of the vehicles may have been localised as they are long outstanding.

iv) The SAP E-services platform was not charging civil penalties for some outstanding returns. As a result, some business partners with outstanding returns were not charged civil penalties on all outstanding returns. In addition, the SAP platform was incorrectly charging interest to some clients despite them being up to date. I could not establish the extent of the misstatement.

v) Tobacco levy returns were not submitted by some clients as required by the Income Tax Act [Chapter 23:06]. The client's balances were in credit and this misrepresented the tax status of the clients. Had the returns been captured, the credit balances would be cleared. I could not establish the extent of the understatement.

vi) The Authority introduced a Tax Amnesty waiving interest and penalties for late payments of tax arising prior to June 30, 2018. As at December 31, a total of 3 579 clients had applied for the tax amnesty. However, the interest and penalties were yet to be reversed on these clients' accounts. I could not determine the total amount of penalties and interest to be reversed which was included in the Outstanding Revenue.

Emphasis of Matter

I draw your attention to the following:

Transfers to companies that are under liquidation and judicial management

Included in the Outstanding Revenue Return is $8 458 237 which relates to amounts from companies under liquidation and judicial management. The recoverability of the full amount is doubtful.

Change in functional and reporting currency

Subsequent to year-end, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. In addition, SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at 1:1 for the period up to its effective date. The rate of 1:1 was consistent with the rate mandated by the RBZ at the time it issued bond notes as currency. The Authority has maintained their functional currency as the USD and have presented the outstanding revenue Return in USD using an exchange rate of 1:1, in compliance with SI 33/19. The financial effect on the Outstanding Revenue Return will result in the debts disclosed in USD to be subsequently reported in the RTGS Dollar.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Board composition

Finding

The Board of Directors appointed for the Authority was comprised of seven members (five non-executive directors and two executive members). The numbers could not enable the Board to form sub-committees as there was a limited number to choose from. As a result, the board had to combine Audit and Risk committees into one committee.

Risk / Implication

Board oversight role may be compromised.

Recommendation

The Authority should continuously engage the Ministry of Finance and Economic Development for additional members to be appointed to the board.

Management response

On number of members appointed- The observation is noted. The Minister of Finance and Economic Development advised at the statutory meeting held with Board members that he is considering appointing two additional board members. It is hoped that the

appointment will be done in the shortest possible time to ensure that the risks identified are mitigated.

2. REVENUE COLLECTION, MANAGEMENT AND DEBT RECOVERY

2.1 Domestic Taxes

2.1.1 Contract Accounts and Business Partner Numbers

Finding

The SAP system and its related e-services platform still allowed the creation of duplicate contract accounts for the same revenue head under one business partner number. The Authority had a total of 3 370 Duplicate BP Numbers and 8 780 Duplicate Contract Accounts. As a result, assessments and payments from clients were posted to the different contract accounts for the same business partner during the year under review thereby distorting outstanding revenue for the individual business partners.

The table below shows the details of duplicate Business Partner Numbers and contract accounts for the Authority.

Region	Number of duplicate business partner numbers	Number of duplicate Contract accounts
Greater Harare	147	361
Environs	400	4502
Region 2	524	3313
Region 3	2299	604
Total	**3370**	**8780**

I was unable to determine the adjustments necessary on all multiple business partners and duplicate contract accounts.

Risk / Implication

Misstatements of outstanding revenue return as duplicate contract accounts may be billed for outstanding returns.

Recommendation

The duplicate contract accounts should be investigated and resolved.

Management response

Observation is noted.

The problem of duplicate BPs was experienced during the period January to April 2018 before the conclusion of the data cleansing exercise. After this exercise this problem was experienced in isolated cases where positing keys were left open as a result of human error, these are receiving attention and will be dealt with by the end of the third quarter 2019. All duplicate business partners and contract accounts as shown in the table below were blocked in April 2018 after transferring all transactions from the duplicate account to the correct account. A program to prevent further creation of duplicate Business Partners / contract accounts was developed and deployed into SAP system in April 2018.

Total duplicate business partners & contract accounts blocked in April 2018

Region	Number of duplicate business partner numbers blocked	Number of duplicate Contract accounts blocked
Greater Harare	147	361
Environs	400	4502
Region 2	524	3313
Region 3	2299	604
Total	3370	8780

Nonetheless, ZIMRA is continuously evaluating and monitoring the performance of the solution proffered to prevent further duplication in the system. Management is in the process of verifying and taking corrective action by end of the third quarter 2019.

Microsoft has been engaged to provide a solution that clears system challenges before submission to the SAP TRM system. This challenge is expected to be resolved by end of Third Quarter 2019.

2.1.2 E-services platform

Finding

The SAP E-services platform was not charging civil penalties for some outstanding returns. As a result, some business partners with outstanding returns were not charged civil penalties on all outstanding returns. I could not establish the extent of the misstatement caused by the system challenge.

The E-services platform used for online submission of returns had a record of 164 337 unsuccessful tax return submissions. My inspection of records revealed that the SAP system had insufficient processing capacity which affected its ability to handle operational transactions and the E-services platform.

In addition, the interest calculation model for Pay as You Earn (PAYE) was calculating interest on all tax payers without considering whether the account was in arrears or not. A review of some tax payers for the Authority revealed that they were up to date on PAYE but the system was accumulating interest on the 27th of every month for the year under review.

Risk / Implication

Misstatement of outstanding revenue.

Recommendation

The Authority should upgrade its SAP system and E-Services platform in order to allow for easy flow of transactions.

Management response

Observation noted.

The Authority has been working on the challenge of account maintenance since January 2019 and we expect to resolve this matter by 30 June 2019.The challenge on failure by the system to charge civil penalties on returns that are filed online, is receiving attention and is expected to be resolved by 30 June 2019.

2.1.3 Tobacco levy returns

Finding

I noted that some designated auctioneers were not submitting tobacco levy returns to enable assessment as required by the Income Tax Act [*Chapter 23:06*], hence their accounts were in credit as at December 31, 2018 and this misrepresented clients' tax status.

Risk / Implication

Outstanding revenue return may be misstated due to non-submission of returns.

Recommendation

A follow up on all tax returns should be made.

Management response

The recommendation to follow up on all tax returns is noted and agreed to.
Resources have already been assigned to carry out the follow-ups and correct the credit balances on the accounts. However, the 48 hours' deadline provided by in the statutes does not provide the auction floors enough administrative time to compile the information for them to comply with the law like in the case with other taxes. Legislation proposals will be done in 2019 to change the frequency of submitting the returns.

2.1.4 Tax Amnesty

Finding

The Authority introduced a Tax Amnesty waiving interest and penalties for late payments of tax arising prior to June 30, 2018. The taxpayers who met the requirements of the tax amnesty were granted the waiver during 2018. As at December 31, 2018, a total of 4 897 tax payers with a principal debt of $778 336 967 had applied for the amnesty. Of these, 3 579 were approved. I however noted that the interest and penalties on the approved applications had not been reversed, the reason being that the system was yet to be configured to perform such a request. I therefore could not determine the amount of waived penalties and interest included in the outstanding revenue return.

Risk / Implication

Misstatement of the outstanding revenue return.

Recommendation

The Authority should configure the system to accommodate reversal of penalties approved on amnesty and allow for audit trail of the reversals.

Management response
This is noted

The program for reversing full interest for approved 2018 tax amnesty cases was completed and is in production. The total interest reversed as at 6/5/19 amounts to $11,357,004.40

Region	Interest documents reversed	Value of Interest documents reversed ($)
Greater Harare	80	1,506,661.85
Environs	112	5,264,693.64
Region 2	1070	2,497,023.64
Region 3	3144	2,088,625.27
Totals	2549	11,357,004.40

The ICT programs for penalty reversal and partial interest reversal are being tested in the Quality Assurance Platform and it is expected that the actual reversal will be completed by 30th June 2019.

2.1.5 Tax audit targets

Finding

The Authority only managed to conduct 49% of the planned tax audits as compared to 96% in the prior year. They planned 7 521 audits but were able to conduct only 3 753. Upon inquiry, management highlighted that staff redeployment to refocus on other functions (like Debt Management, Final Deduction System), skills gap on the part of the officers and system challenges contributed to the decline in the tax audit coverage.

Risk / Implication

Enforcement of compliance may be compromised.

Recommendation

Frequent training and refresher courses should be planned and executed to tax audits officers.

Management response

The finding is noted.

The 2019 audit plan has factored the change in strategy and thrust of the Authority by reviewing the audit targets accordingly. Each auditor now has a target of 9 cases per quarter. In the 2019 training calendar, the training school will conduct 42 Audit courses to enhance auditing skills and capacity. This will be complemented by other courses offered by external developmental partners. Currently (7th to the 10th May 2019) one of the development partners is training auditors on mining industry.

2.2 CUSTOMS AND EXCISE

2.2.1 Removal in Transit (RIT)

Finding

Removal in Transit (regional consignments) entries amounting to $13 991 861 which originated at ports of entry had not been acquitted as at December 31, 2018. Some of the entries have been outstanding since 2015. As a result, the extent of outstanding duty payable to be included in the outstanding revenue return could not be ascertained as some of the goods might have been consumed locally. Once an entry was registered, agents did not have control of the final destination of the goods thus also contributing to the delays in acquitting and follow up on the acquittals.

In addition, the Asycuda system was not programmed to flag out RIT declarants with outstanding obligations.

Risk / Implication

Outstanding RITs may not be cleared and the Authority may have been prejudiced of revenue.

Misstatement of the outstanding revenue return.

Recommendation

All RITs should be acquitted within the prescribed time framework.
Guarantees should be called in case of long outstanding RITs.

Management response

Observation noted.

The majority of outstanding RIT are as a result of duplication of entries by clearing agents, which the Division is in the process of cancelling after undertaking necessary verifications. Due to a systems challenge cancellations had accumulated, however, the systems challenge has since been resolved and cancellations have resumed. It is envisaged that the cancellations of outstanding duplications will be completed by end of the 3rd Quarter 2019.
The ASYCUDA World system utilizes a drawdown system for bond management and any clearing agent who has exhausted his bond amount cannot register any further RIT/RIB entries without first acquitting outstanding transactions.
The calling up of an agents guarantee amount is done as a last resort after all other available options have been exhausted, and this call up of the bond signals the closure of the clearing company.
The Regions now maintain a monitoring and follow-up template at Regional Level for all outstanding Transit Bills of entry to ensure timely resolution of the same, this template was put in place in the first quarter 2019.
An example is Beitbridge where we have a large number of RITs awaiting cancellation and after that we will be able to know which consignments were consumed locally. The law provides for those who want to change intention and clients are aware of such requirements.
Automation of the cargo manifest will assist in addressing these challenges and this is scheduled to be in place during the 4th quarter of this year.

2.2.2 Temporary Imports Permits of tourists' Vehicles (TIPs)

Finding

As at December 31, 2018 there were 35 210 (2016: 20 394) electronic Temporary Importers Permits that had not been acquitted despite the fact that they had expired. Vehicles that entered the country temporarily were given Temporary Import Permits. Some of the entries date back to the year 2014.In addition, I noted that inland ports were acquitting and extending manual TIPs. However, there was no evidence to support that acquittal details of these manual TIPs were communicated to the original port of entry that would have registered the initial manual TIP. This also contributed to the TIPs that remain outstanding at the ports of entry.

Risk / Implication

Loss of revenue due to irregular use of TIPs. Some of the vehicles may have been localised without proper clearance.

Recommendation

The Authority should liaise with Central Vehicle Registry and ZINARA to clear vehicles that are on TIPs.
The controls surrounding the acquittal process of TIPs should be reviewed and improved.

Management response

Observation noted.

The TIP clearance regime was purely legislated for foreigners, however due to the number of Zimbabweans who are living and working outside the country there has been an increase in abuse of this facility. The Division is therefore working on strengthening legislative, administrative and enforcement controls on this facility to be implemented by end of 4th Quarter 2019, by enforcing the use of triptyques and carnets which have an in built guarantee system.

CVR and ZINARA have engaged and a system has been put in place to block the licensing and utilization of toll gates by vehicles identified to have been smuggled into the country. For electronic TIP's the system is programmed in such a way that a new TIP cannot be registered in the system for any vehicle that has an outstanding TIP in the system thereby prompting us to acquit the outstanding TIP before issuing another one.

Follow ups are being done both locally and in the country of export where certificates of location are used to confirm the re-export of the vehicle.

Desk audits are being done, by searching using passport and chassis number to retrieve several entries for a particular vehicle if any and acquit the prior entries against the latest. The organization is also utilizing the CVR database to check registration of the vehicles.

At Beitbridge where there is a number of manual and electronic TIPs, which are not yet matched with flimsy copies not yet acquitted in the system, there is a project on acquittal of TIPs which is underway and should be through by end of 3rd quarter of 2019. Systems verifications are also being done to acquit outstanding TIP's with subsequent TIPs issued to the same vehicle.

2.2.3 Report Orders

Finding

The Authority granted report orders to importers for clearance of imported goods within seven (7) days. Some report orders that were given to clients for clearing goods at an inland port date back to 2014. There was no evidence to support that the importer was granted an extension. I also noted that for some of the report orders, the total value of goods imported and not yet acquitted as at December 31, 2018 was $102,426,096 (2017: $62 904 106).

Risk / Implication

Long outstanding report orders may not be cleared due to irregular use of the system.

Recommendation

Continuous follow up~~s~~ should be done on the outstanding report orders to be acquitted.

Management response

Observation is noted. Most outstanding report orders are for government entities and engagements with the various Ministry's has been done with limited traction. The engagements will continue. It should be noted that these are Government importations which do not have any duties payable, i.e. no prejudice to revenue.

3. MINING ROYALTIES COLLECTION

I reviewed the processes covering the assessment and collection of mining royalties by Zimbabwe Revenue Authority. The focus was on the processes surrounding the confirmation of mining production returns and subsequent assessment and collection this revenue steam.

The Authority was authorized through the Finance (No.3) Act 2010 [Section 41-43], to have access for the purpose of inspection to all books and records, reports and other documents relating to the acquisition, disposal or removal of any mineral or mineral-bearing product as may be necessary for the purpose of ascertaining or verifying any return, details, solemn declaration, certificate or document rendered.

Finding

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. Through enquiry I gathered that visits to mining entities were either done on an ad hoc basis or through a tax audit which usually includes the audit of many tax heads.

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.

Risk / Implication

Under declaration of mining royalties

Revenue leakages

Recommendation

The Authority should design policies and procedures to allow it to regularly visit mining entities and verify quality and quantities of minerals declared by these entities in their returns.
Consider it to be made mandatory for the transporter to produce weighbridge report from VID for comparison with the weight declared on the export documents for these exports.
Officials should be trained on mineral identification and equipment as well as other facilities to confirm declarations.

Management response

The findings have been noted and the recommendations regarding review of policies and procedures relating to mining entities have been noted. The review of policies and procedures will be done taking into account participants in this industry.

As a recognition of the revenue risk associated with mining companies and the contribution of the sector to our GDP, ZIMRA has engaged co-operating partners to further develop ZIMRA's capacity to monitor activities and increase compliance. Focus is on the mining sector and transfer pricing issues and experts on these areas will be seconded to work with ZIMRA and this will be done in 2019. This is a follow up to similar projects done in the past where actual audit cases were done.

Determination of rock content of ore is the prerogative of the Minerals Marketing Cooperation of Zimbabwe and Ministry of Mines who then inform all concerned stakeholders of the mineral content.

The Authority will continue to engage the Minerals Marketing Cooperation of Zimbabwe and Ministry of Mines on the accuracy of the declaration by exporters.

4. PROGRESS IN IMPLEMANTATION OF PRIOR YEAR RECOMMENDATIONS

I reviewed the progress made towards the implementation of prior year recommendations and found that the Authority made some progress. However, there was room for improvement in respect of the following recommendations

4.1 Projects status

Recommendation

The Authority should review the way they engage contractors to ensure they have capacity. The Authority should complete the water tank project.

Progress made

The project of installing water tank at Nyamapanda border post is being re-tendered after the previous contractor failed to complete the job. Management intends to complete the project by the end of the third quarter 2019.

ZIMBABWE TOURISM AUTHORITY 2013, 2014 AND 2015

Background information

The Zimbabwe Tourism Authority, was formed in terms of the Tourism Act of Zimbabwe [*Chapter 14:20*]. The Authority falls under the Ministry of Environment, Tourism and Hospitality Industry and is mandated to market Zimbabwe. It is a corporate body responsible for tourism, promotion, planning and development, research and the enforcement of standards and services.

I have audited the financial statements of Zimbabwe Tourism Authority and as well as its fund, for the years ended December 31, 2013, 2014 and 2015. I issued an unmodified / clean opinion with an emphasis of matter for the financial statements of Zimbabwe Tourism Authority for all the audited years. I also issued a qualified opinion on the Zimbabwe Tourism Fund for all the audited years.

Opinion- Zimbabwe Tourism Authority (2013)

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Zimbabwe Tourism Authority as at 31 December 2013, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Tourism Act [*Chapter 14:20*] and the Public Finance Management Act [*Chapter 22:19*].

Emphasis of matter

Without qualifying my opinion, I draw attention to the fact that the Authority incurred a deficit of $1,295,115 (2012: US$17,411) during the year ended 31 December 2013. The Authority has negative working capital of US$988,514 as at 31 December 2013. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Authority's ability to continue operating as a going concern.

Qualified Opinion- Zimbabwe Tourism Fund (2013)

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Zimbabwe Tourism Fund as at 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, Tourism Act (Chapter 14:20) and the Public Finance Management Act [*Chapter 22:19*].

Basis for Qualified Opinion

Completeness and accuracy of tourism levy income and receivables

In accordance with the Tourism Act [*Chapter 14:20*] the Fund is mandated to collect tourism levies from tourist operators. I could not obtain assurance on completeness and accuracy of the reported tourism levy income and related receivables due to the following;

(i) The operators' register is not complete as some operators do not register. There is no legal instrument to enforce registration.

(ii) Some registered operators do not submit monthly levy remittance forms from which levy revenue can be computed and recognized in the accounting records. There is no legal instrument to enforce submission of remittance forms.

(iii) The registered operators that submit monthly remittance forms can under declare the levies payable to the Fund. There are no mechanisms of verifying accuracy of the remittance forms at the point of submission.

(iv) The levy income due and payable from operators can only be quantified during site audit inspections that are carried out during the year. However, due to the dispersion of operators throughout the country, the Fund has limited capacity to carry out frequent levy audits that ensures that all identified operators are registered and are audited for the full twelve months of each year. Accordingly, the levy income determined during the site audits is only for the period up to the date of audit. Any unaudited remaining period to year end will not be accounted for.

Therefore, the levy income of $6,661,367 recorded in the statement of profit or loss and other comprehensive income is not complete. There were no alternative procedures I could perform to quantify the unrecorded levy income.

Opinion- Zimbabwe Tourism Authority (2014)

In my opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Tourism Authority as at 31 December 2014, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Tourism Act [*Chapter 14:20*] and the Public Finance Management Act [*Chapter 22:19*].

Emphasis of matter

Without further qualifying my opinion, I draw attention to the fact that the Authority incurred a deficit of US$968,925 (2013: US$1,295,115) during the year ended 31 December 2014. The Authority's current liabilities exceeded its current assets by US$1,811,332 (2013: US$988,514). These conditions as set forth in Note 15 indicate the existence of a material uncertainty that may cast significant doubt about the Authority's ability to continue operating as a going concern.

Qualified Opinion- Zimbabwe Tourism Fund (2014)

In my opinion, except for the possible effect of the matter referred to in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Zimbabwe Tourism Fund as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the International

Financial Reporting Standards, Tourism Act [*Chapter 14:20*] and the Public Finance Management Act [*Chapter 22:19*].

Basis for Qualified Opinion

Completeness and accuracy of tourism levy income and receivables

In accordance with the Tourism Act [*Chapter 14:20*] the Fund is mandated to collect tourism levies from tourist operators. I could not obtain assurance on completeness and accuracy of the reported tourism levy income and related receivables due to the following;

- The operators' register is not complete as some operators do not register. There is no legal instrument to enforce registration.
- Some registered operators do not submit monthly levy remittance forms from which levy revenue can be computed and recognized in the accounting records. There is no legal instrument to enforce submission of remittance forms.
- The registered operators that submit monthly remittance forms can under declare the levies payable to the Fund. There are no mechanisms of verifying accuracy of the remittance forms at the point of submission.
- The levy income due and payable from operators can only be quantified during site audit inspections that are carried out during the year. However, due to the dispersion of operators throughout the country, the Fund has limited capacity to carry out frequent levy audits that ensures that all identified operators are registered and are audited for the full twelve months of each year. Accordingly, the levy income determined during the site audits is only for the period up to the date of audit. Any unaudited remaining period to year end will not be accounted for.

Therefore, the levy income of $6,530,250 recorded in the statement of profit or loss and other comprehensive income is not complete. There were no alternative procedures I could perform to quantify the unrecorded levy income.

Opinion- Zimbabwe Tourism Authority (2015)

In my opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Tourism Authority as at 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Tourism Act [*Chapter 14:20*] and the Public Finance Management Act [*Chapter 22:19*].

Emphasis of matter

Without qualifying my opinion, I draw attention to the fact that the Authority incurred a deficit of US$795,552 (2014: US$968,925) during the year ended 31 December 2015 and the Authority's current liabilities exceeded its current assets by US$2,318,436 (2014: US$1,811,332). These conditions as set forth in Note 15 indicate the existence of a material uncertainty that may cast significant doubt about the Authority's ability to continue operating as a going concern.

However, below are other material issues noted during the year.

1. GOVERNANCE ISSUES

1.1 Board fees

Finding

The Board approved its fees in September 2011 and March 2013. However, there was no evidence to show that the fees were subsequently approved and ratified by the responsible Minister.

Risk / Implication

Payment of unapproved allowances.

Non-compliance with statutes and regulations.

Recommendation

All board fees should be approved by the Minister.

Management response

The Board wrote to the Minister on 6 May 2015 requesting him to approve the fees. The Board Chairperson is making a follow up on the issue with the view to obtaining written response.

Board Members were being paid Board fees based on budgets submitted to the Minister after his approval.

1.2 Loans to Non-Executive Directors

Finding

A loan of $20,000 was advanced to one of the Board members in 2011. The loan was repaid over a period of three years with the last repayment being made in March 2014. The loan was approved by the board chairperson and was interest free.

Risk / Implication

Oversight role of the Board might be compromised.

Recommendation

No loans should be advanced to non-executive directors.

Management response

The loan to the board member was approved by the Board and copies of documents to that effect were submitted to the auditors for their inspection. However, in future the Minister's approval on such loans shall be sought.

1.3 Chief Executive's Contract of Employment

Finding

There was no contract of employment for the Chief Executive. The reference point of the conditions of service for the Chief Executive was his contract of employment with his previous employer.

Risk / Implication

No basis for legal recourse in case of disputes.

Recommendation

A contract of employment should be negotiated, documented and signed.

Management response

The letter from the Chief Secretary to the Cabinet regarding the reassignment of the Chief Executive to ZTA was tabled before the 64th Board of Directors Meeting held on 27 June 2006. It was stated that the Chief Executive was transferred on the same conditions that he had whilst he was at the Civil Aviation Authority of Zimbabwe. It was also agreed in the same meeting that Executive Directors salaries be aligned to that of the Chief Executive. It was further agreed that the Chairman advise the Minister of this.

Accordingly, the Board resolved that:
i) The Chief Executive be paid in accordance with the instruction from the Secretary to the President and Cabinet hence the contract was deemed to be in existence.
ii) That the Directors' salaries be aligned to that of the Chief Executive.
iii) The current Board is negotiating a new contract with the Chief Executive.

1.4 Fuel allocations

Finding

During my 2014 financial audit, I noted that the Executive Directors had a monthly fuel allocation amounting to US$2,000 per month. This was equivalent to 1,316 litres of fuel per month and could cover an average of 13,158 kilometres per month. In the absence of an employment contract and approval from the board, I could not establish the basis on which the fuel was being allocated.

Risk / Implication

Financial loss through excessive expenditure.

Recommendation

Allowances to employees should be based on approved contract terms.

Management response

The fuel allocation to Executive Directors covers both condition of service and operations.

1.5 Expenditure outside the Authority's line of business

Finding

There were expenses incurred in 2013, 2014 and 2015 financial years which did not appear to be in line with the Authority's business and there were also not budgeted for. The following are examples

2013 expenditure

Date	Expense description	Amount (USD)
01/11/2013	Donation of 50 singer sewing machines	4,950
18/09/2013	Donation of 10 tonnes of maize seed	11,000
26/07/2013	Campaign material	6,000

2014 expenditure

Budget line	Expense description	Amount (USD)
STB Marketing Fund	Donation to weddings	50,000
Corporate social responsibility	Constituency rally sponsorship	6,000
Chief Executive social responsibility	Charity Dinner	6,000
	Maize seed donation	5,000
	Public Service Commission event	5,000
	High Court Judge event	5,000
	Cement donation	1,500

2015 expenditure

Budget line	Expense description	Amount (USD)
Domestic Tourism Promotion	Branded counters	1,666
Travelling and subsistence	International trade fair Berlin	5,000
Travelling and subsistence	International trade fair Berlin travel	2,700
Corporate social responsibility programme	Birthday Dinner.	10,000
Social responsibility	Office furniture	10,000
Ministry related expenses	Holiday expenses	5,000
Ministry related expenses	Cell phone bills	4,000
Corporate social responsibility programme	Protocol functions	1,120

The Authority also spent US$35,868 in 2013, US$154,174 in 2014 and US$189,880 in 2015 that was not budgeted for on Ministry related expenses. The expenditure related to repair of Ministry vehicles, fuel and travelling costs of Ministry officials.

Risk / Implication

Service delivery may be compromised.

Recommendation

Expenditure incurred by the Authority should be in line with its mandate.

Management response

2013 expenditure

Expense description	Comment
Donation of 50 singer sewing machines	**The Authority donated 50 singer machines as a way of promoting cultural tourism through Community Based Tourism Enterprise (CBTE's).**
Donation of 10 tonnes of maize seed	**The Zimbabwe Tourism Authority's mandate is to market the destination both domestically and internationally. As a way of bringing awareness to the domestic market, the Authority takes advantage of any gathering and exhibit at those gatherings. In order to increase its corporate visibility and bringing awareness to its mandate to the rural folk, the Authority donated maize seed at a rally as part of enhancing agro - tourism.**

Campaign material	**The Authority donated the campaign material as a gesture to the then tourism Patron.**

2014 expenditure

Expense description	**Comment**
Donation to the wedding	**The Ministry of Tourism and Hospitality Industry together with the Zimbabwe Tourism Authority like any other corporate citizens were invited to the wedding and in line with its co-business the Authority pledged a holiday package to the bride and groom as sponsorship from its corporate social responsibility budget.**
Constituency rally sponsorship	**The Zimbabwe Tourism Authority's mandate is to market the destination both domestically and internationally. As a way of bringing awareness to the domestic market, the Authority takes advantage of any gathering and exhibits at those gatherings. In order to increase its corporate visibility and bringing awareness to its mandate to the rural folk, the Authority donated maize seed at a rally as part of enhancing agro - tourism.**
Charity Dinner	**The Zimbabwe Tourism Authority works closely with some stakeholders hence pledging its support on their activities such as buying a dinner table.**
Public Service Commission event	**The Authority in its strategy to promote domestic tourism decided to target the civil service. The Authority in collaboration with the tourism industry is developing packages for the Civil Servants. In this regard the Authority initiated the programme by offering the Chairperson of the Civil Service Commission a familiarization tour to some parts of the country in order for him to appreciate the packages for the proposed civil service holiday scheme.**
Donation to the High Court Judge event	**The Authority in its strategy to promote domestic tourism identified the Judge as one of the members of the civil service who would be taken on a familiarization tour to some parts of the country. The Authority in collaboration with the tourism industry is developing packages for the Civil Servants.**
Cement donation	**The Zimbabwe Tourism Authority made the donation as a legacy project as part of the World Tourism Day commemorations.**

2015 expenditure

Expense description	Comment
Branded counters	**The Zimbabwe Tourism Authority's mandate is to market the destination both domestically and internationally. As a way of bringing awareness to the domestic market and the purpose of corporate visibility, the Authority takes advantage of any gathering and exhibits at those gatherings.**
International trade fair Berlin	**As a way of having an understanding and appreciation of destination marketing in source markets, the Authority took the head of the organ on an exposure trip to the world's largest travel trade show.**
International trade fair Berlin	**The Authority invited Ministry officials to gain an appreciation of the Authority's marketing efforts and also to deal with protocol and policy issues. Where it is in the interest of the Authority to invite other institutions to its programmes it has to sponsor the participants as in most cases they would not have the resources.**
Birthday Dinner.	**The Authority was invited to participate at the Birthday Dinner by purchasing dinner tables for 10 ZTA Officials.**
Office furniture	**The Authority found it prudent to brand the office in an effort to market our destination with the displays of the seven wonders of our own world including contributing to furnishing the office.**
Holiday expenses	**The Honourable Deputy Minister was requested to familiarize with the tourism product after her appointment as Deputy Minister as part of her induction and appreciation of the product for policy decision making.**
Cell phone bill	**The Honourable Minister's telephone line was disabled due to accumulation of unpaid bills because Ministry of Finance could not release the funding on time. However, the Authority required the Minister's intervention on tourism related issues both locally and internationally which had delayed the Authority's decision for implementation hence paying the bills.**
Protocol functions	**The Authority's Protocol Section was requested to assist with protocol issues and was also requested to provide ushering services. The request came handy when the Authority is in the process of developing MICE (Meetings, Incentive, Conferences and Exhibitions) tourism as it provided the National Convention Bureau an opportunity to build capacity through training of ushers. The Authority had to create appropriate identification of the ushers by providing them with branded sashes.**

1.6 Travel and subsistence allowances

Finding

I noted that there were some travel and subsistence allowances advanced to employees in 2014 which have been outstanding for more than a year.

Employee	Balance at 2014 year end (USD)	Subsequent acquittal/ deduction in 2015
1	8,216	Nil
2	5,183	Nil
3	4,303	Nil
4	3,000	Nil

Risk / Implication

Financial loss due to inability to recover debts from the employees.

Recommendation

Staff policy should always be adhered to.

Management response

Noted. Deductions are now being recovered through payroll.

1.7 Tax compliance

Finding

The Authority paid some benefits to There were some benefits which were paid to executive employees but were not being taxed. This was in non-compliance with the Income Tax Act [*Chapter 23:06*]. These benefits included;

- payment for security services at the employees' residences,
- payment of electricity bills at the employees' residences,
- payment of salary top up to an employee,
- holiday allowances and
- education allowances.

As a result, the Authority was fined US$706,013 by ZIMRA.

Risk / Implication

Financial loss due to penalties and interest charged by ZIMRA.

Recommendation

The Authority should comply with income tax laws.

Management response

The audit recommendation has been implemented. All benefits are now going through the payroll and are now being taxed.

1.8 Motor Vehicles

Finding

The following vehicles acquired by the Authority were registered in the names of third parties.

Make	Carrying amount (USD)
Mercedes Benz S600	13,333
Mercedes Benz S350	133,333

Risk / Implication

Misstatement of financial statements through recognition of assets not owned by the Authority.

Recommendation

Vehicles purchased should be registered in the name of the Authority.

Management response

The purchase of vehicles was recognized in the books of accounts; however, the Authority was in the process of registering the vehicles in the Authority's name.

2. REVENUE COLLECTION AND RECOVERY

2.1 Outstanding receivables

Finding

The Authority was owed three years' rentals amounting to US$62,500 by the Zimbabwe Defence Industries (ZDI). The Authority was also owed US$62,797 by the parent Ministry of Tourism in the form of a loan. This amount has been outstanding since 2010.

Risk / Implication

Financial loss due to inability to recover amounts owed.

Recommendation

A payment plan should be arranged with the debtors to recover the debts.

Management response

The Zimbabwe Defence Industry had been facing financial difficulties and the Ministry of Finance has now started funding the Institution. Payments for current rentals are being made including that of paying the debt.

PUBLIC ENTITIES UNDER THE

CATEGORY OF

BOARDS

GRAIN MARKETING BOARD (GMB) MARCH 2018 YEAR END

Background information

The Grain Marketing Board was incorporated in terms of the Grain Marketing Board Act [*Chapter 18:14*]. The Board's main activities are buying and storing of grain, manufacturing of silo products and managing of the Strategic Grain Reserve and the Input Scheme on behalf of the Government of Zimbabwe.

I have audited the financial statements of the Grain Marketing Board for the year ended March 31, 2018 and I issued an unmodified / clean opinion.

However, below are material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Board tenure

Finding

There was no formal documentation to show that the board's tenure had been extended following its expiry on November 14, 2017. On enquiry I was informed that the Board Chairman notified the Minister of Agriculture, Mechanization and Irrigation Development of the expiry of the Board's tenure who then verbally extended the term. The other members were then informed verbally by the Chairman that the board's tenure had been extended.

Risk / Implication

Oversight on management might be compromised

Recommendation

Management should liase with the responsible Minister to regularize the appointment of the Board.

Management response

Management notified the Appointing Authority, the Minister, on the status of the Board.

1.2 Outstanding purchased grains

Finding

The Board made an advance payment for the purchase of 2 467 metric tonnes (mt) of maize worth $1,014,163 in 2016. However, there was no evidence to support that the maize was delivered. Upon enquiry, management confirmed that the maize had not yet been delivered.

Risk / Implication

Financial loss due to non-delivery of the purchased maize.

Recommendation

The board should pursue the delivery of the 2 467mt of maize.

Management response

Legal opinion to guide recovery of the maize was sought with our lawyers who advised the Board to engage the contractor. Engagements with the contractor is in progress. The matter has been referred to the Attorney General.

1.3 Depot to Depot transfers of maize

Finding

I noted some variances on depot to depot transfers of maize. My enquiry revealed that the Board did not have a normal loss policy as a result I could not ascertain whether these variances were within acceptable range. The variances noted ranged, as shown below, between 1.3% and 2.8%, which I considered to be significant compared to the industry average of 0.5%.

Date	Transfer number	Dispatching depot	Quantity dispatched (Kgs)	Receiving depot	Quantity received (Kgs)	Variance (Kgs)	Variance %
23/01/18	917154	Mutare	29 944	Masvingo	29 324	620	2
23/01/18	917155	Mutare	30 404	Masvingo	29 560	844	2.7
23/01/18	917156	Mutare	30364	Masvingo	29604	760	2.5
23/01/18	917158	Mutare	30044	Masvingo	29645	399	1.3
24/01/18	917160	Mutare	30304	Masvingo	29704	600	2
05/02/18	917313	Mutare	30584	Masvingo	30084	500	1.6
31/01/18	917226	Mutare	30824	Masvingo	30004	820	2.7
28/01/18	917205	Mutare	34611	Masvingo	33831	780	2.3
27/01/18	917194	Mutare	30444	Masvingo	29604	840	2.8

Risk / Implication

Financial loss due to fraud and error.

Recommendation

The board should develop a policy on normal losses for benchmarking variances.

Management response

Management is working on revised acceptable tolerable limit for reading between weighbridges. The weighbridges are regularly assized in line with Trade Measures Regulations Act of 1982.

In the upgraded SAP system, deductions are automatically made to the transporter's Account on the variance.

1.4 Controls over inventory

Finding

I noted that controls over safeguarding of inventory were weak. As a result, inventory worth $74 219 was stolen through forged maize purchase and depot to depot transfer documentation at some depots. By the time the Board noticed the anomaly, staff responsible for manning the depot weighbridge and security were no longer employees of the Board. The staff included temporary employees, hence the Board could not recover the loss. The table below refers;

Date	**Item stolen**	**Depot**	**Value ($)**
06/10/17	Maize-forged purchase of maize	Chimanimani/Bumba	4 940
14/03/18	Maize-forged transfer of maize	Mutare	69 279
Total			**$74 219**

Risk / Implication

Financial loss due to fraud.

Recommendation

Management should ensure sufficient controls are put in place to safeguard inventory.

Management response

Depot Manager was at fault and disciplinary action was taken, and demoted, and he resigned.

2. PROGRESS TOWARDS IMPLEMENTATION OF PRIOR YEAR ISSUES

I reviewed the progress made towards the implementation of prior year recommendation and found that the Board made some progress. However, there was some room for improvement in respect of the following recommendation;

2.1 Strategic grain reserve accounts

Recommendation

Separate financial statements should be prepared for the Strategic Grain Reserve and the commercial activities of the Board as per Debt Takeover Agreement of 1996.

Progress made

Work is currently in progress to separate the two. The ERP has been upgraded to encompass this requirement. This will, however, be fully implemented.

PIG INDUSTRIES BOARD (PIB) 2018

Background information

The Pig Industry Board of Zimbabwe (PIB) is a parastatal under the Ministry of Agriculture, Mechanization and Irrigation Development. It derives its mandate to develop the pig industry from the Pig Industry Act [*Chapter 18:15*]. The core functions of PIB are genetic improvement, research, promotion of production and marketing of pigs. The PIB undertakes training and extension activities to promote production of pigs.

I have audited the financial statements of The Pig Industry Board of Zimbabwe (PIB), for the year ended December 31, 2018.

Opinion

In my opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of Pig Industry Board of Zimbabwe as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act [*Chapter 24:06*].

Basis for adverse opinion

As described in the notes to the financial statements, during the year ended 31 December 2018, the entity transacted using a combination of the United States Dollars (USD), bond notes and bond coins, electronic money and other foreign currencies. Acute shortage of USD cash and other foreign currencies in the country resulted in an increase in utilization of different modes of payment for goods and services such as settlement via the Real Time Gross Settlement (RTGS) system overseen by the Central Bank and mobile money platforms. The note further explains that during the year there was a significant divergence in the market of the relative values between the USD, and the bond note, bond coin, mobile money platforms and RTGS, collectively referred to as ‘local currency’. Although RTGS and mobile money platforms were not legally recognized as currency during the year ended 31 December 2018, the substance of the economic phenomenon suggested that it was currency.

In February 2019, an electronic currency called the RTGS dollar was introduced through Statutory Instrument 33 of 2019 (S.I 33/19) with an effective date of 22 February 2019 and the currency commenced trading at a rate of 2.5 to the USD. In addition, S.I 33 fixed the exchange rate between RTGS dollar and the USD at a rate of 1:1 for periods before the effective date. The rate of 1:1 is consistent with the rate mandated by the Central Bank at the time it issued the bond notes and coins as currency. Although the functional currency of the entity changed from USD to local currency and it was evident that the market exchange rate between USD and local currency was not 1:1, financial statements have been presented in USD using an exchange rate of 1:1, in compliance with S.I 33/19. This constitutes a departure from the requirements of IAS 21.

However, the following material issue was noted during the audit.

1. GOVERNANCE ISSUES

1.1 Bank reconciliations

Finding

The Board was not preparing bank reconciliations on time. As a result, fraudulent Ecocash transfer confirmations amounting to $78 802 were not detected on time at Chitungwiza Butchery. This was the second consecutive year that a fraud has occurred at the Organisation due to lapse in controls.

Risk / Implication

Financial loss due to fraud.

Recommendation

Bank reconciliations should be prepared on time every month preferably by a specific cut-off date that is set by management and communicated to the accounts staff.

Management response

We have introduced the 15th of every month as the cut-off date for all bank reconciliations. The deadline has been communicated to accounts personnel and there is remarkable progress as we speak given that the department is short staffed.

TOBACCO INDUSTRY AND MARKETING BOARD (TIMB) 2016

Background information

The Board was established in terms of the Tobacco Marketing and Levy Act [*Chapter 18:20*]. The mandate of TIMB is to control, regulate and promote the marketing of tobacco as well as to produce and collate statistics relating to, the marketing, manufacture and consumption of tobacco in Zimbabwe.

I have audited the financial Statements of the Tobacco Industry and Marketing Board for the year ended December 31, 2016 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of this report, the Tobacco Industry and Marketing Board financial statements present fairly, in all material respects, the financial position of the Tobacco Industry and Marketing Board as at December 31, 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Tobacco Industry and Marketing Act [*Chapter 18.20*].

Basis of Qualified Opinion

The Tobacco Marketing and Industry Board had capital work in progress recognized in its financial statements at a cost of US$ 7 220 396 as at December 31, 2016. The property under construction, which may have impairment indicators was subsequently completed at the time of the audit. The property will be classified as investment property upon final completion. The property is unoccupied and has no tenants to indicate that future cashflows will be generated from letting the property. Management did not perform an assessment of impairment on the capital work in progress as required by IAS 39, Impairment of Assets. In the absence of management's assessment I was not able to obtain sufficient appropriate evidence about the carrying amount of the capital work in progress. Consequently, I was not able to determine whether any adjustments to the carrying amount were necessary.

However, below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Board fees and allowance

Finding

There was no evidence that sitting fees and other allowances paid to the board members were approved by the Ministry. A letter was sent to the Ministry in 2013 but no response was obtained for the approval of the board related expenditure paid out during the year.

The board also approved payment of their 2015 performance bonus on the 13th of October 2016. There was no evidence of Ministerial approvals sought for payment of the bonus.

Risk / Implication

Unauthorised allowances may be paid out to the board of directors.

Recommendation

Approvals must be sought from the parent Ministry in respect of the current board remuneration.

Management response

Ministry approval for board members fees was sought in April 2013, for the current rates being paid, which were effective 1/1/2013. No response was received from the Minister. Management is constantly engaging the Ministry for requisite approvals.

TOBACCO RESEARCH BOARD 2017

Background information

The Tobacco Research Board was established in 1950 under the Tobacco Research Act [*Chapter 28:21*] with a mandate of directing, controlling and carrying out tobacco research in Zimbabwe.

I have audited the financial statements of the Tobacco Research Board for the year ended December 31, 2017 and I issued an unmodified/clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tobacco Research Board as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

However, below are material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Board Composition

Finding

In accordance to Tobacco Research Act [Chapter 18.21] the board should be comprised of a minimum of 7 members two of the members representing Ministry of Agriculture, three members representing tobacco growers and other three members representing tobacco buyers, however the board was comprised of five members during the year.

Risk / Implication

The oversight role of the board may be compromised if all parties are not represented.

The thrust of the board may not be fully achieved

Recommendation

The Board should liaise with the relevant authority to ensure that the board is fully constituted.

Management response

Agreed. A number of reminders have been sent to the Ministry of Lands, Agriculture and Rural Resettlement. However, a response is still awaited.

1.2 Board remuneration

Finding

The current board fees and sitting allowances being paid to board members have no ministerial approval. Upon inquiry, the Board reviewed the board fees and sitting allowances upwards, however the documentation to support the approval from the parent ministry as required by section 12 of the Tobacco Research Act [Chapter 18:21] were not availed for my inspection. The total variation between the approved rates by the Ministry and the current rates reviewed by the Board was $25 800.

The total variation of the approved sitting allowances by the Ministry and current sitting allowances reviewed by the Board was $4 600.

Risk / Implication

Financial loss due to payment of unauthorized expenditure.

Recommendation

The Board should ensure that board fees and sitting allowances are appropriately approved by the relevant authorities before implementation.

Management response

Agreed. Ratification of the fees paid to date will be sought from Ministry and going forward board fees will be paid according to the directive on Board Remuneration received from OPC.

PUBLIC ENTITIES UNDER THE

CATEGORY OF

COMMISSIONS

SPORTS AND RECREATION COMMISSION (SRC) 2017

Background

Background information

The Sports and Recreation Commission was established in terms of the Sports and Recreation Act *[Chapter 25:15]*. Its main objectives are to coordinate, control and develop the activities of sports and recreation, ensure proper administration of organisations undertaking the promotion of sports and recreation and authorise national and international sporting and recreational activities.

I have audited the financial statements of the Sports and Recreation Commission for the year ended December 31, 2017 and I issued an unmodified / clean opinion with an emphasis of matter paragraph.

Emphasis of matter

I draw your attention to the fact that the Commission had accumulated losses of $1 387 415 (2016: $1 151 114) and its total current liabilities exceeded current assets by $1 026 317 as at December 31, 2017. The Commission mainly relied on government grants and did not fully exploit its other sources of finance. These conditions indicate the existence of material uncertainty that may cast significant doubt on the Commission's ability to continue as a going concern.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Capital expenditure

Finding

The Commission postponed the recapitalisation of its fleet and utilised the funds to host the annual sports awards event. This postponement resulted in the Commission incurring repairs and maintenance costs which gobbled $28 560. The level of repairs and maintenance imply that the vehicles were of age.

Risk / Implication

Increased repairs and maintenance due to aged vehicle fleet.

Recommendation

The Commission should consider investing in capital expenditure to avoid high maintenance costs.

Management response

Work is in progress to replace old fleet and office equipment.

2. REVENUE COLLECTION, MANAGEMENT AND DEBT RECOVERY ISSUES

2.1. Annual levy

Finding

The Commission raised only $37,538 (37%) out of budgeted annual levy of $100,000. It was noted that from the records registration of National Sports Associations was still in progress and 50% of National Sports Associations have been registered. Therefore associations were not compliant with the Sports and Recreation Commission Act [*Chapter 25:15*] and Statutory Instrument.

Risk / Implication

Service delivery may be compromised due to inadequate funding.

Recommendation

Mechanisms should be put in place to encourage associations to register with the Commission in compliance with the Act.

Management response

Registration of National Sports Associations is in progress and so far 50% of National Sports Associations have been registered.

PUBLIC ENTITIES UNDER THE

CATEGORY OF

COUNCILS

ZIMBABWE SCHOOL EXAMINATIONS COUNCIL (ZIMSEC) 2017

Background information

The Council was established in terms of the Zimbabwe School Examinations Council Act [*Chapter 25:18*]. Its core mandate is to organize and conduct examinations for primary and secondary education and award certificates and to review rules and regulations relating to examinations.

I have audited the financial statements of Zimbabwe School Examinations Council for the year ended December 31, 2017 and I issued an unmodified / clean opinion.

However, below are material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Norton printing press

Finding

The Council procured a printing press in 2017. This was in line with its 2015 -2018 strategic plan to establish a printing press. The aim of establishing the printing press was to enhance the security of the examination papers and the target was to have it installed in 2016.

I noted that the printing press was installed in 2018 after a part payment of $3 138 318 leaving a balance of USD1,3 million. Due to the outstanding balance, the Council could not commission the printing press. As a result, the Council had to outsource the printing of O level June and November 2017 examination papers at a cost of $251 367 and $1 918 746 respectively.

Risk / Implication

Outsourcing may not be sustainable and the security of examinations may be compromised.

Financial loss as the continued delay in commissioning the printing press may render it obsolete.

Recommendation

The Council should mobilise resources for the commissioning of the printing press.

Management response

The printing press was delivered and installed in 2018. While payments may have been made towards the press in 2017 to the amount of $3 138 318 contractual timelines were targeting 2018 for delivery. Currently the printing press has been installed and cannot be

commissioned without payment of a balance of USD 1 300 000. This constraint is abundantly articulated in Board and management deliberations for 2018.

1.2 Bank reconciliations

Finding

The Council was not reconciling the cash book balances to the bank statement. I appreciate that efforts were being made to prepare bank reconciliations, however the bank reconciliations were not being balanced to the bank statements. Imbalances between the bank reconciliation and the bank statement were not being investigated on time. Inspection of the records revealed that deposits were not being captured in the cashbook on time leading to these variances.

Notable imbalances were as illustrated in the table below:

Month	Bank reconciliation statement balance ($)	Bank statement balance ($)	Imbalance ($)
April	17,561,403	17,551,302	10 100
May	223,054	126,185	96 868
August	675,836	638,714	37,122
October	23,280,598	23,290,787	10,188

Risk / Implication

Fraud and error may go undetected.

Recommendation

Bank reconciliation statements should be performed and variances investigated on time.

Management response

Observation noted. However, the real problem lies in the delays in capturing examination fees deposits in the system and the daily transactions in the Council's operational account, which always distort the month reconciled if not saved separately or month closed for further transactions. Going forward, the creation of an interface between our banking system and the accounting system by end of April 2019 will greatly improve the reconciliation process since every transaction made is automatically captured in the system real time.

1.3 Registration disks

Finding

From a sample of registration disks for different regions, l noted that the disks were not encrypted so as to ensure security of examination information. This matter is also compounded by the fact that the Council did not have a visible comprehensive risk management policy and system in place.

Risk / Implication

Access of examination information by unauthorised individuals in the event of loss of disks.

Recommendation

The Council should ensure that all disks are encrypted at all times to protect candidates' private information.

Management response

Observation noted. However, encryption was only done for disks from school to the region where the Council thought there was a higher risk of candidate information being compromised.

2. PROCUREMENT COSTS ISSUES

2.1 Contracts management

Finding

The Council received cleaning services from a supplier (tender number INF 22) and security services from another supplier (tender number INF 21) before the contracts were signed. The contracts were signed on September 29, 2017, well after the service providers were engaged. In addition, tender number INF 11 for the supply of bond paper was signed on April 19, 2017 yet the adjudication process was done in retrospect on September 04, 2017.

Risk / Implication

Goods which do not meet specifications may be supplied.

No legal recourse may be available in the event of disputes.

Recommendation

Management should procure goods and services only from suppliers whose contracts would have been concluded.

Management response

It is submitted that the primary essence of Councils agreement with service provider is reflected by their proforma which Council solicits for in the light of its requirements and subsequently cemented by the issuance of an order. At that stage there is sufficient meeting of minds as to deliverables and Council has progressed its business on that premise. The confirmation of this contractual nexus through a memorandum of agreement does not replace or supersede the contract already in place this is secondary assurance. There have not been any instances where service has been withheld pending the production of secondary written memorandum of agreements.

Audit comment on management response

While I appreciate the response provided by management, signed contracts form the basis for recourse (legal or otherwise) in case of disputes.

ZIMBABWE YOUTH COUNCIL (ZYC) 2012 to 2015

Background information

The Zimbabwe Youth Council was established in 1983 under an Act of Parliament, the Zimbabwe Youth Council Act [*Chapter 25:19*] to facilitate the empowerment and participation of the youth.

I have audited the financial statements of the Zimbabwe Youth Council for the years ended December 31, 2012, 2013, 2014 and 2015 and issued an unqualified /clean opinions.

However, the following are material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Salaries and allowances

Finding

The former executive director earned salaries and allowances from both SSB (Ministry of Youth) and the Zimbabwe Youth Council during the same period from May to August in 2012 after he had assumed duty as the executive director at the Council. The salaries and allowances he earned from Zimbabwe Youth Council whilst he was still on the SSB payroll amounted to $5 126.42(net).

Risk / Implication

Financial loss due to double payments of salaries and allowances to the former executive director.

Recommendation

The overpaid salaries and allowances received by the former executive director should be recovered.

Management response

Observation noted, since the employee in question has resigned from service, we have instructed the parent Ministry who are processing his terminal benefits to recover all the monies owed to the Council in full from his terminal benefits.

1.2 Monthly fuel allocation

Finding

The former Executive Director was getting 600 litres of fuel per month instead of an allocation of 500 litres per month as per the contract of employment. Stipulates that the Executive Director is entitled to. There was no evidence of authorization of the increased fuel allowance availed for audit.

Risk / Implication

Financial loss due to unauthorized additional monthly fuel allocation.

Recommendation

Management should ensure that all benefits enjoyed by employees are authorized by those charged with governance and the Council should recover the overpaid amounts.

Management response

Observation noted, since the employee in question has resigned from service, effective October 2017, we have instructed the Parent Ministry who are processing his terminal benefits to recover all the monies owed to the Council in full from his terminal benefits.

1.3 Mashonaland Provincial Youth Council contract

Finding

The Youth Council guaranteed the lease agreement between Mashonaland Central Provincial Youth Council (Bindura) and the owner of the buildings which housed the Provincial Youth offices. However, the Provincial Council failed to meet its obligations, resulting in the Council losing a vehicle with a carrying amount of $19 833 when it was attached for the debt of $6 190. There was no evidence to support that the Council was monitoring the payment of lease obligations.

Risk / Implication

Financial loss due to lack of monitoring of guarantee.

Recommendation

The Council should monitor all its guarantees to prevent loss of assets in the event of default.

Management response

Observation noted and due care and diligence will be exercised going forward before taking any decisions. Management has also resolved that no contract, Memorandum of Understanding (MOU) or any agreement of any nature shall be endorsed without consultation with the legal manager (Registration and Compliance Manager).

1.4 Terminations

Finding

The Council's human resources policy required employees to surrender Council's assets upon termination of employment. However, three employees whose contracts were terminated during the period under review, did not return the laptops. Table below refers;

EC Number	Asset
ZYCD002	HP Probook laptop
ZYCD004	Dell Thinkpad laptop
ZYCD0031	HP Probook and Dell Latitude laptops

Risk / Implication

Non-compliance with the human resources policy.

Recommendation

Management should ensure that the Council's assets are recovered upon termination of employees as required by the human resources policy.

Management response

Observation noted, Human resources have been instructed to recover the loss from the members' terminal and outstanding benefits.

2. EMPLOYMENT ISSUES

2.1 Appointment and induction

Finding

The Council filled the positions of Assistant Director, Internal Auditor, Research Officer and Programme Officer. However, there was no evidence to support that these employees applied and were interviewed for the posts.

In addition, there was also no evidence to support that four (4) officers had undergone security vetting, medical examinations and were inducted as required by the Council's human resources policy.

Risk / Implication

Lack of transparency may result in corruption and nepotism.

Recommendation

Management should comply with recruitment policies and procedures.

Management response

Observation noted, going forward the organisation commits to comply with policy position with regards to recruitment guidelines.

2.2 Leave days

Finding

There was no evidence to support that the Council was reconciling leave days taken to those that had been accrued by employees. As a result, one of the managers had taken 74 more days than those accrued/entitled.

Risk / Implication

Financial loss for payment of days not worked.

Recommendation

Management should ensure that regular leave day reconciliations are made.

Management response

Observation noted. The employee in question has been engaged and the Council is in the process of recovering the lost days. In future, management will ensure adherence to policy and laid down procedures.

PUBLIC ENTITIES UNDER THE

CATEGORY OF

COMPANIES AND CORPORATIONS

AIR ZIMBABWE 2011 to 2014

Background information

Air Zimbabwe (Private) Limited is incorporated in terms of the Air Zimbabwe Corporation Act [*Chapter 13:02*] and the Companies Act [*Chapter 24:03*]. The main business of the Company is to provide clients with passenger and cargo air transport, aircraft maintenance and technical commercial training courses.

I have audited the financial statements of Air Zimbabwe for the years ended December 31, 2011, 2012, 2013 and 2014. I issued a disclaimer of opinion with an emphasis of matter paragraph for all years.

Disclaimer of Opinion (2014)

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Basis for Disclaimer of Opinion (2014)

(i) Breakdown in internal controls

There was a breakdown in internal controls in the 2009, 2010, 2011, 2012 and 2013 financial years. As a result, I was unable to obtain sufficient appropriate audit evidence that the 2014 opening balances do not contain misstatements that may materially affect the reported financial performance and cash flows for the current year. The breakdown in internal controls continued in the current year and, accordingly, I was unable to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated.

(ii) Existence, completeness and valuation of inventory

The Auditor contracted did not observe the inventory count at year end as he was appointed auditor after year end. As a result, I was unable to determine whether any adjustments might have been necessary in respect of recorded or unrecorded inventories. International Accounting Standard 2, *Inventories* requires inventory to be measured at the lower of cost or net realizable value. Due to the absence of perpetual inventory records and purchase invoices, the pricing test could not be performed to ensure that inventory was carried at the lower of cost or net realizable value. I was thus unable to satisfy myself as to the existence, completeness and valuation of the inventories which are stated in the statement of financial position at US$10,126,151.

(iii) Unaccounted for MA60 aircraft

The company was using and deriving economic benefits from three MA60 aircraft, which were not accounted for in the company's financial statements. There was neither a lease agreement nor agreement of sale for the assets hence I could not determine the correct accounting treatment for same.

(iv) Valuation of property, aircraft and equipment

Included in property, aircraft and equipment is aircraft with a carrying amount of US$4,398,630. The valuation of the aircraft was based on insurance values which are equivalent to the replacement cost of the aircraft. International Accounting Standard (IAS) 16, requires an item of property, aircraft and equipment to be valued at market value or depreciated replacement cost. Depreciation was computed based on insurance values.
Land and buildings were revalued to US$9,164,000 upon dollarization of the economy in 2009 and the value determined was not split between land and buildings which resulted in depreciation being calculated on the combined value of land and buildings. This is a departure from IAS16 which requires that only buildings should be subject to depreciation. I was unable to satisfy myself with regards to the valuation of property, aircraft and equipment by alternative means. Accordingly, I could not express an opinion on the valuation of property, aircraft and equipment.

(v) Completeness of trade and other payables

Included in trade and other payables is US$26,657,397 for which I could not obtain confirmations nor supplier statements. In addition, explanations for a variance of US$87,276,545 between ledger and amounts confirmed by creditors were not provided. Leave pay provision amounting to US$1,424,921 has been static since 2010 due to non-accrual of employees' leave days by the company. The effect of the non-accrual has not been determined. I was therefore unable to satisfy myself on the completeness and accuracy of trade and other payables.

(vi) Existence of trade and other receivables

Included in trade and other receivables is US$12,838,394 for which no confirmations or evidence of subsequent receipts could be obtained. I was therefore unable to satisfy myself on the existence and valuation of trade and other receivables.

(vii) Unsupported expenditure

Included in operating costs are expenses amounting to US$1,773,732 which had no supporting documents. I could therefore not verify the existence and accuracy of the expenses.

(viii) Non-depreciation of, absence of supporting documents for additions to and asset register for property, aircraft and equipment

I was not availed a register for ancillaries and rotables with a cost of US$14,740,363 and supporting documents for additions to ancillaries and rotables amounting to US$110,723. The ancillaries and rotables were not depreciated during the year as required by IAS 16. I could therefore not verify completeness, existence and accuracy of ancillaries and rotables and the validity of the additions.

(ix) Ownership of land and buildings

I was not availed proof of ownership for land and buildings which comprise of the Company's head office, workshops and storerooms with a carrying amount of US$3,952,719. I could therefore not verify the ownership of the land and buildings.

(x) Bank and cash

I was not availed petty cash certificates or disbursement vouchers to prove existence or use of petty cash amounting to US$654,587 at the various Air Zimbabwe outstations. The Company also had negative petty cash balances amounting to US$720,214 accounted for under trade payables which could not be substantiated. I could not obtain confirmations for bank overdraft and other bank balances amounting to US$3,539,819 and US$725,629 respectively. No alternative procedures could be performed to gain sufficient assurance on existence and completeness of bank and cash balances.

(xi) Suspense account

Included in the Statement of Financial Position under current liabilities is an unexplained suspense balance amounting to US$27,965,576. There were no alternative procedures which I could perform to validate this balance.

(xii) Non-compliance with International Financial Reporting Standards (IFRSs)

The **Company** did not comply with the standards mentioned below in the preparation of these financial statements.

IAS 16 Property, Aircraft and Equipment

The standard requires each part of property, aircraft and equipment with a cost that is significant in relation to the total cost of the item to be depreciated separately. Depreciation for each component of items of property, aircraft and equipment with a cost that is significant in relation to the total cost of the item, has not been separately calculated nor have the residual values and useful lives of such assets been reassessed at year end.

As per IAS 16, land and buildings are separable assets and should be accounted for separately, even when they are acquired together. The entity did not separate land and buildings which is contrary to the requirement of the standard.

IAS 36 Impairment of assets

The standard requires that assets be tested for impairment whenever there is an indication of impairment. The Company's aircraft were not tested for impairment despite there being indicators of impairment.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The standard requires recognition and disclosure of provisions and disclosure of contingent liabilities in the financial statements. A number of court cases in which Air Zimbabwe (Private) Limited was involved have not been quantified and adequately disclosed due to unavailability of lawyers' confirmations.

The effect of the non-compliance with International Accounting Standards is considered material and pervasive to these financial statements.

Emphasis of Matter (2014)

I draw attention to the fact that the company incurred a loss before tax of US$27,721,501 (2013: US$36,168,787) for the year ended 31 December 2014 and as of that date its current liabilities exceeded its current assets by US$231,799,986 (2013: US$208,351,647). The company had a negative equity of US$217,231,002 (2013: US$189,509,501). These conditions with other matters in the notes to the financial statements indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue operating as a going concern.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Going concern

Finding

The Company incurred a loss before tax of US$27,721,501 (2013: US$36,168,787) for the year ended 31 December 2014 and as of that date its current liabilities exceeded its current assets by US$231,799,986 (2013: US$208,351,647). The company had a negative equity of US$217,231,002 (2013: US$189,509,501). These conditions with other matters in the notes to the financial statements indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue operating as a going concern.

Risk / Implication

Service delivery and sustainability may be compromised if its operations are not commercially viable.

Recommendation

Management should come up with robust strategies to address the going concern issues.

Management response

As the Company is the national airline, the government has been extending support whenever possible and it is hoped that it will continue to do so until the airline is revived.

1.2 Board and management meeting minutes

Finding

There was no evidence to support that board meetings were held during the period under review.

Risk / Implication

Strategic and operational implementers may not have reference points when making decisions.

Service delivery may be compromised due to the absence of oversight role played by directors.

R**ecommendation**

Board and management meeting minutes must be prepared and filed.

Management response

The anomaly was noted and minutes will be prepared and filed going forward.

1.3 Cash receivable control accounts

Finding

The Company had uncleared credit balances in cash receivable control account amounting to US$595,461. The balances arose when the Company changed its company code in SAP following the dollarization of the economy in 2009.

Risk / Implication

Financial statements may be materially misatated.

Recommendation

Data take on balances should be investigated and cleared.

Management response

Observation noted. The credit balances arose from the fact that some payments were made for items whose debits belonged to the period prior to April 2009. The debits were not taken on as opening balances.

1.4 Credit cards and point of sales payments

Finding

The Company had long outstanding balances amounting to US$760,589 for payments that were made by customers using credit cards and through point of sale.

Risk / Implication

Financial statements may be materially misatated.

Financial loss due to inability to recover outstanding amounts.

Recommendation

Management should put effort to recover outstanding debts.

Management response

We did not receive payments for American Express (Amex) credit cards issued in South Africa BSP due to sanctions imposed by the US on Amex credit card payment due to Air Zimbabwe. We then stopped accepting Amex credit cards when we received notification on the embargo.

1.5 Creditors reconciliations

Finding

There were long outstanding reconciling items on various creditors reconciliations. From the reconciliations that were availed for audit. As a result, some of the reconciling items could not be substantiated. The following is a summary of reconciling items that I noted from a sample of reconciliations I observed.

Description for reconciling items	**Amount (USD)**	**Amount (Euro)**
Invoices in ledger but not on supplier statement	7,718,008	228,458
Invoices on supplier statement but not in ledger	1,759,051	13,921
Payments not reflected on supplier statement	653,648	-
Credit notes on supplier statement but not in ledger	14,375	-
Any other adjustment	435,335	-
Total	**10,580,417**	**242,379**

Risk / Implication

Fraud and error may go undetected.

Recommendation

Reconciling items should be investigated and cleared with suppliers.

Management response

The backlog clearance exercise that is currently ongoing is going to clear all these outstanding issues.

1.6 Offsite data back-up and disaster recovery plan

Finding

There was no offsite data backup and a documented disaster recovery plan. Loss of data previously stored on computers was the reason attributed to failure to avail some of the information requested during the audit.

Risk / Implication

Records can be lost in the event of damage of the server.

Lack of audit trail in the event of a disaster.

Recommendation

A disaster contingency plan should be developed and documented that provides for data and programs to run at an alternative location with minimum disruption.

Regular back-ups should be done on efficient and reliable storage devices that are kept off the premises.

Management response

As of January 2018, we have implemented an offsite storage site where backups are shipped on a weekly basis to the offsite storage place. However the bigger project is the DRP site which is already on the pipeline as documented on our 6 year strategic turnaround plan. This will be implemented during 1st quarter of 2019 subject to availability of project funding.

1.7 Bank reconciliations

Finding

There were significant long outstanding reconciling items on various bank reconciliations dating back to 2010. Examples of such are shown below;

a) Payments on bank statement but not in cashbook

Bank	Amount ($)
Bank of China RMB Special	9,385
Barclays London Account	21,238
Barclays London Bank	14,252
Barclays Bank Zambia	17,755
Barclays Lusaka	20,320
CBZ Deposits	66,797
CBZ USD Ticket sales	341,142
Stanbic Malawi	8,375
Standard Bank Joburg Current	52,602
Standard Bank Joburg Premium	504,688
Trust Merchant Bank	28,513

b) Deposits on bank statement but not in cashbook

Bank	Amount ($)
Bank of China RMB Basic	202,877
Barclays London Account	220,735
Barclays London Bank	84,084
Barclays Bank Zambia	17,041
Barclays Lusaka	32,098
CBZ Deposits	37,348
CBZ USD Ticket sales	285,063
Standard Bank Joburg Current	97,657
Standard Bank Joburg Premium	437,456
Trust Merchant Bank	10,635

c) Payments on cashbook but not on bank statement

Bank	Amount ($)
Barclays London Account	1,853
Barclays Lusaka	29,592
CBZ USD Ticket sales	172,341
Standard Bank Joburg Premium	397,022

d) Deposits on cashbook but not on bank statement

Bank	Amount ($)
Barclays London Account	174,692
Barclays Bank Zambia	5,120
Barclays Lusaka	6,800
CBZ USD Ticket sales	194,180
Standard Bank Joburg Current	18,496

Standard Bank Joburg Premium	297,942

Risk / Implication

Fraudulent transactions may not be detected in time.

Financial statements may be materially misstated.

Recommendation

Reconciling items should be cleared expeditiously.

The source of deposits should be established with the bank and allocated to the customer.

Management response

The observations are noted and are being actioned. We have in the past engaged the bank to provide us with information on deposits but because of the passage of time the process is very slow and costly as they charge for every document retrieved.

1.8 Loan from Ministry of Transport and Infrastructural Development

Finding

The Company had an outstanding loan amounting to US$59,299,078 from the parent Ministry as at December 31, 2013.The Ministry of Transport and Infrastructural Development confirmed in writing that the loan amount outstanding as at 31 December 2013 was US$11,499,781 which resulted in an unexplained variance of US$47,799,297 when compared to the balance of US$59,299,078.

Risk / Implication

Loan balances may be misstated.

Recommendation

The loan variance should be investigated and cleared with the Ministry of Transport and Infrastructural Development.

The terms of the loan should be established with the Ministry of Transport and Infrastructural Development.

Management response

Observation is noted. The Airline is engaging the Ministry for documentation relating to the loan.

2. REVENUE COLLECTION, MANAGEMENT AND DEBT RECOVERY

2.1 Long outstanding amount from LAC

Finding

The Company had an outstanding debt amounting to US$3,759,799 from LAC, a Congolese Airline resulting from a joint venture operation. As per the agreed minutes of the second session of the Zimbabwe/DRC joint commision held in Lubumbashi, DRC from 15-19 March 2011, the Commision acknowledged that Air Zimbabwe (Private) Limited is owed US$3,040,957 by LAC from the 2000-2002 joint venture operations on the Kinshasa/Paris/Brussels route whilst LAC is owed US$1,034,796 for royalties and taxes on domestic operations of 2008-2009 by Air Zimbabwe resulting in a net position of US$2 006 160 in favour of Air Zimbabwe (Private) Limited. The debt of US$3,040,957 was after deducting US$718,842 for handling services rendered to Air Zimbabwe (Private) Limited by LAC. Both LAC and Air Zimbabwe (Private) Limited acknowledged their indebtedness to each other and the two companies agreed on a formula to liquidate debts and signed an agreement to this effect on October 28, 2008. The amount has been outstanding since 2001 and no meaningful recoveries have been made in respect of this debt. The arrangement ceased in February 2009.

Risk / Implication

The amount may not be recovered resulting in financial loss.

Recommendation

Management should engage the debtor to come up with a payment plan for the outstanding balance.

Management response

The outstanding balance is being handled at Ministry of Transport level as the Airline has not been able to recover the funds after several engagements with LAC.

2.2 Sales invoice sequence

Finding

There were unexplained gaps in the sequence of Charter sales invoices recorded in the ledger. Supporting documents, such as cancellation orders from the customer, for cancellation of Charter sales invoices amounting to US$2,255,730 were not availed for audit verification hence I could not determine whether the missing invoices represent valid cancelled invoices.

Listed below are the invoices missing from the ledger;

Missing invoices	Number of missing invoices	Date	Invoice number	Amount (US$)
INV012011	1	11.01.11	012011	64,545
INV042011	1	27.01.11	042011	13,704
INV122011	1	14.03.11	122011	25,845
INV192011	1	27.04.11	192011	400,700
INV242011	1	10.05.11	242011	23,927
INV252011	1	16.05.11	252011	23,927
INV392011	1	25.07.11	392011	42,150
INV442011	1	18.08.11	442011	36,360
INV462011	1	22.08.11	462011	249,312
INV472011	1	01.09.11	472011	42,349
INV542011	1	10.12.11	542011	115,716
INV552011	1	14.10.11	552011	567,195
INV642011	1	10.11.11	642011	650,000
Totals	**13**			**2,255,730**

Risk / Implication

Understatement of revenue.

Financial loss due to fraudulent cancellation of Charter invoices after services had been offered.

Recommendation

Client cancellation orders have to be sought and filed.

All cancelled Charter sales invoices should be appropriately approved.

Missing invoices should be investigated to confirm if they were genuinely cancelled.

Management response

Recommendation noted, any cancelled invoice to be filed and should be made available for audit inspection.

2.3 Unsupported cash withdrawals

Finding

Cash withdrawals amounting to US$173,162 were not adequately supported and could not be traced to the books of accounts.

Listed below are cash withdrawals which were not adequately supported.

Transaction number	Date	Amount (US$)
1	08.04.11	120,000
2	22.02.11	20,000
3	19.04.11	20,000
4	21.04.11	5,680
5	29.04.11	4,982
6	07.02.11	2,500

Risk / Implication

Financial loss due to misappropriation of Company funds.

Recommendation

All cash withdrawals should be adequately supported and recorded in the books of accounts.

Management response

Recommendation is noted. Documents will be filed going forward.

3. PROCUREMENT ISSUES

3.1 Payments in ledger but not on supplier statements

Finding

There were payments dating back to 2011 that Air Zimbabwe claims to have made to various suppliers but have not yet been acknowledged by suppliers. The payments were made either through cash or bank transfers. The following are such examples;

Supplier	Total payments $
1.	129,773
2.	46,600
3.	720,910
4.	64,028
5.	330,000
6.	403,226
7.	29,766
8.	194,565

Risk / Implication

Fictious payments may be debited to suppliers' accounts to cover up misappropriation of funds.

Recommendation

Payments made should be followed up with respective suppliers to confirm that suppliers have received the payments.

Management response

Observation is noted. However most payments not reflecting on the creditors' statement have already been cleared by the suppliers. The Airline is currently in the process of obtaining detailed ledgers from the suppliers to enable clearance of the outstanding payments.

3.2 Deposits and down payments made to suppliers

Finding

The Company had long outstanding deposits made to suppliers. Management could not explain what the payments were for and whether the services were rendered or are yet to be received. The following are examples.

Creditor	Payment date	Amount ($)
1.	09 October 2012	1,700,000
2.	31 October 2012	208,177
3.	30 September 2012	102,926
4.	Dates not specified	423,011
5.	Date not specified	200,000

Risk / Implication

Financial loss due to payment for goods and services that are not received.

Understatement of expenses.

Recommendation

Management should investigate the reason for the payments and follow up with suppliers.

Management response

Observation is noted. Follow ups with the suppliers are in progress.

4. EMPLOYMEMENT COSTS

4.1 Statutory deductions and other obligations

Finding

The Company had not been paying statutory and other deductions. As at 31 December 2014, the company had a cumulative obligation of US$27,285,786 relating to National Social Security Authority (NSSA), Pay as you earn (PAYE), ZIMDEF, Pension, National Employment Council and Medical Aid.

Risk / Implication

Financial loss due to fines and interest for non-remittance.

Employees may fail to access essential services.

Recommendation

Statutory and other obligations should be paid up on time.

Management response

Cash flow constraints caused the late remittances or failure to remit the funds. Following reconstruction of the Airline on October 04, 2018, all statutory obligations are being settled.

4.2 Payroll reconciliations

Finding

The Airline was not reconciling its payroll to the accounting records. There was an unexplained variance of US$478,973 between total payroll costs of US$14,155,906 per accounting records and the payroll amount of US$13,676,934. I could therefore not satisfy myself regarding the accuracy and validity of payroll costs.

Risk / Implication

Fraud and errors may go undetected.

Recommendation

Payroll reconciliation should be prepared, reviewed and approved on a monthly basis.

Management response

Observation noted. Payroll reconciliations will be done on a monthly basis going forward

ALLIED TIMBERS ZIMBABWE (PRIVATE) LIMITED (2017)

Background information

Allied Timbers Zimbabwe (Private) Limited is involved in plantation development and harvesting, processing, marketing and selling of pine and gum timber. The Group has plantations in the Eastern Highlands area of Zimbabwe and in Mvuma in Midlands Province. The Group is a limited liability company incorporated and domiciled in Zimbabwe.

I have audited the Consolidated Financial Statements of Allied Timbers Zimbabwe (Private) Limited and its subsidiaries for the year ended December 31, 2017 and I issued a qualified opinion with an emphasis of matter paragraph.

Qualified Opinion on Consolidated Financial Statements

In my opinion, except for the possible effect of the matter described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Allied Timbers Zimbabwe (Private) Limited and its subsidiaries as at December 31, 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act [Chapter 24:03].

Basis for Qualified opinion

The financial statements of a foreign subsidiary Altim Timbers (Proprietary) Limited have not been audited since 2014. The subsidiary has been classified as a discontinued operation after a resolution to liquidate it. The financial statements of that subsidiary have a disclaimer of opinion in 2012, 2013 and 2014 due to the limitation of scope. I could not substantiate Altim Timbers (Proprietary) Limited balances due to lack of proper audit trail. In 2013, I was unable to obtain supporting documents for certain balances such as trade receivables and trade payables. The limitation of scope could materially affect the amounts disclosed in the consolidated financial statements.

Emphasis of matter

I draw your attention to the fact that the group's total current liabilities exceeded its total current assets by $12 530 075 (2015: $11 813 610). This condition indicates the existence of a material uncertainty which cast significant doubt on the group's ability to continue as a going concern. However, management has turnaround strategies and actions to mitigate the material uncertainty existing on the Company's ability to continue as a going concern.

However, below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Bank and ecocash accounts not in Allied Timbers Zimbabwe names

Finding

Eight (8) bank and ecocash accounts operated by the Company were not in Allied Timbers Zimbabwe's name. These accounts were opened under Allied Timber Social funds name or individuals' name.

Account description	Account holder name	Balance ($)
Ecocash Mutare	S M (Individual)	4,019.20
Cash Martin	Social fund	24,804.68
Cash Nyangui	GAP Community	28,579.56
Gwendingwe	Social club	1,889.52
Cash Cashel	Mutare retail	6,781.29
Cash Chimanimani	social club in Chimanimani	24,619.38
Cash Stapleford	A N (Individual)	10,062.51

Risk / Implication

Financial loss due to misappropriation of funds.

Recommendation

All accounts in relation to Allied Timbers Zimbabwe should be opened in Allied Timbers Zimbabwe name.

Management response

The accounts were closed. Ecocash in the name of Allied Timbers Zimbabwe were opened.

2. PROGRESS IN IMPLEMENTATION OF PRIOR YEAR RECOMMENDATIONS

I reviewed the progress made towards the implementation of prior year recommendations and found that the Company made some progress. However, there was room for improvement in respect of the following recommendations;

2.1 VAT returns and remittances

Recommendation

The Company should voluntarily file a VAT adjustment to ZIMRA correcting the under declared revenue for the years 2014 to 2016 and apply for amnesty before any fines and penalties are imposed.

Progress made

The under declaration of revenue has largely been attributable to the fact that updating the SAGE ERP 1000 accounting system has been lagging behind by at least 8 months, lack of proper accounting for timber set-off transactions as well as the use of pro-forma sales invoices which are subsequently reversed out.

The company has made huge strides in integrating modules within the SAGE ERP 1000 accounting system so that the ONLY source of information for the compilation of VAT7 Returns will be the ledger as opposed to the Invoice Register. The company has also discontinued the use of pro- forma invoices and now treating timber set-off transactions as normal sales.

2.2 Customs Declaration 1 (CD1) forms not acquitted on time

Recommendation

The Company should acquit CD1 forms in compliance with exchange control regulation.

Progress made

The issue of long overdue Forms CD1 goes as far back as the pre-dollarization period and are largely attributable to the following factors:

- **i. Goods shipped to Altim Timbers Botswana (Pty) which were not subsequently paid for (The company has since been closed down).**
- **ii. Cross-border set-off transactions which were entered into by the previous administration without seeking the required Exchange Control Approval, hence, the related Forms CD1 were not acquitted.**
- **iii. Export sales to customers who have since been liquidated/closed down or cannot be traced.**

The current administration engaged the Reserve Bank of Zimbabwe in October 2016 with a view to seeking a special dispensation for the acquittal of the long outstanding Forms CD1 as there are no prospects of recovery of the amounts reflected on the CEPES Report as outstanding. A three month extension for the acquittal period was granted then but expired on 31st January 2017. Plans are currently underway to re-engage the Reserve Bank of Zimbabwe so that this matter can be resolved amicably.
ATZ has also since registered for the RBZ online Forms CDI generation platform and this is expected to deal decisively with the issue of Forms CD1 acquittals going forward.

2.3 Reconciliation of receivables balances

Recommendation

Account balances should be reconciled and variances on customer balances should be investigated.

Progress made

Monthly reconciliations and follow-ups will be done with debtors. However, as the balance confirmed by the debtor is less than the amount in our books, an adjustment to the balance after engaging with PG Timbers will be proposed.

CMED (PRIVATE) LIMITED (2017)

Background Information

CMED (Private) Limited is a commercialized enterprise as provided for by the Central Mechanical Equipment Department (Commercialisation) Act, 2000. It is wholly owned by the State and its mandate is to provide transport and operate transport services; plant and equipment for the construction of roads, dams, bridges and other infrastructure; and to perform any other function set out in its Memorandum of Association. It also provides ancillary services in the form of vehicle procurement, fuel, training and testing drivers and the administration of the Government Transport Purchase Fund (GTPF). Its subsidiaries EasyGo Car Hire and Travel (Private) Limited and CMED Fuels (Private) Limited are incorporated in Zimbabwe in terms of the Companies Act [*Chapter 23.04*].

I have audited the financial statements of CMED (Private) Limited for the year ended December 31, 2017 and I issued an unqualified / clean opinion.

However, below are material issues noted during the audit:

1. REVENUE COLLECTION, MANAGEMENT AND DEBT RECOVERY

1.1 Vehicle mileage returns

Finding

The Company did not have mileage return forms to use for billing vehicle hire services. Below are examples of such instances:

Invoice number	Internal reference number	Number of days hired out
GOVH0004492	LLD1009	28
GOVH0004492	LLD994	31
GOVH0004552	LLD1012	30
GOVH0004552	LLD670	30
GOVH0004566	PR2294	16
GOVH0004584	LLD648	30
GOVH0004609	PHS39	31
GOVH0004610	PM1137	31
GOVH0004622	LL6734	31

Invoice number	Internal reference number	Number of days hired out
GOVH0004623	LL6867	31
GOVH0004640	LLD382	30
GOVH0004640	LLW344	30
GOVH0004640	PL2829	5
GOVH0004673	LLD849	31
GOVH0004650	LLD768	31
GOVH0004655	LL6734	31
GOVH0004676	LL6627	30
GOVH0004693	LL6618	31

Risk / Implication

Financial loss may be incurred as a result of under-billing.

Recommendation

The Company should obtain mileage return forms from clients to enable it to bill vehicle hire services.

Management response

Our clients are not forthcoming on submitting mileage returns and we have started installing tracking devices on all new vehicles to assist on monitoring and capturing the mileage. When the vehicle eventually comes for repairs at the workshops, mileage will then be captured to cover the whole period of no returns and where there is excess mileage, clients will be invoiced on top of the invoiced number of days

GENESIS ENERGY (PRIVATE) LIMITED 2017

Background Information

The Company is incorporated in Zimbabwe and engages in the importation, distribution and retail of petroleum products in Zimbabwe.

I have audited the financial statements of Genesis (Private) Limited for the year ended December 31, 2017 and I issued an unmodified/clean opinion.

However, below are material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1. Establishment of the company

Finding

The Company was established without the approval of Treasury and the Parent Ministry. According to the Public Finance Management Act [*Chapter 22:19*] Section 48 states that before an entity engages in establishment or participation in the establishment of a company or subsidiary it should notify and seek the approval of the Treasury and appropriate Minister in writing. I was not furnished with the approval from the Ministry or Treasury to this effect.

Risk / Implication

Non Compliance with regulations.

Financial loss.

Recommendation

Management should always adhere to rules and regulations and the establishment of the subsidiary Company should be regularised.

In future authority should be obtained from parent Ministry and Treasury before establishing a subsidiary.

Management response

Meetings were held between Ministry of Energy and Power Development and NOIC where authority to form Genesis Energy was granted. Management shall regularize with Treasury as regulated by PFMA.

MINERALS DEVELOPMENT (PRIVATE) LIMITED (ELVINGTON MINE) 2015

Background information

Minerals Development (Private) Limited trading as Elvington Mine is a private limited company incorporated in terms of the Companies Act [*Chapter24:03*]. The Company is a subsidiary of Zimbabwe Mining Development Corporation. Its main business is the mining of Gold.

I have audited the financial statements for the Minerals Development (Private) Limited trading as Elvington Mine for the year ended December 31, 2015 and I issued an adverse opinion with an emphasis of matter paragraph.

Adverse opinion

In my opinion, because of the significance of the matter described in the basis for adverse opinion section of my report, the financial statements do not present fairly the financial position of Minerals Development (Private) Limited trading as Elvington Mine as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Public Finance Management Act [*Chapter 22:23*].

Basis for Adverse Opinion

Valuation and Existence of Net Salaries Payables control account

The company could not provide the listing of the net salaries payables control account. I was unable to confirm or verify, by alternative audit procedures, the balance of net salaries control account included in the statement of financial position as at 31 December 2015. As a result of these matters, I was unable to determine whether any adjustments might have been necessary in respect of recorded or unrecorded net salaries payables.

Unsupported Expenditure

Expenditure amounting to US$196,698 had no supporting documentation. I was unable to verify occurrence of these transactions and therefore I could not determine whether any adjustments might have been necessary in respect of expenses and profit for the year.

Provision for rehabilitation cost

Provision for rehabilitation costs amounting to US$3,041,739 had no supporting documentation which showed the calculation as well as the basis and judgement applied in ascertaining the provision. I was unable to verify the accuracy and adequacy of the provision and therefore could not determine the unwinding discount within the current year.

Emphasis of matter

I draw your attention to the fact that the company incurred a net loss of (US$1,903,167) during the year ended 31 December 2015 and, as of that date, the company's current liabilities exceeded its total assets by (US$12,428,260). These events or conditions, along with other matters as set forth in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Mine assets

Finding

I could not physically verify some of the assets during my audit as they could not be located. Upon enquiry, management revealed that some of the assets were transferred when employees moved whilst some could simply not be located. The table below shows the assets that I could not verify;

ASSET	ASSET NUMBER
Plant and machinery	
"Spectra AA-10" atomic absorption	500000
Sample jaw crusher "18 X 32" drive f	500022
0.5m x 60m between centres belt con	500036
Cellphones and accessories	
Gtel X2	2000002
X2 A7000 cellphone	2000005
A717 cellphone	2000006
Office Equipment	
'Encard' 'Novajet 4" plotter	7000002
'Xerox' photocopier	7000009
'Wild' "Heerbrugg" theodolite "t	7000014
Motor Vehicles	
Ford Ranger	
Toyota Hilux Green D/Cab ABP 9661	ABP 9661

Risk / Implication

Misappropriation of assets.

Recommendation

The mine should investigate the missing assets.

Management response

Most of the assets at Elvington Mine were attached by creditors who are at various levels of litigation in 2016 and 2017. Management will closely monitor the assets register.

1.2 Supporting documentation

Finding

I noted that there were missing supporting documentation for assets that were procured during the year under review.
Tabled below are the details of such transactions;

	Asset Description	Reference Number	Amount $
1	X2 A7000 cellphone	2000005	1,152
2	A717 cellphone	2000006	480
3	40 hp submersible pump	500232	4,860
4	12 bore shotgun C# 7119	800406	800
5	303 rifle C#6556	800407	500
6	WKL 80 4 stage complete pump	500231	2,765
7	HP Laserjet 2035 printer	800404	204.35
8	Brush Cutter	500227	508.00
9	WKL 65 4 STAGE	500226	2817.00
10	Hp ProBook Laptop serial #2CE3390ZVY	800403	863.50
11	ACC 9661 c/w canopy	1000007	3,947.80
12	Toyota Hilux Green D/Cab ABP 9661	1000009	30,999.00
	Totals		**$49,846.87**

Risk / Implication

Financial loss due to fraudulent procurement as inflated amounts could be paid to suppliers.

Recommendation

Supporting documentation should be kept on file.

Management response

Due to high labour turnover at the mine, locating documentation especially for 2015 required institutional memory which was not available during the time of the audit. The mine will outsource storage services for its documents when production increases.

1.3 Asset disposals

Finding

I noted that the assets that were disposed of during the year did not have any authorisation or related supporting documentation. On enquiry, it was explained disposals were made based on verbal instructions. These assets included a 40″ guest house television and a Ford Ranger vehicle.

Risk / Implication

Financial loss due to misappropriation of assets and unauthorised disposals.

Recommendation

The disposals should be investigated.

Management response

Due to high labour turnover at the mine, locating documentation especially for 2015 required institutional memory which was not available during the time of the audit. The mine will outsource storage services for its documents when production increases.

1.4 Mining activities

Finding

I noted that the mine had resumed operations and was selling gold to Fidelity. The revenue from Fidelity was deposited into the Company's account and the employees were distributing the income amongst themselves. This income was not being recorded in the company's revenue accounts.

Risk / Implication

Financial losses due to irregular activities.

Recommendation

The mine should ensure that laid down procedures and formalities are adhered to.

Management response

The cited case reflects an error of omission which has since been rectified. Going forward monthly reconciliation reviews have been instituted to correct these errors.

MINERALS MARKETING CORPORATION OF ZIMBABWE (MMCZ) 2017

Background information

The Minerals Marketing Corporation of Zimbabwe (MMCZ) was established by statute in 1982 to act as the sole marketing and selling agent for all minerals, except gold and silver and to provide for the control and regulation of stock piling of minerals. The Minerals Marketing Corporation of Zimbabwe (MMCZ) owns 100% of Mellofieldde Chemical (Private) Limited which was incorporated on April 17, 2012. The main objectives of the Company are to pursue mining and mining related investment opportunities and projects and to provide specialist management services to the Corporation.

I have audited the consolidated financial statements for Minerals Marketing Corporation of Zimbabwe for the year ended December 31, 2017 and I have issued an unmodified/clean opinion with an emphasis of matter paragraph.

Opinion on the Corporation's financial statements

In my opinion, the Corporation's financial statements present fairly, in all material respects, the financial position of Minerals Marketing Corporation of Zimbabwe as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Opinion on the consolidated financial statements

In my opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Minerals Marketing Corporation of Zimbabwe and its subsidiary Mellofieldde Chemicals (Private) Limited as at December 31, 2017, and the consolidated financial performance and the consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter on the consolidated financial statements

Without qualifying my opinion, I draw your attention to the fact that Mellofielde Chemicals (Pvt) Limited, a subsidiary of MMCZ has not been trading for the past four years. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the subsidiary's ability to continue as a going concern.

However, below are material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Mining Claims

Finding

I noted that there was evidence of recent prospecting and pegging within the MMCZ claims. However, I was not availed with geological maps showing the area covering the mining claims owned by the Corporation as a result I could not establish the area covered by the MMCZ claims. During the meeting that I held before the claims verification, MMCZ officials revealed that the maps had been misplaced.

Risk / Implication

Potential disputes over the claims.

Corporation may be unable to identify its claims.

Recommendation

The Corporation should have the maps for the mining claims.

Controls over records keeping of important information should be improved.

Management response

Observation noted. The Corporation will increase its frequency in claims monitoring. Management initiated the process of acquiring duplicate maps of all its claims from the Ministry of Mines & Mining Development in February 2018. In future the maps will be lodged with custodial service providers.

NATIONAL HANDLING SERVICES (PRIVATE) LIMITED 2013 AND 2014

Background information

National Handling Services is a Company registered in terms of the Companies Act [*Chapter 24:03*] primarily for the provision of ground handling services for both passengers and cargo.

I have audited the financial statements of National Handling Services (Private) Limited, for the year ended December 31, 2013 and 2014 and I issued a qualified opinion with an emphasis of matter in 2013 and a clean / unmodified opinion with an emphasis of matter in 2014.

Basis for Qualified Opinion

Completeness and accuracy of revenue

I could not satisfy myself regarding the completeness of traffic handling revenue from business class lounge services amounting to $114,928 as the business class vouchers were not sequentially numbered. I could not perform completeness tests on the vouchers. The vouchers were the only evidence that a customer had received food and beverage services in the business class lounge. Accordingly, I could not express an opinion on completeness and accuracy of recorded revenue.

Weak controls over fuel

Fuel was accounted for as an expense upon purchase and not as inventory. The company used fuel distribution books to record fuel received and dispatched. However, no reconciliations were done for fuel purchased and fuel issued. There were no controls over recording of fuel purchased such as signed sequentially numbered goods received notes. No issue notes were used and employees did not sign for fuel received. Accordingly, I could not satisfy myself as to the validity and accuracy of fuel expenditure. The total expenditure for fuel during the year amounted to $486,697.

Qualified of Opinion 2013

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Handling Services (Private) Limited as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without further qualifying my opinion, I draw attention to the fact that the Company incurred a loss before tax of US$1,758,167 (2012:US2,383,055) for the year ended 31 December 2013 and, as at that date the Company's current liabilities exceeded its current assets by US$12,129,406 (2012: US$10,850,548). The Company also had negative equity of

US$11,457,896 (2012: US$9,699,729). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Opinion 2014

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Handling Services (Private) Limited as at December 31, 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to the fact that the Company incurred a loss before tax of US$323,690 (2013:US$1,799,128) for the year ended 31 December 2014 and, as at that date the Company's current liabilities exceeded its current assets by US$12,928,245 (2013: US$12,129,406). The Company also had negative equity of US$12,180,499 (2013: US$11,457,896). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

However, the following are material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Board and committee meetings

Finding

Attendance registers for board and committee meetings held during the year were not signed by board and committee members. In addition, there were no minutes for meetings held on the following dates for which sitting allowances were paid:

Meeting	Date
Marketing and strategy Committee	30.10.2013
Strategic workshop	15-17.04.2013
Human resources committee	24.07.2013 & 18.09.2013
Full board	02.10.2013
Finance and audit committee	05.02.2013

I therefore could not verify the basis for paying board sitting fees and allowances.

Risk / Implication

Oversight is compromised.

Non-compliance with the Companies Act [*Chapter 24.03*] may result in lawsuits against the Company.

Recommendation

The Company secretary should ensure that all members sign attendance registers and that minutes of all meetings are documented and availed for audit verification.

Management response
The deficiency was noted and resolved in the year that followed.

1.2 Remittance of pension contributions

Finding

The Company was not remitting pension contributions. As a result, the total liability as at December 31, 2014 was US$2,138,144.

Risk / Implication

Employees may fail to access pension benefits.

Recommendations

Pension should be remitted on time.

The Company must engage the pension administrator for payment plans in those months that it anticipates cash flow problems.

Management response

The pension administrator (Cormaton) had issues of deficiency in funds management with Air Zimbabwe. Management took a position of not remitting the funds to them in order to protect the employees' funds, while identifying an alternative pension fund administrator. A decision was also made to remit only contributions for employees exiting the company through resignations, retrenchments, death and or dismissal. During the year under review the company managed to engage First Mutual Life to manage the funds with effect from August 2018. All contributions since then were remitted to the new administrators.

1.3 Cash sales

Finding

Cash sales for Harare cargo department amounting to US$17,054 and Harare finance department amounting to US$32,236 were not banked. Management did not avail the supporting documents on how the cash was used nor cash count certificates to confirm whether the cash existed as at December 31, 2013.

Risk / Implication

Fraud through embezzlement of funds.

Recommendations

The company should have a policy to ensure that all cash sales are banked within 48 hours of the cash sale transaction.

A reconciliation of total cash sales and total cash banked should be done in all departments.

Management response

There has been a lot of document movement between Air Zimbabwe and National Handling services, as such documents were lost or misplaced. In the period under review cash not banked sometimes was channeled to pay for operations as opposed to banking.

NATIONAL RAILWAYS OF ZIMBABWE (NRZ) 2018

Background information

The National Railways of Zimbabwe (Railways) is a public entity incorporated in terms of the Railways Act [*Chapter 13:09*]. It is wholly owned by the Government of Zimbabwe. It was established to provide, operate and maintain an efficient system of public transportation of goods and passengers by rail.

I have audited the financial statements of National Railways of Zimbabwe for the year ended December 31, 2018 and I issued an adverse opinion with a material uncertainty related to going concern paragraph.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of the Railways as at December 31, 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for our Adverse Opinion

The financial statements were prepared on the basis that the United States Dollar is the functional currency and figures reflected in the financial statements are US$. This assumed that the US$ and RTGS$ were equal, thus a 1:1 assumption was taken. However, the post balance sheet event, as noted in the financial statements, indicates that there were huge differences between the two currencies, giving an exchange rate of not less than RTGS$2.5 to RTGS$4 against the US$. Given that transactions for the period occurred in conditions of different purchasing power, the resulting balances reflected in the balance sheet are a mixture of the two currencies resulting in non- conformity with IFRS standards through lack of compliance with IAS 21-The Effects of changes in foreign exchange rates.

Material Uncertainty Related to Going Concern

I draw your attention to the fact that National Railways of Zimbabwe is in a net current liability position of USD 286 427 125 (2017: USD 256 535 751). The Railways also incurred a net loss of USD 43 782 929 (2017: 51 992 503) contributing to an accumulated loss of USD 431 976 333. This accumulated loss and net current liability position, along with other matters as set forth in the notes indicate the existence of a material uncertainty that may cast significant doubt over the Railways' ability to continue as a going concern. My opinion is not modified in respect of this matter.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Investment Policy

Finding

I noted that NRZ had short term investments of $460 000 with a local bank. The entity did not have an Investment Policy to guide management on selection of financial institutions to invest in, investment approval levels as well as creation and composition of an Investment Committee to oversee investments on behalf of the Board.

Risk / Implication

Financial loss as investment decisions may not be properly guided.

Recommendation

NRZ should formulate an Investment policy.

Management response

The observation is noted. An investment policy or framework is required. However, the short term investment referred to above is a call account with the Administration`s approved bankers where our accounts are resident and hence any risk thereof would affect the entire portfolio.

1.2 Insurance on assets

Finding

I noted that the organisation did not have insurance for locomotives, wagons, railway line and immovable properties.

Risk / Implication

NRZ may be unable to replace stolen or destroyed assets in the absence of an insurance policy.

Recommendation

All assets should be insured.

Management response

A tender was awarded to an insurance company for the insurance of wagons, coaches, passengers and sensitive traffic. The organisation has adopted a phased approach to insurance, based on the available resources.

1.3 Key vacant posts

Finding

The entity did not have a substantive Finance Director and Chief Internal Auditor.

Risk / Implication

Key decision making may be compromised.

Decision making by those in acting positions may be limited to short term periods.

Recommendation

The entity should ensure that key vacant posts are filled.

Management response

Recruitment and promotions were frozen as cost containment measures.

2. PROGRESS IN IMPLEMENTATION OF PRIOR YEAR RECOMMENDATIONS

I reviewed the progress made towards the implementation of prior year recommendations and found that the Authority made some progress. However, there was room for improvement in respect of the following recommendations.

2.1 Illegal tenants on real estate land

Recommendation

Management should regularise this issue.

Progress made

West Nicholson is under concession to Bulawayo Beitbridge Railways. The remaining stands are being attended to by management case by case and corrective action is being taken.

Upon investigation by administration the following were the findings;
Wollandale Estates: Farm designated. Awaiting de-listing by Govt.
Muzwezwe: Still under investigations.
Odzi: Still under investigations.
West Nicholson: Still under investigations.

NET*ONE CELLULAR (PRIVATE) LIMITED 2017 and 2018

Background information

Net*One Cellular is a limited liability Company incorporated under the Companies Act [*Chapter 24:03*] and domiciled in Zimbabwe. It is involved in the provision of connection to the network for airtime services.

I have audited the financial statements of Net*One for the year ended December 31, 2017 and 2018 and I issued an unmodified / clean opinion with a material uncertainty related to going concern paragraph and an adverse opinion with a material uncertainty related to going concern paragraph respectively.

Adverse opinion

In my opinion, because of the significance of the matter discussed in the basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Net*One Cellular (Private) Limited as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for an Adverse Opinion

Non-compliance with IAS 21: Effects of Changes in Foreign Exchange Rates

During the year the Zimbabwean economy was characterised by a multi-tiered pricing model. Under the model, a single product had different prices depending on the mode of payment, whether United States Dollar Cash, electronic money (RTGS), mobile money or bond notes. This resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21, The Effects of Changes in Foreign Exchange Rates, would apply. Market wide, entities experienced premiums and discounts on the official foreign exchange rate of 1:1 between the RTGS balances and Bond Notes and the United States Dollar.

As a result of these factors the directors performed an assessment on the functional currency of the Company in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates (IAS 21), and acknowledge that the functional currency of the Company was no longer the US$. In February 2019, an electronic currency called the RTGS dollar was introduced through Statutory Instrument 33 of 2019. (S.I 33) with an effective date of 22 February 2019 and the currency commenced trading at a rate of 2.5 to the US$. In addition S.I. 33 fixed the exchange rate between the RTGS dollar and the US$ at a rate of 1:1 for periods before the effective date.

Although the directors acknowledge that there was a functional currency change and that market exchange rate between the US$ and local currency was not 1:1, they have maintained their functional currency as the US$ and have presented the financial statements in US$ using an exchange rate of 1:1, in compliance with S.I 33. This constitutes a departure from the requirements of IAS 21. The effect of the non-compliance with IAS 21 has not been quantified however it is considered to be material and pervasive to these financial statements.

Material Uncertainty Related to Going Concern

I draw your attention to the fact that the company's current liabilities exceeded its current assets by $59,381,639 (2017: $228,618,683) for the year ended December 31, 2018. This condition indicates the existence of a material uncertainty that may cast significant doubt about the company's ability to continue operating as a going concern.

However, below are material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Donations Policy

Finding

The company did not have a donations policy. As a result, I was not able to determine the basis on which amounts totaling $334 154 were donated.

Risk / Implication

Financial loss due to irregular donations.

Recommendation

The company should put in place a donations policy.

Management response

The company now has a donations policy approved internally and now awaiting Board approval.

1.2 Pay As You Earn (PAYE) on Non-Executive Directors fees

Finding

The Company paid monthly fuel and cellphone allowances to its non-executive directors during the year under review. These constituted remuneration which should be subjected to PAYE. However, I noted that these were being subjected to withholding tax.

Risk / Implication

Financial loss due to penalties and interest.

Recommendation

The Company should ensure that allowances paid to non-executive directors are subjected to PAYE.

.

Management response

We are notifying the Directors of the changes and will settle prior year obligations

1.3 Test lines register

Finding

There was no allocation register for test lines, as a result I could not identify the users of these lines. The Company has 2,920 active test lines. The test lines trade receivables balance as at year end amounted to $500,840.

Risk / Implication

Test lines might be used for non-testing purposes resulting in financial loss to the Company.

Recommendation

The Company should de-activate test lines upon completion of the testing process.

An allocation list for all test lines should be prepared and should be monitored.

Management response

This is noted and management will review the existing controls around test lines. The bulk of the test lines, 2,280 are allocated to roaming partners. Out of the non-roaming test lines, 145 lines are not active and will be deactivated.

1.4 Prepayments

Finding

The Company made prepayments amounting to $1 012 377 to suppliers with no performance guarantees. Some of the suppliers were taking long to deliver the goods as per signed contracts.

Risk/ implication

Financial losses due to underperforming suppliers.

Recommendation

Performance guarantees should be received before prepayments are made to suppliers.

Management response

One supplier was engaged to provide pre-printed NetOne debit cards for OneMoney. Due to the foreign currency challenges and the strategic importance of the cards to the business, an advance payment was made by NetOne in order to secure the available stock of physical cards that supplier had in its warehouse. The debit cards are being delivered at NetOne's request on demand as the cards have to be personalized for some individual customers.

The other supplier was not given any new work to perform in the past two years. This issue was part of the issues raised in the forensic audit report.

2 PROGRESS IN IMPLEMENTATION OF PRIOR YEAR RECOMMENDATIONS

I reviewed the progress made towards the implementation of prior year recommendations and found that the Company made some progress. However, there was room for improvement in the following areas;

2.1 Non-availability of contract with Bopela

Recommendation

Management should keep on file all contracts with service providers.

Management should follow up on outstanding works to ensure that the sites are fenced.

Progress made

Bopela Group has not been given any new work to perform in the past two years. This issue was raised as part of the forensic audit report.

2.2 Going concern

Recommendation

Management should come up with strategies to address the recurrent losses and negative working capital.

Progress made

Measures have been put in place to turn around the performance of the Company. The focus is on growing revenue through improvement of quality of network, distribution and

customer experience. Examples of these strategies are outlined below:

a. **Successful implementation of the Mobile Financial Services.**
b. **Development of new products and services and ventures into the media space.**
c. **Extensive deployment of brand ambassadors and establishment of franchise shops to sell airtime and simcards.**
d. **The Board has approved various balance sheet restructuring initiatives. This is aimed at improving the balance sheet position and unlock capital for investment.**

PETROTRADE (PRIVATE) LIMITED 2017

Background Information

The Company is incorporated in Zimbabwe and engages in the importation, distribution and retail of petroleum products in Zimbabwe.

I have audited the financial statements of Petrotrade (Private) Limited for the year ended December 31, 2017 and I issued an unmodified/clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Petrotrade as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards

However, below are material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1. Donations

Finding

The Company made donations amounting to $152 644 which was in excess of the approved budget of $50 000. Upon enquiry and scrutinizing documents I noted that, $71 000 was advanced to the Parent Ministry for budgetary support.

Risk / Implication

Management override of controls that may result in fruitless expenditure.

Recommendation

Donations should be authorised at the appropriate level as per the policy.

Budgetary requirements should be adhered to and expenditure in excess of the budget should be approved by the Parent Ministry.

Management response

Noted. The donation includes Ministry's budgetary support to the tune of $71 000 which was requested by the Ministry. However, we shall separate these requests from the Donations budget.

1.2. Ownership of properties

Finding

The Company acquired a stand in Epworth from the Epworth Local Board. My physical verification of the stand on June 12, 2018, revealed that there were some residents who had built up structures on the stand. Upon enquiry and scrutinising documentation I further noted that the stand was fully paid up however the stand had no title deeds and agreement of sale.

Risk / Implication

Proof of ownership may be difficult in the absence of title deeds.

Recommendation

The ownership of the land should be regularised through obtaining the title deeds.

Management response

The process of acquiring title deeds is ongoing for all properties. Title deeds for land acquired from Local Authorities can only be processed once the land has been developed.

2. EMPLOYMENT COSTS

2.1. Recruitment procedures

Finding

During the year under review a post for driver/Messenger was created in the organisation whose job description required a driver's licence with 2 years and a defensive driving certificate. I however noted that the candidate that was recruited had a driver's licence which was 22 months old and I was not availed with evidence of a defensive driving certificate.

Risk / Implication

Appointment of inexperienced drivers may result in accidents that may be costly to the company.

Recommendation

Laid down procedures should be followed in the recruitment process.

Management response

Noted. When the driver assumed duty his licence was 22 months old having been issued on 15 April 2015. However, the incumbent was already in the system as a pump attendant. Moving forward all procedures shall be followed.

POWERTEL COMMUNICATIONS (PRIVATE) LIMITED 2018

Background information

Powertel Communications (Private) Limited is a wholly owned subsidiary of ZESA Holdings. The core business of the Company is to provide Information and Communication Technology (ICT) connectivity services in Zimbabwe and globally.

I have audited the financial statements of Powertel Communications (Private) Limited for the year ended December 31, 2018 and I issued an adverse opinion.

Adverse opinion

In my opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Powertel Communications (Private) Limited as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

During the year the Zimbabwean economy was characterised by a multi-tiered pricing model. Under the model, a single product had different prices depending on the mode of payment, whether United States Dollar Cash, electronic money (RTGS), mobile money or bond notes. This resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21, The Effects of Changes in Foreign Exchange Rates, would apply. Market wide, entities experienced premiums and discounts on the official foreign exchange rate of 1:1 between the RTGS balances and Bond Notes and the United States Dollar.

These financial statements, which are expressed in United States Dollars, have been prepared using the official exchange rate of 1:1. This is contrary to the requirements of IAS 21 which requires the use of the spot rate in accounting for transactions in currencies other than the presentation currency. The directors have determined that it is not practically possible to comply with the requirements of IAS 21 in the circumstances. The effect of the noncompliance with IAS 21 has not been quantified but it is considered significant for these financial statements.

Although the directors acknowledge that there was a functional currency change and that market exchange rate between the US$ and local currency was not 1:1, they have maintained their functional currency as the US$ and have presented the financial statements in US$ using an exchange rate of 1:1, in compliance with S.I 33. This constitutes a departure from the requirements of IAS 21. The effect of the non-compliance with IAS 21 has not been quantified however it is considered to be material and pervasive to these financial statements.

However, the following material issue was noted during the audit:

1 GOVERNANCE ISSUES

1.1 Going concern

Finding

The Company was facing going concern problems as its operations continued to be hampered by shortage of working capital. The following were indicators of going concern problems at the Company:

Negative working capital of US$9 714 036 (2017: US$6 404 179); failure to fully pay for the POTRAZ licence fees and as at year end the Company owed POTRAZ US$3 280 000.

The Company was failing to connect new customers with a long outstanding backlog. As at December 31, 2018 the Company had installation fees liability amounting to US$865 342 emanating from customers yet to be connected.

Risk / Implication

Service delivery may be compromised.

Recommendation

Directors should come up with strategies to make the Company profitable and improve the working capital position of the Company.

Management response

Management has employed an integrated strategy of customer retention as well as attracting new clientele. Procurement processes for purchase of customer connection equipment has been engaged and it is envisaged that this will enable the company to meet all backlog obligations.
Management has also intensified collection initiatives from long outstanding debtors through the engagement of legal practitioners to carry out debt collection. Pressure is also being applied to defaulting customers to settle their dues through disconnection of service. Payment plans that will see the staggering of payments have also been entered into with all the major creditors.

The regulator was engaged on the staggering of licence fees payments, and a payment plan for the settlement of the full license fees was agreed and is currently in place. Management is religiously adhering to it.

PRINTFLOW (PRIVATE) LIMITED 2018

Background information

The company is a successor organization to the former Department of Printing and Stationery in the Ministry of Finance. The Company was established in terms of the Companies Act [*Chapter 24.03*]. The main function of the Company is to carry on the printing, publishing, buying and selling of all forms of office supplies and any other business in printing and stationery supplies and perform any other activities and functions as set out in the memorandum of association at the same time giving priority to serving the needs of the Government in the discharge of its business.

I have audited the financial statements for Printflow (Private) Limited for the year ended December 31, 2018 and I issued an Adverse opinion.

Adverse Opinion

In my opinion, because of the significance of the issues discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of Printflow (Private) Limited as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

As explained in notes to the financial statements, the Company did not fully comply with the provisions of International Accounting Standard 21 "The effects of Changes in Foreign Exchange rate" as Statutory Instrument 33 of 2019 precluded the Company from applying an independent assessment of functional currency as required by the accounting standard and in terms of the guidance provided by the Public Accountants and Auditors Board (PAAB). The need to account for these effects emanated from the 'multi-tiered' pricing environment that was prevailing during the year under review, where settlement of transactions was depended on the mode of payment, whether USD cash, RTGS, bond notes and mobile money. Shortage of foreign currency also resulted in foreign exchange rate disparities between RTGS and US$. This in turn affected the pricing structures to incorporate foreign exchange rate movements on the RTGS and bond notes, hence the need to comply with IAS 21 to reflect effects of these changes in the preparation of financial statements. This 'multi-tiered pricing environment resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21 would apply. Had the Company complied with the requirements of IAS 21, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to comply with the requirements of IAS 21 have not been determined.

However, the following are material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Budget approval

Finding

The Company operated without an approved budget during the year under review. My enquiry with management revealed that the budget was prepared and sent to the parent Ministry of Finance and Economic Development for approval, however, no approval was done by the Ministry.

Risk / Implication

Planned activities may not be in sync with the Government policy direction.

Recommendation

The Company should follow up with the parent Ministry for approval of the budget.

Management response

Management submitted the company's budget and strategic plan to the Ministry on 23 January 2018 for approval and no response was received.

2. EMPLOYMENT COST ISSUES

2.1 Statutory and other obligations

Finding

The Company was not remitting statutory and other deductions to the relevant authorities and bodies during the year under review. A total of $2 422 252 was outstanding as at December 31, 2018. The table below shows the obligations;

Details	**Amount ($)**
NSSA contribution	105 427
Pension contribution	1 894 318
Medical Aid	13 648
Standard Levy	60 366
Manpower levy	60 408
NEC	65 437
ZIMRA VAT	112 604
ZIMRA PAYE	105 167
ZIMNAT LIFE	4 877
Total	**2 422 252**

Risk / Implication

Financial loss due to penalties, fines and interests which may be levied.

Employees may fail to access essential services.

Recommendation

Management should ensure that statutory and other obligations are remitted in time.

Management response

Remittance of statutory obligations are currently being affected by cash flow challenges. Management has payment plans in place with the respective statutory bodies and is in constant engagement with relevant authorities.

3.1 Safety, Health and Environment (SHE)

Finding

I noted that the Company did not have a Safety, Health and Environment Officer on its organogram as required by the industry. The nature of its business requires the Company to have a working environment which complies with health and safety standards. In addition, the Company did not have a healthy and safety procedure manual. As a result, employees in the factory did not have protective clothing such as safety shoes, helmets, gloves and work suits.

Risk / Implication

Employee safety is compromised.

Recommendations

The Company should consider appointing a Safety, Health and Environment Officer and in addition, ensure that Health and Safety standards are maintained.

Management response:

The Company will come up with a Safety and Health manual in 2019. The Company will propose to the Board the position of Health and Safety Officer

ROAD MOTOR SERVICES (RMS) (PRIVATE) LIMITED 2014-2017

Background information

RMS (Private) Limited was incorporated in terms of the Companies Ac [*Chapter 24:03*] and carries on the business of bulk road transportation. The Company is a subsidiary of the National Railways of Zimbabwe which is ultimately owned by the Government of Zimbabwe.

I have audited the financial statements of the RMS (Private) Limited for the years ended December 31, 2014, 2015, 2016 and 2017. I issued a qualified opinion in 2014, 2015, 2016 and 2017, with an emphasis of matter paragraph for 2014 and 2015. Material uncertainty related to going concern paragraphs were issued for 2016 and 2017.

Qualified opinion 2014

In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion, the financial statements present fairly in all material respects the financial position of RMS (Private) Limited as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified opinion

Impairment of property, plant and equipment

Included in property, plant and equipment on the statement of financial position as at December 31, 2014 are revenue earning trucks amounting to US$2 071 664. In accordance with International Financial Reporting Standards (IFRSs) IAS 36, Impairment of Assets, an entity is required to assess at the end of each reporting period whether there are any indicators of impairment. If such indications exist, the standard requires the recoverable amount of the asset to be estimated and the asset to be impaired accordingly. The management has not performed an assessment of impairment on these assets. Accordingly, I was unable to determine whether this amount at year end is materially misstated.

Long term loans

A long term loan amounting to US$9 905 095 is included as part of current liabilities in the statement of financial position. No direct confirmation or other sufficient evidence has been received by us up to the date of this report, as a result I was unable to determine whether any adjustment to this amount was necessary.

Opening balances

Comparative figures for long term loan and property and equipment are those reported in the previous year’s financial statements on which I qualified my opinion. The effect on the current year’s financial statements that I was unable to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect current period figures.

Emphasis of matter paragraph

Without qualifying my opinion, I draw attention to the fact that the Company incurred a net loss for the year ended December 31, 2014 of US$3 773 252 and, as of that date, the Company's total liabilities exceeded its total assets by US$11 378 316. Included in the total liabilities are statutory obligations due to the Zimbabwe Revenue Authority of US$1 742 965. Furthermore, the Company has not been able to pay its employees in full and on time since 2013. These conditions, along with other matters, indicate the existence of a material uncertainty which may cast doubt on the entity's ability to continue as a going concern. My opinion is not qualified in respect of this matter.

Qualified opinion 2015

In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion, the financial statements present fairly in all material respects the financial position of RMS (Private) Limited as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified opinion

Impairment of property, plant and equipment

Included in property and equipment on the statement of financial position as at December 31, 2015 are revenue earning trucks amounting to US$1 505 084. In accordance with International Financial Reporting Standards (IFRSs) IAS 36, Impairment of Assets, an entity is required to assess at the end of each reporting period whether there are any indicators of impairment. If such indications exist, the standard requires the recoverable amount of the asset to be estimated and the asset to be impaired accordingly. Management has not performed an assessment of impairment on these assets. Accordingly, I was unable to determine whether this amount at year end is materially misstated.

Long term loans

A long term loan amounting to US$10 506 334 is included as part of current liabilities in the statement of financial position. No direct confirmation or other sufficient evidence has been received by us up to the date of this report, as a result I was unable to determine whether any adjustment to this amount was necessary.

Opening balances

Comparative figures for long term loan and property and equipment are those reported in the previous year's financial statements on which I qualified my opinion. The effect on the current year's financial statements is that I was unable to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect current period figures.

Emphasis of matter

Without qualifying my opinion, I draw attention to the fact that the Company incurred a net loss for the year ended December 31, 2015 of US$2 882 976 and, as of that date, the Company's total liabilities exceeded its total assets by US$14 261 292. Included in the total liabilities are statutory obligations due to the Zimbabwe Revenue Authority of US$2 112 375.

Qualified Opinion 2016

In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion, the financial statements present fairly, in all material respects, the financial position of RMS (Private) Limited as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Long term loans

Included in current liabilities in the statement of financial position is a loan amounting to US$11 144 069. No direct confirmation or other sufficient evidence was received up to the date of this report. Due to non-availability of a confirmation or loan agreement of the afore-mentioned account balance, I was unable to quantify the impact of an adjustment, if any, arising from the possible breach of contract in the financial statements. This was also a subject matter of qualification in my previous year's audit report on the financial statements for the year ended December 31, 2015.

Material Uncertainty Related to Going Concern

I draw attention to the fact that for the year ended December 31, 2016, the Company incurred a net loss of US$2 438 493 (2015: US$2 882 976) and, as of that date, the Company's total liabilities exceeded its total assets by US$16 699 785 (2015: US$14 261 292). Included in the total liabilities are statutory obligations due to the Zimbabwe Revenue Authority of US$2 396 327 (2015: US$2 303 325). These conditions along with other matters set forth on the notes to the financial statements indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Qualified Opinion 2017

In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion, the financial statements present fairly, in all material respects, the financial position of RMS (Private) Limited as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Long term loans

Included in current liabilities in the statement of financial position is a loan amounting to US$11 821 426. No direct confirmation or other sufficient evidence was received up to the date of this report. Due to non-availability of a confirmation or loan agreement of the afore-mentioned account balance, I was unable to quantify the impact of an adjustment, if any, arising from the possible breach of contract in the financial statements. This was also a subject matter of qualification in my previous year's audit report on the financial statements for the year ended December 31, 2016.

Trade and other payables

During the year ended December 31, 2017, management did not prepare proper reconciliations of trade and other payables balances and I was unable to obtain sufficient appropriate evidence based on alternative audit procedures in the form of third party confirmations so as to obtain satisfaction regarding the completeness of these balances and related expenses. Consequently, I was unable to determine whether adjustments to trade and other payables and the related expenses might be necessary as at December 31, 2017.

Material Uncertainty Related to Going Concern

I draw attention to the fact that the Company incurred a net loss of US$2 276 505 (2016: US$3 104 529) and, as of that date, the Company's total liabilities exceeded its total assets by US$19 642 326 (2016: US$17 365 821). Included in the total liabilities are statutory obligations due to the Zimbabwe Revenue Authority of US$3 693 496 (2016: US$3 062 363). These conditions along with other matters set forth on the notes to the financial statements indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Impairment of assets

Finding

Included in property and equipment on the statement of financial position as at December 31, 2015 were revenue earning trucks recorded at US$1 505 084. In accordance with International Financial Reporting Standard IAS 36, Impairment of Assets, an entity is required to assess at the end of each reporting period whether there are any indicators of impairment. If such indications exist, the standard requires the recoverable amount of the asset to be estimated and the asset to be impaired accordingly. Management did not perform an assessment of impairment on assets which indicated signs of physical impairment. Accordingly, I was unable to determine whether this amount at year end was materially misstated.

Risk / Implication

Financial statements may be materially misstated.

Recommendation

Management should regularly assess signs of impairment and assess the useful lives of assets.

Management response

Noted. To be rectified going forward.

1.2 Trade and other payables

Finding

During the year ended December 31, 2017, management did not perform proper reconciliations of trade and other payables balances. As a result, I was not able to satisfy myself, by any other alternative audit procedures, the completeness of these balances and related expenses. I could therefore, not determine whether adjustments to trade and other payables and the related expenses might have been necessary as at December 31, 2017.

Risk / Implication

Fraud and error due to incorrect payment to suppliers.

Recommendation

The Company should reconcile, on a monthly basis, its creditors' balances to the supplier statements.

Management response

Noted. Reconciliation statements to be prepared on a monthly basis.

TEL●ONE (PRIVATE) LIMITED 2017 AND 2018

Background Information

Tel●One (Private) Ltd was incorporated in Zimbabwe in 2000 in terms of the Postal and Telecommunications Act [*Chapter 12:05*]. The Company is a fixed mobile convergence company whose main business is that of provision of telecommunication services and products.

I have audited the financial statements of Tel●One (Private) Limited for the years ended December 31, 2017 and 2018 and I issued an unqualified / clean opinion with a material uncertainty related to going concern in 2017 and an adverse opinion in 2018.

Material uncertainty related to going concern 2017

Without qualifying my opinion, I draw attention to note 26 in the financial statements which shows that the Company had a net liability position of US$145,406,897 (2016: US$111,194,861) as at December 31, 2017. Fixed-term borrowings approached maturity without realistic prospects of renewal or repayment. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Adverse Opinion 2018

In my opinion, because of the significance of the matter discussed in the Basis for Adverse opinion section of my report, the accompanying financial statements do not present fairly, in all material respects, the financial position of Tel●One (Private) Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

The Company did not fully comply with the provisions of International Accounting Standard 21 "The effects of Changes in Foreign Exchange rate" as Statutory Instrument 33 of 2019 precluded the Company from applying an independent assessment of functional currency as required by the accounting standard and in terms of the guidance provided by the Public Accountants and Auditors Board (PAAB). The need to account for these effects emanated from the 'multi-tiered' pricing environment that was prevailing during the year under review, where settlement of transactions was depended on the mode of payment, whether USD cash, RTGS, bond notes and mobile money. Shortage of foreign currency also resulted in foreign exchange rate disparities between RTGS and US$. This in turn affected the pricing structures to incorporate foreign exchange rate movements on the RTGS and bond notes, hence the need to comply with IAS 21 to reflect effects of these changes in the preparation of financial statements. This 'multi-tiered pricing environment resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21 would apply. Had the Company complied with the requirements of IAS 21, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to comply with the requirements of IAS 21 have not been determined.

Material Uncertainty Related to Going Concern

I draw your attention to the fact that the Company had a net liability position of $190 003 192 (2017: $144 207 031) as at December 31, 2018. Also, the entity incurred recurring before tax losses amounting to $21 853 192 (2017: $39 456 452) in 2018 financial year. The entity has significant loans and borrowings amounting to $503 797 061 (2017: $480 926 273) principal plus interest accruals. Fixed-term borrowings approached maturity without realistic prospects of renewal or repayment. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

However, below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Statutory and other obligations

Finding

The company had outstanding statutory and other obligations to the relevant authorities and bodies amounting to $55 814 613 as at December 31, 2018. Enquiry with management revealed that the company has been failing to settle its obligations due to late settlement of invoices by debtors particularly government entities and parastatals which owed the entity $93 917 069 as at December 31, 2018. The table below shows the obligations;

Details	Principal Outstanding ($)	Interest and Penalties ($)	Total Outstanding ($)
CAIPF	31 748 154	10 773 686	42 521 840
ZIMRA	1 880 826	11 411 947	13 292 773
Total			**55 814 613**

Risk / Implication

Financial loss due to fines and penalties.
Failure to access benefits by employees in the event of retirement.

Recommendation

The entity must comply with statutes and also continue engaging with relevant authorities to avoid fines and penalties.

Management response

Tel●One is aware of its responsibility as a good corporate citizen to fully adhere to all statutory compliance issues. The company fully declares and accounts for its tax obligation through the various returns submitted to the Zimbabwe Revenue Authority.
The interests and penalties that have been levied by ZIMRA relate to late payment of tax obligations. CAIPF has been charging interest due to late settlement of monthly obligations. The company has been failing to settle its monthly obligations due to late settlement of invoices by debtors particularly Government. Tel●One is owed more than $80million by Government and has traditionally recovered the amount billed through

tripartite set off arrangements. However, since 2017 Government has not been honouring its commitments and engagements are continuing with the Ministry of Finance and Economic Development. The company continues to prioritise recovery of the debtors' book to enable settlement of statutory and other contractual obligations.

2. PROGRESS IN IMPLEMENTATION OF PRIOR YEAR RECOMMENDATIONS

I reviewed the progress made towards the implementation of prior year recommendations and found that the Authority made some progress and there was room for improvement in respect of the following recommendations.

2.1 Legacy foreign loans

Recommendation

Sustainable revenue growth strategies that ensure profitability and capacity to service the loans should be implemented.

Management response

The above foreign loans were taken up by the then Post and Telecommunications Corporation "PTC" for telecommunications projects and subsequently inherited by TelOne at the unbundling of PTC in 2001. PTC was unbundled into four entities, namely TelOne, NetOne, Zimpost and the Post Office Savings Bank. At unbundling, PTC's foreign loans were allocated to TelOne on the understanding that TelOne was receiving all the telecommunications infrastructure regardless of how the debt arose. As a result TelOne now has loans which are in excess of its asset base. Under the Postal and Telecommunications Act (CHAPTER12:05) (ACT 4 OF 2000) the obligations were automatically transferred to TelOne, though Government is ultimately still the Guarantor.

Despite TelOne's sizeable asset base (equipment, infrastructure), the Company has historically incurred losses and since 2009 has posted cumulative losses of $145m. These losses have been as a result of the following challenges:

Efforts to attract equity and foreign investments hampered by legacy interest-bearing foreign debt incurred during the Posts and Telecommunications Corporation (PTC) era. Its liabilities currently stand in excess of $145million above the assets. This has resulted in TelOne being heavily undercapitalised.

Obsolete equipment requiring replacement to keep abreast of technological advancement and changing consumer preferences. TelOne has limited capital to engage in significant infrastructure and technological upgrades as well as expansion activities to drive growth. Whilst the National Broadband project enhanced company capabilities, this remains inadequate in view of the long period of under-investment in an environment of rapid technological changes.

Increased "disruption" from other technology players, the impact of migration from fixed to mobile and the introduction of Over the Top (OTT) services have reduced TelOne's revenues.
Inability to keep abreast with the increasing pace of innovation in the telecommunications sector due to lack of adequate resources.

Whilst management is excited by the privatisation course the shareholder has taken for TelOne, as long as TelOne remains in a technically insolvent position, it will hold no attraction to potential investors. It is therefore essential that the balance sheet restructuring precedes any approaches to potential investors as the value of TelOne's licence, cannot be separated from the fact that TelOne's liabilities as at December 2017, for example, outweighed the value of its assets by over US$145 million. Management continues to appeal to government to expedite the process of the take-over of the company's legacy loan book.

TRANSMEDIA CORPORATION (PRIVATE) LIMITED 2017

Background information

Transmedia Corporation (Private) Limited was incorporated in 2001 in terms of the Companies Act [*Chapter24:03*]. The main objective of the Corporation is to provide broadcasting signal transmission and telecommunication services arising from the convergence of broadcasting and telecommunications due to digital technologies.

I have audited the financial statements of Transmedia Corporation for the year ended December 31, 2017 and I issued an adverse opinion.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph below, the financial statements do not present fairly the financial position of Transmedia Corporation as at 31 December 2017, and (of) their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

The Corporation took a decision of not accruing revenue from its transmission services and decided to account for such revenue on a receipt basis. In accordance with IFRS 15, Revenue from Contracts with Customers, revenue is recognized when the performance obligation has been fulfilled. In 2017 revenue was understated by US$649 279.56 which is 60% of the total revenue. The opening balances for retained earnings and receivables were understated by US$3 676 391 due to the cumulative effect on non-accruing of revenue in prior years. The US$3 676 391 is 37% of total Assets. Had revenue been recognized in both current and prior years, the opening retained earnings would have been increased by the net effect after expenses and tax, receivables would have also been increased in the process. The effect of the above misstatements is pervasive in accordance with ISA 705.

The Corporation has a Loan with the government of Zimbabwe which is administered by IDBZ. The Corporation claims to have received an amount of US$800 000 while IDBZ has confirmed that the amount owed is $4,369,787.86 as a result of the disbursements made to the corporation. The Corporation is not agreeable to the amounts confirmed by IDBZ on the basis that only US$800 000 disbursed by the government of Zimbabwe is covered by a loan agreement and that the difference is made up of PSIP grants received through IDBZ. The Corporation disclosed US$1 113 190 (inclusive of interest accrued) instead of the said US$4 369 788 resulting in a material misstatement of US$3 256 597. This amount is 36% of the total assets. Had the amount been recognized it would have had an effect of increasing the liabilities by US$3 256 597 and finance cost would have been increased by a proportion interest arising from the loan.

However, below are material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Board of directors

Finding

The Corporation did not have a Board of directors during the year under review.

Risk / Implication

Oversight role of the Board may be compromised.

Recommendation

The parent Ministry should ensure that a Board of Directors is appointed.

Management response

The parent Ministry is seized with the matter.

1.2 Tax on transport allowance

Finding

During the audit, we noted that the transport allowances given to employees were not being taxed.

Risk / Implication

Penalties and interest may be levied against the Corporation,

Recommendation

Management should ensure that allowable benefits are taxed.

Management response

Noted.

Taxation of cash disbursements for transport commenced in January 2018.

ZESA HOLDINGS (PRIVATE) LIMITED 2018

Background information

ZESA Holdings (Private) Limited is incorporated under the Companies Act [*Chapter 24:03*]. The Company manages its 100% owned subsidiaries, which are, Zimbabwe Power Company (Private) Limited, Zimbabwe Electricity Transmission and Distribution Company (Private) Limited, Powertel Communications (Private) Limited and ZESA Enterprises (Private) Limited. The Company is governed by the Electricity Act [*Chapter 13:19*].

I have audited the financial statements of ZESA Holdings (Private) Limited for the year ended December 31, 2018 and I issued an adverse opinion with a material uncertainty related to going concern paragraph.

Adverse opinion

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly, in all material respects, the financial position of ZESA Holdings (Private) Limited as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. As described in the financial statements, the economic environment during the year ended 31 December 2018 was characterised by 'multi-tiered' pricing, and the Company transacted predominantly in RTGS FCA (electronic payments), including mobile money, bond notes and coins.

On 20 February 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of SI 33/2019, with an effective date of 22 February 2019. The Statutory Instrument provided that for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in United States dollars shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States dollar. This was not consistent with IAS 21 which requires that an assessment be made of the change in functional currency and that financial statements be presented at a rate that approximates the market rate. As described in the financial statements, the Company had to be guided by Statutory Instrument 41/2019 which states that in the case of any inconsistency between a local pronouncement issued by the Board through a notice in the Government Gazette and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

In compliance with SI 33/2019, the Company maintained its functional currency as the USD and has presented the financial statements in USD using an exchange rate of 1:1 between the RTGS FCA and Nostro FCA. This constitutes a departure from the requirements of IAS 21-

The Effects of Changes in Foreign Exchange Rates. Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Company's inability to comply with IAS 21 has been determined as significant. The effects on the financial statements of the non-compliance with IAS 21 are considered material and pervasive to the financial statements, taken as a whole.

Material Uncertainty Related to Going Concern

I draw your attention to the fact that the Company's current liabilities exceeded its current assets by USD 92 118 178 (2017: USD 84 167 798), this indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue operating as a going concern.

However, the following material issue was noted during the audit.

1. GOVERNANCE ISSUES

1.1 Insurance of assets

Finding

I noted that the Company insured computer equipment that was no longer in existence. Some of the equipment was stolen in 2010 but was still being insured.

Risk / Implication

Financial loss to the entity.

Recommendation

Management should ensure that the assets insurance schedule is updated regularly.

Management response

Management to ensure that the assets are not included in the insurance risk.
The assets were retired from the asset register.
Insurance claims have been made for the stolen assets through the risk and insurance department.

ZIMBABWE BROADCASTING CORPORATION 2016

Background information

The Zimbabwe Broadcasting Corporation (Private) Limited was established in terms of the Broadcasting Services Act [*Chapter 12:06*] and Zimbabwe Broadcasting Corporation (Commercialisation) *Act, 2001.*Its core function is to carry on broadcasting services for the information, education and entertainment of listeners in and outside Zimbabwe.

I have audited the financial statements of the Zimbabwe Broadcasting Corporation for the year ended December 31, 2016 and I issued an unmodified/ clean opinion.

However, the following material issue was noted during the audit.

1. GOVERNANCE

1.1 Eco-cash transactions

Finding

During a cash count at Radio Zimbabwe, I observed that the Administration officer was using a personal eco-cash account to receive Corporation funds from ZBC head Office to pay for goods and services. The cash in the eco-cash account of $562 did not tally with the balance on the petty cash book of $522 resulting in a variance of $40. Upon enquiry I noted that the difference of $40 was as a result of personal funds held in the wallet.

Risk / Implication

Financial loss due to conversion of the Corporation's funds for private use.

Recommendation

The Corporation should have its own eco-cash facility.

Management response

The variance in question was due to personal funds in the account, management has since acquired company eco-cash lines to mitigate against risks associated with using personal lines.

ZIMBABWE ELECTRICITY TRANSMISSION AND DISTRIBUTION COMPANY (ZETDC) 2018

Background information

The Zimbabwe Electricity Transmission and Distribution Company is incorporated under the Company's Act [*Chapter 24:03*]. It is a subsidiary of ZESA Holdings. Its business is the distribution and retail of electricity to final users. The business operations cover the following aspects, distribution asset management, which includes network planning, development, operation and maintenance.

I have audited the financial statements of the Zimbabwe Electricity Transmission and Distribution Company (Private) Limited for the year ended December 31, 2018 and I issued an Adverse opinion with a material uncertainty related to going concern paragraph.

Adverse opinion

In my opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Zimbabwe Electricity Transmission and Distribution Company (Private) Limited as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. As described in the financial statements, the economic environment during the year ended 31 December 2018 was characterised by 'multi-tiered' pricing, and the Company transacted predominantly in RTGS FCA (electronic payments), including mobile money, bond notes and coins.

On 20 February 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of SI 33/2019, with an effective date of 22 February 2019. The SI provided that for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in United States dollars shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States dollar. This was not consistent with IAS 21 which requires that an assessment be made of the change in functional currency and that financial statements be presented at a rate that approximates the market rate. As described in the financial statements, the Company had to be guided by Statutory Instrument 41/2019 which states that in the case of any inconsistency between a local pronouncement issued by the Board through a notice in the Government Gazette and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

In compliance with SI 33/2019, the Company maintained its functional currency as the USD and has presented the financial statements in USD using an exchange rate of 1:1 between the

RTGS FCA and Nostro FCA. This constitutes a departure from the requirements of IAS 21- The Effects of Changes in Foreign Exchange Rates. Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Company's inability to comply with IAS 21 has been determined as significant. The effects on the financial statements of the non-compliance with IAS 21 are considered material and pervasive to the financial statements, taken as a whole.

Material Uncertainty Related to Going Concern

I draw your attention to the fact that the Company's current liabilities exceeded its current assets by USD 802 807 425 (2017: USD 687 327 440), this indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue operating as a going concern.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Renewal of contracts with non-performing suppliers.

Finding

ZETDC entered into a two (2) year contract with Pito Investments in April 2010 for the supply of USD 4 962 722 worth of transformers. I noted that the transformers were not yet delivered by the time of my audit. To date, the transformers have not been delivered.

Risk / Implication

Financial loss as goods may not be delivered.

Recommendation

Management should make follow up with the supplier to ensure that the goods are delivered.

Management response

The audit observation is noted and the recommendation acknowledged. In future, the company will evaluate suppliers before renewing their existing contracts. This will be complimented by the setting up of a contracts managements section within the Procurement Management Unit. The company will resort to legal channels to address the issue of Pito and Enleaver.

1.2 Prepaid customer accounts.

Finding

A review of customer statements revealed that there were various customers who migrated from post-paid to prepaid meters. I noted that some of these customers had not made any purchases of electricity from the date they transitioned.

Examples of such customers are shown in the table below:

Account number	Date when prepaid meter was installed	Last Month of purchase
2817080	Nov-15	Nov-15
2812534	Nov-15	Nov-15
2819715	Nov-15	Nov-15
2790955	Nov-15	Nov-15
3004458	Oct-16	Oct-16
2763379	May-16	May-16
2737375	Aug-16	Aug-16
2251991	Mar-17	Mar-17
2941681	Oct-16	Oct-16
2942229	Nov-15	Nov-15
2970410	Nov-15	Nov-15
2956761	Nov-15	Nov-15
2931806	Nov-15	Nov-15
2970410	Nov-15	Nov-15
2924314	Nov-15	Mar-17
2929431	Nov-15	Nov-15
2908580	Nov-15	Feb-18
2976080	Nov-15	May-18
2932033	Nov-15	Nov-15
2934605	Nov-15	Nov-15
2946044	Nov-15	Nov-15

Risk / Implication

Fraud and error may go undetected.

Possible misstatement of the financial statements.

Recommendation

Management should ensure that active customer accounts without transactions are investigated as these may be indicative of meter by-passes.

Management response

The audit observation has been noted. All the accounts cited by the Auditors will be investigated to establish the usage of electricity at the respective premises and to take appropriate action.

1.3 Electricity Safety Rules

Finding

I noted an unsecured transformer which was located at 3 Brigade Primary School, In addition, the underground electrical cables at Mkwasini substation were also exposed. The safety rules of the Company required all equipment installed to be locked at all times in order to prevent access to live plant and equipment. I also noted that Public accidents in the Western region increased from 7 in 2017 to 11 in 2018.

Risk / Implication

Possible loss of human life.

Possible financial losses from lawsuits.

Recommendation

Management should ensure all live plant and equipment are secured.

Management comments

The audit observation is acknowledged. New doors for the substation buildings are being procured and will have been installed by May 2019. The exposed cables in Mkwasine substation will be covered by May 2019.

ZIMBABWE MINING DEVELOPMENT CORPORATION (ZMDC) 2015-2017

Background information

Zimbabwe Mining Development Corporation is wholly owned by the Government of Zimbabwe. The main business of the Corporation and its subsidiaries, which are incorporated in Zimbabwe, is that of minerals extraction and sales.

I have audited the financial statements for the Zimbabwe Mining Development Corporation for the years ended December 31, 2015, 2016 and 2017 and I issued adverse opinions with emphasis of matter paragraphs.

Adverse opinion 2015

In my opinion, because of the significance of the matters described in Basis for Adverse Opinion paragraphs, the financial statements do not present fairly, in all material respects the financial position of Zimbabwe Mining Development Corporation as at December 31, 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard 28 (IAS 28), Investments in Associates and Joint Ventures and International Financial Reporting Standard 11 (IFRS 11), Joint Arrangements

IAS 28 and IFRS 11 require a parent to recognize its interests in joint ventures and associates in its separate financial statements at cost or at fair value. Zimbabwe Mining Development Corporation did not recognize its shareholding in Todal Mining (Private) Limited, Gye Nyame (Private) Limited, Global Platinum Resources (Private) Limited and ShinZim Platinum (Private) Limited. Accordingly, I was unable to determine the extent of the financial impact of non-compliance on the financial statements.

Mining rights

International Accounting Standard 38 (IAS 38), Intangible Assets, requires an entity to recognize its intangible assets, such as mining rights at cost or fair value. The Corporation transferred its mining rights to its joint ventures in consideration for 50% shareholding in the entities, the value of which has not been included in these financial statements. The joint ventures are Mbada Diamonds (Private) Limited, Diamond Mining Corporation (Private) Limited and Jinan Mining (Private) Limited. This constitutes a departure from International Financial Reporting Standards (IFRSs). The effect of non-compliance has not been established.

Emphasis of matter

Without further qualifying my opinion, I draw attention to the fact that the Corporation's current liabilities exceeded its current assets by USD 52 413 949 as at December 31, 2015

(2014: USD 40 745 211). This indicates material uncertainty that may cast significant doubt about the ability of the Corporation to continue as a going concern.

Adverse Opinion 2016

In my opinion, because of the significance of the matters described in Basis for Adverse Opinion paragraphs, the financial statements do not present fairly, in all material respects the financial position of Zimbabwe Mining Development Corporation as at December 31, 2016, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard 28 (IAS 28), Investments in Associates and Joint Ventures and International Financial Reporting Standard 11 (IFRS 11), Joint Arrangements.

IAS 28 and IFRS 11 require a parent to recognize its interests in joint ventures and associates in its separate financial statements at cost or at fair value. Zimbabwe Mining Development Corporation did not recognize its shareholding in Todal Mining (Private) Limited, Gye Nyame (Private) Limited, Global Platinum Resources (Private) Limited and ShinZim Platinum (Private) Limited. Accordingly, I was unable to determine the extent of the financial impact of non-compliance on the financial statements.

Mining rights

International Accounting Standard 38 (IAS 38), Intangible Assets, requires an entity to recognize its intangible assets, such as mining rights at cost or fair value. The Corporation transferred its mining rights to its joint ventures in consideration for 50% shareholding in the entities, the value of which has not been included in these financial statements. The joint ventures are Mbada Diamonds (Private) Limited, Diamond Mining Corporation (Private) Limited and Jinan Mining (Private) Limited. This constitutes a departure from International Financial Reporting Standards. The effect of non-compliance has not been established.

Emphasis of matter

Without further qualifying my opinion, I draw attention to the fact that the Corporation incurred a loss before tax of USD 16 738 368 (2015: USD23 430 795) for the year ended December 31, 2016. As at that date, the Corporation's current liabilities exceeded current assets by USD 59 361 388 as at December 31, 2016 (2015: USD 52 413 949). This indicates material uncertainty that may cast significant doubt about the ability of the Corporation to continue as a going concern.

Adverse Opinion 2017

In my opinion, because of the significance of the matters described in Basis for Adverse Opinion paragraphs, the financial statements do not present fairly, in all material respects the financial position of Zimbabwe Mining Development Corporation as at December 31, 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard 28 (IAS 28), Investments in Associates and Joint Ventures and International Financial Reporting Standard 11 (IFRS 11), Joint Arrangements

IAS 28 and IFRS 11 require a parent to recognize its interests in joint ventures and associates in its separate financial statements at cost or at fair value. Zimbabwe Mining Development Corporation did not recognize its shareholding in Todal Mining (Private) Limited, Zimbabwe Consolidated Diamond Company (ZCDC), Golden Kopje (Private) Limited, Global Platinum Resources (Private) Limited and Northridge Platinum. Accordingly, we were unable to determine the extent of the financial impact of non-compliance on the financial statements.

Mining rights

International Accounting Standard 38 (IAS 38), Intangible Assets, requires an entity to recognize its intangible assets, such as mining rights at cost or fair value. The Corporation transferred its mining rights to its joint ventures in consideration for 50% shareholding in the entities, the value of which has not been included in these financial statements. The joint ventures are Mbada Diamonds (Private) Limited, Diamond Mining Corporation (Private) Limited and Jinan Mining (Private) Limited. This constitutes a departure from International Financial Reporting Standards. The effect of non-compliance has not been established

Emphasis of matter

Without further qualifying my opinion, I draw attention to the fact that the Corporation incurred a loss before tax of USD 3 844 847 (2016: USD16 738 368) for the year ended December 31, 2017. As at that date, the Corporation's current liabilities exceeded current assets by USD 62 932 032 as at December 31, 2017 (2016: USD 59 361 388). This indicates material uncertainty that may cast significant doubt about the ability of the Corporation to continue as a going concern.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Corporation assets

Finding

There were some assets that could not be located during physical verification exercise. An enquiry with management revealed that some assets were moved around the offices and they still had old asset numbers while others were either attached by debt collectors or stolen.

The table below shows a list of the assets that could not be physically verified:

Asset numbers	Description
800129	Visitors chairs
800011	Bow Shape Desk
800224	Concord Visitors Chairs
800870	Conference Chairs
800291	Stationery Cupboard
800316	Swivel chairs
800163	Visitors chairs
800002	Wooden Cupboards
800266	Concorde Visitors Chair
800562	HP Compaq 6720s Laptop
800330	Drawers Desk
800178	Wooden Bins
800344	Drawers Desk
7000189	3 Lawnmower Protea court

Risk / Implication

Possible misappropriation of assets.

Recommendation

The management should account for all its assets.

Management response

Management will ensure that all assets in the offices are properly recorded and displayed clearly in each office and audits of office furniture will be done regularly.

2. PROGRESS IN IMPLEMENTATION OF PRIOR YEAR FINDINGS

I reviewed the progress made towards the implementation of prior year recommendations and found that the Company made some progress. However, there was room for some improvements in respect of the following recommendations:

2.1 Board remuneration

Recommendation

The Corporation should ensure that the process of determining remuneration for the board members shall be transparent, disclosed and approved by the responsible Minister in line with the principles of affordability, sustainability, competitiveness and reasonableness.

Progress made

A letter has been sent to the Ministry of Mines and Mining Development (MMMD) through ZMDC legal department seeking clarity on the remuneration that should be paid to the board.

2.2 Board composition of subsidiaries

Recommendation

The Corporation should ensure that its subsidiaries comply with corporate governance best practice considering the fact that the Corporation's subsidiaries have a going concern threat.

Progress made

Board members were appointed for compliance purposes in terms of the Companies Act.

2.3 Financial performance

Recommendation

Management should consider employing working capital management strategies that involve managing inventories, accounts receivables, accounts payables and cash.

Management should consider cost cutting strategies to improve the profitability of the Corporation.

Progress made

ZMDC through the MMMD is seeking funding, efforts are being thwarted though by the Indigenisation Bill.

2.4 Valuation of mining rights

Recommendation

Management should recognize the corresponding entry for investments in joint ventures as a reserve so to avoid overstatement of profits.

Management should engage ZIMRA to provide further clarity.

Progress made

The corporation is currently not able to carry out explorations owing to financial challenges.

2.5 Share certificates

Recommendation

Management should ensure all its subsidiaries, joint ventures, associates and property companies have certificates of ownership on file.

Management should take responsibility over their available for sale investments by ensuring dividends declared are recognised in the financial statements.

Progress made

The location of the share certificates is not known, however management is liaising with former auditors to assist with copies from their permanent file.

Group life assurance cover contribution

Recommendation

Management should also consider settling the outstanding obligation with the assurance company to avoid losing out on contributions made in the prior years.

Progress made

The non-remittance of group life insurance cover is again due to cash flow challenges. Should operations improve the management is committed to pay.

2.6 Statutory obligations

Recommendation

Management should consider coming up with a payment plan to meet the Corporation's obligations with the statutory authorities.

Progress made
Revenues for the Corporation are very erratic, however management to ensure that statutory obligations to be paid when inflows stabilise.

2.7 Employee benefits

Recommendation

The rental benefit should be taxed in accordance with the Income Tax Act [*Chapter 23:06*].

Progress made

Management to ensure adherence to contract clauses for employees. Benefits not on contract will not be paid.

ZIMBABWE POWER COMPANY (PRIVATE) LIMITED 2018

Background Information

Zimbabwe Power Company (ZPC) is incorporated in terms of the Companies Act [Chapter 24:03] and the Electricity Act [*Chapter 13:19*]. ZPC is a subsidiary of ZESA Holdings (Private) Limited. Its main business is the generation of electricity.

I have audited the financial statements of Zimbabwe Power Company (ZPC) and its Subsidiary for the year ended December 31, 2018 and I issued an adverse opinion.

Adverse opinion

In my opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Zimbabwe Power Company (ZPC) and its Subsidiary zas at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. As described in the financial statements, during the year ended 31 December 2018, the Group transacted using a combination of Nostro FCA (USD) and RTGS FCA (electronic payments), including off-shore payments, bond notes and coins.

On 20 February 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of SI 33/2019, with an effective date of 22 February 2019. The SI provided that for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in United States dollars shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States dollar. This was not consistent with IAS 21 which requires that an assessment be made of the change in functional currency and that financial statements be presented at a rate that approximates the market rate. As described in the financial statements the Group had to be guided by SI 41/2019 which states that in the case of any inconsistency between a local pronouncement issued by the Board through a notice in the Government Gazette and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

In compliance with SI 33/2019, the Group maintained its functional currency as the USD and has presented the financial statements in USD using an exchange rate of 1:1 between the RTGS FCA and Nostro FCA. This constitutes a departure from the requirements of IAS 21-The Effects of Changes in Foreign Exchange Rates. Had the financial statements been prepared in accordance with the requirements of IAS 21, some elements would have been materially affected. As a result, the impact of the Group's inability to comply with IAS 21 has been determined as significant. The effects on the financial statements of the non-compliance with IAS 21 are considered material and pervasive to the financial statements, taken as a whole.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Overdue maintenance of generating assets

Finding

In terms of the maintenance requirements of the Company, all units are required to be serviced annually and all generator transformers should be serviced bi-annually. An inspection of the maintenance records at Kariba revealed that power generation units and a transformer were overdue for maintenance. The table below refers;

Description	Due date for service	Delay (days)
Unit 1	30 April 2017	690
Unit 2	22 May 2017	668
Generator Transformer 1	31 May 2018	294

Risk / Implication

Service delivery may be compromised.

Recommendation

Management should ensure that power generation assets are serviced as per maintenance schedule policies.

Management response

Noted. The delay has been due to system constraints. A maintenance window is expected to open up as a result of water conservation in light of low lake levels.

1.2 Outstanding prepayments

Finding

My review of the prepayments schedule revealed that there were long outstanding prepayments. Some of the prepayments have been outstanding since 2013 (over six (6) years ago.) .The table below shows a schedule of the long outstanding prepayments.

Supplier	Item Description	Date paid	Outstanding months	Amounts USD
Coal brick	Coal brick	31.12.2014	48	42 937
Heliflex	Lathe machines and spares	30.04.2017	20	55 008
Hydraco	Refurbishment of stage 2 mill pinion	03.11.2015	37	87 677
Leumar	Main laboratory	13.09.2017	15	173 609

Pito	2 transformers and 2 grounding resistors.	17.10.2016	26	561 935
Power control	Sewer electric motor	07.04.2017	20	36 815
Power control	Gamma rays detector meters	11.12.2016	24	3 500
Power control	Cegrit samplers	07.08.2013	64	12 082

In addition on May 01, 2016, Kariba South Power Station paid for gas amounting to ZAR 196 064 to York International. At the time of my audit, the gas had not been received yet.

Furthermore, ZPC Munyati was invoiced for coal worth USD 66 989 in September 2018 but the coal had not been received and the matter was still under investigation.

Risk / Implication

Financial loss due to non-delivery of goods by suppliers.

Recommendation

Contract management processes should be tightened.
Management should follow up on long outstanding prepayments.

Management response

The station has enlisted services of our Legal Department with the intention to recover the funds from those suppliers showing signs of defaulting on commitments. Leumar Investments awaits accessing foreign currency to complete the project for refurbishment of the laboratory. Coal brick plan to repay the debt through fresh delivery of coal once they resume operations after completion of a due diligence.

The terms of gas purchase had ZPC in charge of shipping and the supplier availed the refrigerant to ZPC logistics agent for collection, thereby fulfilling their contractual obligations. However the ZPC clearing agent could not secure the permit to ship the product due to increased tightening of regulations as part of the program to phase out the refrigerant.
Management to negotiate with supplier with the view of swapping with consumables for the new chiller.
The decision to go ahead and purchase the gas was made as a risk mitigation proactive action to avert a production stoppage that could have resulted if the old chillers had run out of refrigerant and the replacement chillers had delayed. No logistics challenges were anticipated as the product had been successfully imported within a year.

The station has since engaged Makomo Resources and NRZ to finalize on the issue. The station expect both parties to expedite their investigations and the supplier to send credit notes for the concerned invoices and reverse them on the supplier statement as the station did not receive the wagons concerned.

1.3 Fire suppression systems

Finding

I noted that the Hallon replacement project was initiated with a view of replacing Hallon gas with FM 200 gas in case of fire and related emergencies. These gases are used for fire suppression. My review of the processes revealed that these gases were available at the premises, but were not connected since 2010, thereby leaving the power station prone to fires.

Risk / Implication

Fire hazards that may cause financial loss and loss of life.

Recommendation

Management should expedite the completion of the project to avert any probable fire hazards.

Management response

The conclusion of the fire project is in its final stages. Major delays have been attributed to foreign currency challenges and also agreeing payment terms and method of payment with the supplier.

ZIMBABWE UNITED PASSENGER COMPANY LIMITED 2017

Background information

Zimbabwe United Passenger Company Limited is a road transport company incorporated and registered in Zimbabwe with the mandate to provide rural, urban and regional passenger travel services. It has its Head Office at 109 Belvedere Road in Harare. The company runs its activities through two main divisions, namely the Northern Region based in Harare and the Southern Region based in Bulawayo.

I have audited the financial statements of Zimbabwe United Passengers Company Limited (ZUPCO) for the year 31 December 2017 and issued an unmodified/ clean opinion.

Opinion

In my opinion the financial statements give a true and fair view of the financial position of ZUPCO as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

However, below are material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Properties not registered with the Registrar of Deeds

Finding

ZUPCO's eight (8) properties, [three (3) properties in Chinhoyi, three (3) in Karoi, one (1) in Kariba and one (1) in Rusape] had no title deeds.

Risk / Implication

Financial loss due to failure to prove ownership in the event of a dispute.

Recommendation

Management should ensure that all company's properties have title deeds.

Management response

Corporate Services department will carry out an exercise to have the properties registered in ZUPCO's name.

PUBLIC ENTITIES UNDER THE

CATEGORY OF

FINANCIAL INSTITUTIONS

AGRICULTURAL BANK OF ZIMBABWE LIMITED 2018

Background information

Agricultural Bank of Zimbabwe (Agribank) is a registered commercial bank in terms of the Banking Act of Zimbabwe [*Chapter 24:20*] and is subject to the supervision of the Reserve Bank of Zimbabwe. The Bank is a loan granting and deposit taking agricultural development financial institution. Its main business is the provision of agricultural loans, retail banking services, treasury services, bridging finance, corporate banking and advisory services. The bank is the government's important and primary vehicle for channelling financial resources to the agricultural sector.

I have audited the financial statements of the Agricultural Bank of Zimbabwe Limited for the year ended December 31, 2018 and I issued an adverse opinion with an emphasis of matter.

Opinion

In my opinion, because of the significance of the matter discussed in the Basis for Adverse opinion section of my report, the accompanying financial statements do not present fairly, in all material respects, the financial position of the Agricultural Bank of Zimbabwe Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Adverse Opinion

Functional currency

Agricultural Bank of Zimbabwe Limited transacted using a combination of the United States Dollars (US$), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the US$. Although RTGS and mobile money platforms were not legally recognised as currency during the year ended 31 December 2018, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency for financial accounting and reporting purposes.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS Foreign Currency Accounts (FCA) and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled.

As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates."

Subsequent to year-end, as indicated in note 31 to the financial statements, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. In addition, SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued bond notes as currency.

The Bank has maintained their functional currency as the US$ and have presented the financial statements in US$ using an exchange rate of 1:1, in compliance with SI 33/19. This constitutes a departure from the requirements of IAS 21, and therefore the financial statements have not been prepared in conformity with IFRS. Had the Bank applied the requirements of IAS 21, many of the elements of the accompanying financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be pervasive. The financial effects on the financial statements of this departure have not been determined. A comparative analysis of how different exchange rates would impact on the statement of financial position has been presented in note 31 to the financial statements. However, these amounts presented may not reflect the opening balances, in RTGS Dollars, going forward.

Suspense accounts

There are significant long outstanding reconciling items in the Bank's suspense accounts. System challenges resulted in mismatches which management is yet to resolve. The significant reconciling item amounts to US$6.2 million and is included in deposits from customers. The effect on the financial statements of resolving these mismatches has not been determined.

Emphasis of matter

I draw your attention to the Bank's inability to settle foreign lines of credit as a result of foreign currency challenges being faced in Zimbabwe. I also draw your attention to the fact that the line of credit will be settled by the Reserve Bank of Zimbabwe at a rate of 1:1 in line with the provisions of the monetary policy of 20 February 2019 Section 2:1vi, settlement of legacy debts. This is similar to other organisations who have lines of credit of a similar nature.

However, the material issue below was noted during the audit.

1. GOVERNANCE ISSUES

1.1 Suspense accounts

There are general ledger mismatches on the core banking system (T24) amounting to approximately $6 500 000. This is a recurring issue from prior year as some long dated reconciling items are still on the reconciliations. There is a gross misunderstanding of suspense reconciliations from the custodians. The custodians were failing to explain the nature and purpose of the suspense accounts. Furthermore the custodians failed to breakdown huge opening balances in these suspense accounts.

Risk / Implication

There is risk of fraudulent transactions and errors going undetected due to long outstanding items being left on the reconciliations.

Recommendation

The Bank must investigate the uncleared reconciling items.

Management response

This is income from airtime sales and accounts are cleared through invoices that are submitted by the Mobile Network Operators. The Bank will engage the service providers to get the outstanding invoices. The issue of the $6.2million in the instant banking suspense has since been escalated to Temenos and a permanent solution will be implemented when the upgrade to T24 R18 version is complete. This is expected to be resolved by 30 June 2019

EMPOWERBANK LIMITED 2018

Background information

EmpowerBank Ltd is a registered microfinance bank in terms of the Microfinance Act [*Chapter 24:29*]. It was established with a mandate to empower the youth entrepreneurs as well as previously marginalized citizens. The Bank accepts deposits and conducts lending activities across all sectors of the economy.

I have audited the financial statements of EmpowerBank Limited for the year ended December 31, 2018 and I issued an adverse opinion.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, the accompanying financial statements do not present fairly the financial position of Empower Bank Limited as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act [*Chapter 24:03*] and the relevant Statutory Instruments ("SI") SI33/99 and SI 62/96.

Basis for Adverse Opinion

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. The economic environment during the year ended 31 December 2018 was characterised by 'multi-tiered' pricing and the Company transacted predominantly in RTGS FCA (electronic payments), including mobile money, bond notes and coins.

On 20 February 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of SI 33/2019, with an effective date of 22 February 2019. The SI provided that for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in United States dollars shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States dollar. This was not consistent with IAS 21 which requires that an assessment be made of the change in functional currency and that financial statements be presented at a rate that approximates the market rate. The Company had to be guided by SI 41/2019 which states that in the case of any inconsistency between a local pronouncement issued by the Board through a notice in the Government Gazette and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

In compliance with SI 33/2019, the Company maintained its functional currency as the USD and has presented the financial statements in USD using an exchange rate of 1:1 between the RTGS FCA and Nostro FCA. This constitutes a departure from the requirements of IAS 21-The Effects of Changes in Foreign Exchange Rates. Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Company's inability to comply with IAS 21 has been determined as significant. The effects on the financial statements of the non-compliance with IAS 21 are considered material and pervasive to the financial statements, taken as a whole.

The 'multi-tiered' pricing environment which prevailed in the country during the year ended 31 December 2018 resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21-The Effects of Changes in Foreign Exchange Rates would apply.

The Directors have performed a sensitivity analysis of how different exchange rates would have impacted the financial statements as at 31 December 2018 and disclosed this in a sensitivity analysis in notes to the financial statements. These amounts presented may not reflect the opening balances, in RTGS Dollars, going forward.

However, the following material issue was noted during the audit.

1. GOVERNANCE ISSUES

1.1 Board composition

Finding

Every Deposit- Taking Microfinance Institution (DTMFI) is required to ensure that the Board of Directors has a balance in terms of relevant skills and experience, as per the RBZ Minimum Licensing requirements. A review of the Directors' profiles revealed that there was no board member with Information and Communication Technology (ICT) skills and expertise considering the fact that financial institutions operate on digital platforms.

Risk / Implication

Board's oversight role over Information and Communication Technology (ICT) issues may be compromised.

Recommendation

The Board of Directors should have an appropriate balance of skills.

Management response

This was an issue raised by RBZ in their pre-inspection report as well as their off-site examination report and the Bank is fully aware. The issue has been escalated to the parent ministry for their consideration and management awaits the further appointments.

SMALL AND MEDIUM ENTERPRISES DEVELOPMENT CORPORATION (SMEDCO) 2017

Background information

Small and Medium Enterprises Development Corporation was incorporated in Zimbabwe in terms of the Small and Medium Enterprises Development Corporation Act [*Chapter 24:12*] as amended. The nature of business of the Corporation is that of providing loan finance to upcoming and existing small to medium scale enterprises and that of property letting and investment activities. Its subsidiary Litefold Engineering (Private) Limited is incorporated in Zimbabwe in terms of the Companies Act [*Chapter 23.04*]. The nature of business of the Company is that of providing metal engineering and carpentry services.

I have audited the financial statements of Small and Medium Enterprises Development Corporation for the year ended December 31, 2017 and I issued a qualified opinion with an emphasis of mater paragraph.

Qualified Opinion on the Consolidated Financial Statements

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified opinion on Consolidated Financial Statements

Litefold Engineering (Private) Limited had no internal control system over receipting of revenue from equipment hire. There were no job cards, timesheets, registers of services provided and invoices raised for engineering services and equipment hire. Therefore there was limitation of scope to gather evidence on the completeness and accuracy of revenue.

Opinion on the Corporation's Financial Statements

In my opinion, the Corporation's financial statements present fairly, in all material respects, the financial position of Small and Medium Enterprises Development Corporation as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without further qualifying my opinion, I draw your attention to the fact that the Group incurred a loss of $175 915 (2016: $1 106 164) for the year ended December 31, 2017, resulting in a cumulative loss of $ 8 399 723 (2016: $8 222 828) and its current liabilities exceed its current assets by $295 261 (2016: $1 559 636). These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue operating without financial assistance.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1. Incubation Hub

Finding

The Corporation was not adequately capitalised to finance and facilitate the effective setup and implementation of small and medium enterprises incubation hubs. In light of the functions of the Corporation, it was necessary for it to be resourced adequately to set up these hubs in all provinces.

Risk/Implication

The Corporation may fail to meet its mandate to enhance critical skills among small and medium enterprises.

Recommendation

The Corporation should endeavor to mobilise resources to enable it to set up incubation hubs.

Management response

Observation noted. However the nature of incubation hubs require significant capital outlays funding which the Corporation does not currently have. In 2017, the Corporation's resources were only loans that were used for on-lending. At present the incubation hubs have been set up under the parent ministry for example the Waterfalls Incubation Centre. The Corporation will consider innovation hubs in the future should its funding profile change.

1.2. Marketing strategy

Finding

The Corporation had no marketing personnel to augment the visibility of the Corporation and its products. Advertisement was only done by word of mouth in contrast to other microfinance institutions in the same trade which had aggressive marketing strategies that target the market that SMEDCO is in.

Risk/ Implication

The Corporation may not be competitive and may fail to discharge its mandate.

Recommendation

Marketing strategies need to be reviewed to enable the Corporation to sustain itself in a highly competitive environment.

Management response

Observation noted.

Marketing strategies have been reviewed by assigning digital marketing responsibilities to the IT Department. The Corporation will consider employing a full time marketing employee for 2019 as the budget permits.

PUBLIC ENTITIES UNDER THE

CATEGORY OF

HOSPITALS

CHITUNGWIZA CENTRAL HOSPITAL 2015, 2016 and 2017

Background information

Chitungwiza Central Hospital is a body corporate as defined in section 18 read together with the first schedule of the Health Service Act [*Chapter 15:16*]. It was incorporated in 1984, and is involved in the provision of hospitalization and medical services.

I have audited the financial statements of Chitungwiza Central Hospital for the years ended December 31, 2015, 2016 and 2017 and I issued a qualified opinion for the year ended December 31, 2015 and adverse opinions for the years ended December 31, 2016 and 2017.

Qualified Opinion 2015

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of Chitungwiza Central Hospital as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Management's Valuation of Fixed Assets

The hospital did not engage an independent sworn property valuer to value all its fixed assets in its accounting records. I was not satisfied with the procedures taken to value fixed assets. The valuation was undertaken by internal staff and there is no detailed report showing the assumptions and methodology used. As a result I could not determine any adjustments would have been necessary.

Unsupported Expenditure

Expenses amounting to $43 057 had no supporting documentation. I was unable to verify the occurrence of these transactions and therefore I could not determine whether.

Adverse Opinion 2016

In my opinion, because of the significance of the matter described in the Basis of Adverse Opinion section of my report, the financial statements do not present fairly the financial position of Chitungwiza Central Hospital as at December 31, 2016 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Valuation and existence of accounts receivable

The hospital could not provide the debtors age analysis and the debtors' ledgers. I was unable to confirm or verify by alternative means accounts receivable included in the statement of financial position as at December 31, 2016. As a result of these matters, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded accounts receivables.

Valuation of property, plant and equipment

The hospital did not engage an independent sworn property valuer to value all its fixed assets in its accounting records. I was not satisfied with the procedures taken to value fixed assets. The valuation was undertaken by internal staff and there is no detailed report showing the assumptions and methodology used. As a result, I could not determine any adjustments would have been necessary.

Adverse Opinion 2017

In my opinion, because of the significance of the matter described in the Basis of Adverse Opinion section of my report, the financial statements do not present fairly the financial position of Chitungwiza Central Hospital as at December 31, 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards(IFRSs).

Basis for Adverse Opinion

Valuation and existence of accounts receivable

The hospital could not provide the debtors age analysis and the debtors' ledgers. I was unable to confirm or verify by alternative means accounts receivable included in the statement of financial position as at December 31, 2017. As a result of these matters, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded accounts receivables.

Valuation of property, plant and equipment

The hospital did not engage an independent sworn property valuer to value all its fixed assets in its accounting records. I was not satisfied with the procedures taken to value fixed assets. The valuation was undertaken by internal staff and there is no detailed report showing the assumptions and methodology used. As a result I could not determine any adjustments would have been necessary.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Supporting documentation

Finding

Payment vouchers for expenditure incurred during the year ended December 31, 2015 amounting to $43 057 were not availed for my inspection. I could not therefore verify the validity and accuracy of the related expenditure.

Risk / Implication

Financial loss due to fraud.

Recommendation

Management should ensure that all transactions are adequately supported.

Management response

We always ensure that payments are done with all necessary documents attached. However the said documents reported as missing were documents that were submitted to HEAD OFFICE for payment and could not be retrieved during the Audit. For example invoices on Hospitality and Vehicle maintenance.

1.2 SAP accounting system

Finding

The Hospital used SAP accounting system. I however, noted that the system was not fully configured to produce a reliable receivables age analysis.

Risk / Implication

Financial statements may be materially misstated.

Recommendation

An Information technology specialist should be engaged to resolve the system challenges.

Management response

The SAP was set up by specialists, however, they are still to finalise the system configurations so that the system becomes fully functional. We are eager to have all SAP users trained but currently we have cash flow challenges.

1.3 Property, plant and equipment

Finding

The Hospital did not engage an independent property valuer to value all its fixed assets. I was not satisfied with the procedures taken to value the fixed assets which was done by internal staff as there was no detailed report showing the assumptions and methodology used, a requirement expected by International Financial Reporting Standards. I was therefore unable to assess the accuracy and appropriateness of the asset values.

Risk / Implication

Misstatement of the financial statements.

Recommendation

Management should consider engaging an independent professional valuer to conduct a valuation of the Hospital's property, plant and equipment.

Management response

The Hospital is moving from cash accounting to Accrual accounting, hence the assets need to be revalued. However budgetary constraints are hampering the invitation of experts to revalue the assets. We hope soon or latter this will be reported with proper informed figures. However, the Assets bought in 2016 and 2017 are measured at their costs. The Hospital to seek the services of an independent valuer soon once the cash flow improves.

MPILO CENTRAL HOSPITAL 2016

Background information

Mpilo Central Hospital is a body corporate as defined in section 18 read together with the first schedule of the Health Service Act [*Chapter15:16*]. It was incorporated in August 1958 in Zimbabwe, and is involved in the provision of hospitalization and medical services to the Southern region of Zimbabwe.

I have audited the financial statements of Mpilo Central Hospital for the year ended December 31, 2016 and I issued a qualified opinion.

Basis for qualified opinion

I was not able to extend my examination of grants and donations income from other sources beyond the receipts actually recorded and confirmations from known parties recorded as having provided funds to the Hospital. Accordingly, I could not ascertain the completeness of grants and donations income beyond what was recorded in the financial statements.

However, below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1. Withholding taxes

Finding

Withholding tax was not being withheld on fees paid to members of the Hospital Management Board and payments to suppliers without valid tax clearance certificates.

Furthermore, allowances and fees such as cell-phone, fuel and school fees, among others, paid to executive management were not being subjected to pay-as-you-earn (“PAYE”).

Risk / Implication

Financial loss due to penalties and interests that could be levied by ZIMRA for non-compliance.

Recommendation

The Hospital should ensure that non-executive fees are subject to withholding tax at 20% upon payment. The withheld taxes should be remitted to ZIMRA in a timeous manner.

The Hospital should also withhold 10% tax on all payments to suppliers without valid tax clearance certificates if the annual aggregate value is at least $250 and timeously remit same to ZIMRA.

Fees and allowances paid to executive management should be subjected to PAYE in line with statutes.

Management response

Recommendations have been noted and they will be implemented in future.

1.2. Service delivery at the Maternity Unit

Finding

The Maternity Unit was operating with one resuscitative machine instead of at least three which should be located in Theatre A, Theatre B and in the Recovery Room. This has been the case since 2015, when the other two machines broke down and were never repaired.

Furthermore, the Unit had also introduced floor beds due to shortage of ward space resulting in overcrowding of the wards.

Risk / Implication

Compromised service delivery and the health of the expecting mothers.

Recommendation

Management should engage the key stakeholders and formulate plans to recapitalize the hospital to match the trends in demand in the maternity services.

Management response

Recommendations have been noted and are fully embraced. In particular, the Hospital has embarked on a project to recapitalise the Maternity Unit by procuring the critical equipment. Furthermore, a proposal has been submitted to the Family Health Director seeking funding for the extension of the Maternity Unit. We hope that if this funding is availed, a more spacious Unit will be constructed and this should relief pressure on the department.

UNITED BULAWAYO HOSPITALS (UBH) 2017

Background information

United Bulawayo Hospitals (UBH) is a principal referral center, which provides high specialist health care for the people in Bulawayo and surrounding areas by promoting health, preventing ill-health, diagnosing and treating disease and injury, and caring for those with long-term illnesses and disabilities. UBH also provides training for nurses, internship for doctors, pharmacists and physiotherapists. The Hospital started operations in 1937.Its operations are sanctioned by the Public Health Act [*Chapter 15:09*]; Health Services Act [*Chapter 15:16*]; Medical Services Act [*Chapter 15:13*]; and the Public Finance Management Act [*Chapter 22:19*].

I have audited the financial statements of UBH for the years ended December 31, 2017 and I issued a qualified opinion.

Basis for qualified opinion

The Hospital does not have an adequate system of internal control to ensure that all creditors are complete. The completeness of creditors could not be ascertained as the Hospital did not perform creditor reconciliations for some of their creditors. There were some unreconciled creditors due to failure to obtain creditor statements.

Below are other material issues noted during the audit.

1. REVENUE COLLECTION, MANAGEMENT AND DEBT RECOVERY

1.1. Filing system

Finding

The patient records were not properly filed. Documents were just stacked in unmarked boxes all over the hospital. In most instances, requested documents could not be availed as they were said to have been misplaced.

Risk / Implication

Loss of important hospital documentation, records and patient files.

Loss of revenue as patient records may be misplaced.

Recommendation

Management should ensure that all documentation is appropriately filed in labeled or coded files to ensure safeguarding and accountability of records.

Management response

There is a shortage of resources such as colour tapes, shelves and space which leads to the patient records to be all over the hospital as they are kept at different departments. There is also a challenge of trained personnel who can properly file the patients records.

PUBLIC ENTITIES UNDER THE

CATEGORY OF

UNIVERSITIES AND TERTIARY INSTITUTIONS

BINDURA UNIVERSITY OF SCIENCE EDUCATION 2018

Background information

The University was established in terms of the Bindura University of Science Education Act [*Chapter 25:22*] in February 2000. The main objectives of the University include contributing to the development of Zimbabwe through the advancement of knowledge and skills in science education.

I have audited the financial statements of Bindura University of Science Education for the year ended December 31, 2018 and issued an adverse opinion.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Bindura University of Science Education as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for an adverse opinion

Non-compliance with IAS 21 The Effects of Changes in Foreign Exchange Rates
During the year the Zimbabwean economy was characterised by a multi-tiered pricing model. Under the model, a single product had different prices depending on the mode of payment, whether United States Dollar cash, electronic money (RTGS), mobile money or bond notes. This resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21, The *Effects of Changes in Foreign Exchange Rates*, would apply. Market wide, entities experienced premiums and discounts on the official foreign exchange rate of 1:1 between the RTGS balances and Bond Notes and the United States Dollar.

These financial statements, which are expressed in United States Dollars, have been prepared using the official exchange rate of 1:1. This is contrary to the requirements of IAS 21 which requires the use of the spot rate in accounting for transactions in currencies other than the presentation currency. The Councilors have determined that it is not practically possible to comply with the requirements of IAS 21 in the circumstances. The effect of the noncompliance with IAS 21 has not been quantified but it is considered significant for these financial statements.

However, the following material issue was noted during audit.

1. REVENUE COLLECTION AND DEBT RECOVERY

1.1 Outstanding receivables

Finding

The University had long outstanding receivables dating back to 2012. The breakdown of the receivables is as follows:

Debtor	Amount ($)	Period outstanding
Debtor 1	22,121	6 years
Debtor 2	10,475	5 years
Debtor 3	10,280	3 years
Debtor 4	6,390	4 years
Debtor 5	3,682	4 years
Debtor 6	2,439	3 years
Debtor 7	8,750	5 years

Risks / Implication

Financial loss due to inability to recover the debts.

Recommendation

The University should make concerted efforts to recover the outstanding debtors.

Management response

Observation noted. We will implement the recommendations.

BULAWAYO SCHOOL OF HOSPITALITY AND TOURISM 2017

Background information

The School is operating on commercial basis as per recommendation of the Public Service Commission reference number B/202/135 dated 27 November 1998. The School's principal activity is provision of training in Tourism and Hospitality.

I have audited the financial statements for Bulawayo School of Hospitality and Tourism for the year ended December 31, 2017 and issued an unmodified/ clean opinion.

However, below are material issues that were noted during the audit.

1. GOVERNANCE ISSUES

1.1 Payment vouchers

Finding

The School was not raising payment vouchers whenever they were making payments. The table below refers:

Date	Details	Amount USD
09 May 2017	Payment of beef	436.06
09 May 2017	Payment for student identification cards	1 995.25
09 May 2017	Payment for eggs	144
09 May 2017	Payment for beef	1 620.2
09 May 2017	Payment for computer repairs	175.49
09 May 2017	Payment for electrical components	382.95
28 February 2017	Payment for continuous external assessment	100
14 February 2017	Payment for continuous external assessment	2 100
14 February 2017	Payment for continuous external assessment	2 200
09 February 2017	Payment for continuous external assessment	430
09 February 2017	Payment for continuous external assessment	1 509.5
09 June 2017	Payment for fuel coupons	1 295
09 May 2017	Payment for vegetables	2 870.05
08 February 2017	Payment for HEXCO allowances	553

Risk/Implication

Financial loss due to misappropriation of funds which may not be detected on time.

Recommendation

Payment vouchers should be raised, authorised and certified correct before any payment is made.

Management response

Agreed

From January 2017, the School had an Accountant who was not quite familiar with the processing of payments. Furthermore, in May 2017 and part of June 2017, the Accounts department was critically short staffed. Out of the three (3) members, one went on annual leave while the other was on study leave. In an effort to cope, an officer from stores was engaged as a stopgap measure though he was not familiar with transaction processes. However, when the school got a new Accountant in mid June 2017 all payments were done after payment vouchers had been raised.

2. REVENUE COLLECTION, MANAGEMEMT AND DEBT RECOVERY

2.1 School debtors

Finding

I noted that the School had long outstanding debtors amounting to $390 219. There was no evidence availed to show that the School was following up to recover the outstanding debts. Below is a list of these debtors as at December 31, 2017;

Name of customer	Amount (USD)	Status
Local Organising Committee	241 907	Not yet paid still outstanding since 2015.Last reminder sent in August 2016.
Pandhari	104 881	Amount still outstanding since 2015.There is no documentary information or otherwise indicating communication with the customer
Zimbabwe National Statistics Agency	21 995	Amount still outstanding .Reminder was last sent on August 1, 2016.
National Youth Games	21 436	Amount still outstanding. Last reminder sent on August 1, 2016.
Total	**390 219**	

Risk / Implication

Debts maybe irrecoverable leading to financial losses

Recommendation

The School should make concerted effort to collect all outstanding debts.

Management response

Agreed.
The school will engage these debtors in order to recover the money.

HARARE INSTITUTE OF TECHNOLOGY 2017

Background Information

I have audited the Financial Statements of Harare Institute of Technology for the year ended December 31, 2017 and I issued an unqualified / clean opinion.

Opinion

In our opinion, the financial statements are properly drawn up in conformity with International Financial Reporting Standards ("IFRSs") and, in all material respects, give a true and fair view of the financial position of the Institute as at 31 December 2017, and of its financial performance and cash flows, for the year then ended.

Emphasis of matter

I draw your attention to the fact that the Institute incurred a total comprehensive loss of $876 079 during the period ended 31 December 2017 and as of that date was in a net current liabilities position of $765 542 (2016: $207 461). These matters, along with other matters as set forth in the financial statement, indicate that a material uncertainty exists that may cast doubt on the Institute's ability to continue operating as a going concern. Our opinion is not modified in respect of this matter.

However, the following material issue was noted during the audit:

1. REVENUE COLLECTION, MANAGEMENT AND DEBT RECOVERY

1.1 Caution fees

Finding

I noted that the Institute was not remitting caution fees to students upon completion of their studies.

Risk / Implication

Possible reputation risk as the Institute may be viewed by former students as not acting in good faith.

Recommendations

Management should endeavour to remit caution fees to students upon completion of their study programs as per Institute policy. Management can also consider setting off the caution fees balances against students' outstanding fees at completion, if any, or graduation fees.

Management response

Students should ordinarily claim the caution fees on successful filing of a clearance form on completion of their studies. However, some students have not bothered to submit their claim forms thus the accumulation of the caution fees.

The Institute will in future make every effort to inform students of this requirement before graduation.

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY (NUST) 2018

Background information

National University of Science and Technology (NUST) is a higher education institution governed by the National University of Science and Technology Act [*Chapter 25:13*].

I have audited the financial statements of National University of Science and Technology for the year ended December 31, 2018 and I issued a disclaimer of opinion with a material uncertainty related to going concern uncertainty paragraph.

Disclaimer of Opinion

In my opinion, because of the significance of the matters described in the basis for disclaimer of opinion paragraph below, I was not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion, and accordingly I do not express an opinion on the University's financial statements.

Basis for disclaimer of opinion

Functional and presentation currency

There was no official / legal local currency in Zimbabwe during the 2018 financial year. The United States dollar was deemed by the Councilors to be the functional and presentation currency of the University.

According to the Reserve Bank of Zimbabwe ("RBZ") Act, the balances between the Bond note, RTGS System and the US$ notes were legally exchangeable at 1:1 during the year ended 31 December 2018. However, there was constrained exchangeability (that is, the University was not readily able to exchange currencies through a legal exchange mechanism within a relatively short period of time) of the RTGS balances with foreign currencies in Zimbabwe as there was no legal foreign exchange mechanism.

The University transacted a significant amount of business in foreign currencies and had significant foreign currency denominated assets and liabilities in its statement of financial position as at 31 December 2018 as presented in notes to the financial statements. Accordingly, the University was unable to comply with the requirements of International Accounting Standard 21 ("*IAS 21") The Effects of Changes in Foreign Exchange Rates* in the recognition and measurement of foreign currency denominated transactions and balances in its accounting records, as well as, the presentation and disclosure of same in its financial statements for the year ended 31 December 2018.

Three tier pricing system for similar goods and services

During the year under review, there was evidence of a three tier pricing system in Zimbabwe, namely for the US$ dollar, for the funds in the electronic transfer system ("RTGS") and the bond notes. Furthermore, there was a differential between the pricing of goods and services depending on the mode of settlement, albeit through the RTGS system, with bond notes or US dollars. However, the existence of the three tier pricing system and the difference in the pricing of similar goods and services suggests that in substance the values were not equal.

Conceptual framework for financial reporting

According to the conceptual framework for financial reporting, financial reports represent economic phenomena in words and numbers. To be useful, financial information must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon [March 2018 Conceptual Framework paragraph 2.12].

Events after the reporting period

As disclosed in the financial statements, subsequent to year end, on 20 February 2019, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement in which the bond notes and coins were redenominated as RTGS Dollars. At the same time, the RBZ established an interbank foreign exchange market in Zimbabwe to formalize the exchange of RTGS Dollars with United States Dollars. The opening exchange rate for the United States Dollar to the RTGS Dollar as at 23 February 2019 was 1:2.5.

As a result of the issues discussed above and the significance thereof, I was unable to determine the adjustments that might have been necessary in respect of some elements of the financial statements to satisfy ourselves concerning the fair presentation of these financial statements that have been presented in US dollars.

Material uncertainty related to going concern

I your draw attention to the fact that the University reported an operating deficit amounting to $4 694 984 (2017: $2 163 529) for the financial year ended 31 December 2018. In addition, the University's current liabilities exceeded its current assets by $27 665 949 (2017: $23 030 699) as at 31 December 2018.

These factors indicate that a material uncertainty exists that may cast doubt on the University's ability to continue operating as a going concern.

1. GOVERNANCE

1.1 Audit Committee

Finding

The Committee had never held any meetings ever since it was constituted sometime in 2017. I also noted that the Audit Committee Chairman resigned in November 2017 and no Chairperson was appointed to takeover the position

Risk / Implication

Accountability oversight may be compromised.

Recommendation

The Council should appoint a suitable Council member to take over as the Chairperson of the Audit Committee.

Audit Committee meetings should be conducted on a quarterly basis in line with the statutes.

Management response

Noted. The Chairman of Council will chair meetings of the Audit Committee prior to appointment of a substantive chairman. In addition, the Audit Committee shall meet on a quarterly basis going forward.

Auditor's comment
Whilst I appreciate the proposed step to utilise the Council Chairman to chair the audit committee, this is contrary to the tenets of good corporate governance. This proposal exposes the Council Chairman to the threat of self- review.

1.2 Council member allowances

Finding

I noted that one Council member was paid allowances throughout 2018 despite having left the University in November 2017.

Risk / Implication

Financial loss through payments for services not rendered.

Recommendation

Management should not pay allowances to non- Council members.

The University should recover the amount paid to the Council member.

Management response

Noted and audit recommendations will be implemented

1.3 Performance and sustainability

Finding

The University`s enrolment was growing from year to year. As a result, the learning facilities were no longer adequate to accommodate the student numbers. The University management had resolved to put up temporary structures in order to alleviate this challenge.

The table below refers to some of the learning facilities.

Laboratory	Number available	Expected number of computers students to be served
FOBE	35	130
Commerce	37	2000+

In addition, the Engineering department experienced shortage of teaching equipment as some of the critical machinery were either not available or not functional. The table below refers:

Equipment	Department	Status
3 phase power supply	Engineering	Not available
Lathe machines	Engineering	Not available
2 Oscilloscopes	Engineering	Not functional

Risk / Implication

Service delivery may be compromised.

Recommendation

Management should find ways of resourcing various teaching departments. In addition, management should also expedite the completion of the temporary structures being erected at the University.

Management response

Noted. A tender for 70 computers was floated in November, 2018, but was not awarded when the suppliers demanded foreign currency. Renewed procurement efforts are underway. In addition, there is general equipment deficit and this is expected to be addressed in part through resource mobilization.

1.4 Prepayments to service providers

Finding

Services / goods in respect of prepayments amounting to $201 133 had not been delivered to the University as at 31 December 2018. No action had been taken by the University against the service providers. I also noted that most of the prepayments were in excess of 15% of the value of procurement as provided for under Section 63 (2) (a) of SI 5/2018). In addition, it was not clear from the quotations provided whether the suppliers required prepayments before the services could be provided. The table below shows some of the prepayments:

Date	Name of supplier	Amount prepaid $	% of prepayment to contract value
2 July 2018	PG Timbers Zimbabwe	14 543	100%
30 August 2018	PG Timbers Zimbabwe	6 400	100%
14 July 2018	M and C Engineering	77 569	100%

Risk / Implication

Fraudulent prepayments may be made to suppliers.

Recommendation

Management should make follow ups with the service providers to ensure performance on their part.

Management response

The payment to Africom was a deposit required per tender, and was matched by the delivery of Firewall hardware and a one-year licence. The whole amount should be expensed. A stores Unit will be set up to handle receipt and issue of stock.

UNIVERSITY OF ZIMBABWE 2017

Background information

The University of Zimbabwe (hereinafter referred to as UZ) is a Higher Education Institution governed by the University of Zimbabwe Act [*Chapter 25:16*].

I have audited the financial statements of the University of Zimbabwe for the year ended December 31, 2017 and I issued an unmodified/clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of University of Zimbabwe as at December 31, 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

However, below are material issues noted during the audit.

1 GOVERNANCE ISSUES

1.1 University policies

Finding

The University did not have key policies to regulate its operations. In addition, its financial regulations were outdated. The table below refers;

Policy	**Status**
Loan policy	Not available
Risk management policy	Not available
Related party transactions policy	Not available
Fraud response policy	Not available
Disaster response policy	Not available
University of Zimbabwe Finance Regulations	Available but outdated
Capitalization policy	Not available
Records management policy	Not available
Network security policy	Not available
Student accommodation policy	Not available

Risk / Implication

Inconsistent treatment of transactions.

Recommendation

The University should ensure that all relevant policies are in place.

The finance policies and procedures should be revised to reflect changes in business processes and practices.

Management response

Noted. The University is working on policies covering all areas.

1.2 Key vacant positions

Finding

The University had key vacant positions and/or positions with employees in acting capacity as shown below:

Position	**Status**	**Date employee started acting / post became vacant**
Pro Vice- Chancellor (Business Development)	Vacant	21 March 2016
Deputy Registrar (Human Resources)	Acting	01 July 2012

Risk / Implication

Service delivery may be compromised.

Recommendation

All key vacant positions should be filled.

Management response

Noted. Government froze appointment of staff to vacant posts. The above posts will be filled in 2019.

1.3 Staff advance receivables

Finding

The University had long outstanding staff receivables in respect of advances that were made to employees who travelled on the University's business. Twenty –three (23) staff members had advances that were outstanding for more than 180 days amounting to $93,999. According to the University policy these advances were supposed to be acquitted within 30 days from the date of return and the amounts not acquitted would be recovered from the employee's salary.

Risk / Implication

Financial loss as staff advances may not be recovered.

Recommendation

All staff advance receivables should be followed up and the amount due should be recovered as per University policy.

Management response

Absence of senior personnel in the department during the period under review negatively impacted on the management and control of staff debtors. The department is currently following up on all staff debtors.

ZIMBABWE INSTITUTE OF PUBLIC ADMINSTRATION (ZIPAM) 2018

Background information

The Institute was incorporated in terms of the Zimbabwe Institute of Public Administration and Management Act [*Chapter 25:17*]. The Institute is responsible for the dissemination of information relating to, and the promotion, teaching, direction, supervision, study and coordination of matters of administration and management with particular reference to the interest of the Public Service, Local Authorities, Parastatals and also the private sector.

I have audited the financial statements for Zimbabwe Institute of Public Administration and Management for the year ended December 31, 2018 and I issued an adverse opinion.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section in my report, the financial statements do not present fairly, in all material respects, the financial position of Zimbabwe Institute of Public Administration and Management as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

As explained in notes to the financial statements, the Institute did not fully comply with the provisions of International Accounting Standard 21 “The effects of Changes in Foreign Exchange rate” as Statutory Instrument 33 of 2019 precluded the Institute from applying an independent assessment of functional currency as required by the accounting standard and in terms of the guidance provided by the Public Accountants and Auditors Board (PAAB).

The need to account for these effects emanated from the ‘multi-tiered’ pricing environment that was prevailing during the year under review, where settlement of transactions was depended on the mode of payment, whether USD cash, RTGS, bond notes and mobile money. Shortage of foreign currency also resulted in foreign exchange rate disparities between RTGS and US$. This in turn affected the pricing structures to incorporate foreign exchange rate movements on the RTGS and bond notes, hence the need to comply with IAS 21 to reflect effects of these changes in the preparation of financial statements. This ‘multi-tiered pricing environment resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21 would apply. Had the Institute complied with the requirements of IAS 21, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to comply with the requirements of IAS 21 have not been determined.

However, the following are other material issues that were noted during the audit.

1 GOVERNANCE ISSUES

1.1 Statutory and other obligations

Finding

The Institute had long outstanding statutory and other deductions as at December 31, 2018. I also noted that the Institute had entered into payment plans with the service providers, however it was failing to meet them. This was mainly caused by shortage of funds to service the debts. The following table illustrates the list of these obligations.

Statutory deduction	Amount $
ZIMRA (PAYE)	136 857
NSSA	35 432
ZIMRA (VAT)	169 264
ZB Pension fund	606 803
Public Service Medical Aid Society	5 560
ZIMRA (Withholding tax)	1 072
Manpower levy	42 542
Total	**997 530**

Risk / Implication

Financial loss due to penalties and interest being levied by the relevant authorities.

Employees may fail to access essential services.

Recommendation

The Institute should adhere to the terms of the payment plans entered into.

Management response

The pension fund is a legacy debt, dating back to 2009. It has not been paid due to lack of resources. Available resources are not enough to extinguish these debts at once, hence are being cleared in phases. Payment plans are in place with most of the statutory bodies for clearing arrears and every effort is being made to adhere to them.

ANNEXURE A- STATE ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
AUTHORITIES AND AGENCIES								
Agricultural Marketing Authority (AMA)	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified
Broadcasting Authority of Zimbabwe	2016 & 2017	Unqualified	2015	Unqualified	2014	Unqualified	2013	Unqualified
Civil Aviation Authority of Zimbabwe (CAAZ)	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified with an Emphasis of Matter	2016	Unqualified with an Emphasis of Matter	2015 2014	Unqualified with an Emphasis of Matter
Environmental Management Agency	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Medicines Control Authority of Zimbabwe	2017 2018	Unqualified Adverse due to non -compliance with IAS 21	2016	Unqualified	2015	Unqualified	2014	Unqualified
National Biotechnology Authority	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
National Social Security Authority	2017	Unqualified	2016	Unqualified with an Emphasis of Matter	2015	Unqualified with an Emphasis of Matter	2014	Unqualified with an Emphasis of Matter

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ)	2017	Unqualified	2016	Unqualified	2015	Qualified	2014	Qualified
Rural Electrification Agency	2015 & 2016	Qualified	2014	Qualified	-	-	-	-
Zimbabwe Energy Regulatory Authority	2017 2018	Unqualified Adverse due to non - compliance with IAS 21	2016	Unqualified	2015	Unqualified	2014	Unqualified
Zimbabwe Investment Authority	2018	Adverse due to non - compliance with IAS 21	2016-2017	Unqualified with an Emphasis of matter	2015	Unqualified with an Emphasis of matter	2014	Unqualified with an Emphasis of matter
Zimbabwe National Road Administration (ZINARA)	2017	Qualified	2016	Qualified with an Emphasis of matter	2015	Qualified with an Emphasis of matter	2014	Qualified
Zimbabwe National Statistics Agency	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Qualified
Zimbabwe National Water Authority (ZINWA)	2017 2018	Unqualified Adverse due to non - compliance with IAS 21	2016	Unqualified	2015	Unqualified with an Emphasis of matter	2013-14	Unqualified with an Emphasis of matter

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
Zimbabwe Parks and Wildlife Management Authority	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Zimbabwe Revenue Authority (ZIMRA)	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified with an Emphasis of matter
Zimbabwe Tourism Authority	2016	Unqualified with an emphasis of matter paragraph	2015	Unqualified with an emphasis of matter paragraph	2014	Unqualified with an emphasis of matter paragraph	2013	Unqualified with an emphasis of matter paragraph
BOARDS								
Grain Marketing Board	2017/2018	Unqualified	2017	Unqualified with emphasis of matter	2016	Qualified with emphasis of matter	2015	Qualified with emphasis of matter
Pig Industry Board	2017 2018	Unqualified Adverse due to non - compliance with IAS 21	2016	Unqualified	2015	Unqualified	2014	Unqualified
Tobacco Research Board	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Tobacco Industry Marketing Board	2016	Qualified	2015	Unqualified	2014	Unqualified	2013	Unqualified
COMMISSION								
Competition and Tariffs Commission	2018	Adverse due to non -	2017	Unqualified	2016	Unqualified	2015	Unqualified

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
		compliance with IAS 21						
Forestry Commission	2017	Unqualified	2016	Unqualified with an emphasis of matter	2015	Unqualified	2014	Unqualified
Insurance and Pensions Commission	2017 2018	Unqualified Adverse due to non - compliance with IAS 21	2016	Unqualified	2015	Unqualified	2014	Unqualified
Securities and Exchange Commission of Zimbabwe	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified
Sports and Recreation Commission	2017	Unqualified	2016	Unqualified with an emphasis of matter	2015	Unqualified with an emphasis of matter	2014	Unqualified with an emphasis of matter
Zimbabwe Media Commission	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
COMPANIES AND CORPORATIONS								
Air Zimbabwe (Private) Limited	2011-2014	Disclaimer	2010	Disclaimer	2009	Disclaimer	-	-
Allied Timbers (Private) Limited	2017	Qualified with an Emphasis of matter	2016	Qualified with an Emphasis of matter	2015	Unqualified with an Emphasis of matter	2014	Unqualified with an Emphasis of matter
CMED (Private) Limited	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
CMED Fuels (Private) Limited	2017	Unqualified	-	-	-	-	-	-
Deposit Protection Corporation	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified
Deven Engineering (Private) Limited	2018	Adverse with an Emphasis of matter	-	-	-	-	-	-
EasyGo (Private) Limited	2017	Unqualified	-	-	-	-	-	-
Genesis Energy (Private) Limited	2017	Unqualified	-	-	-	-	-	-
Infralink (Private) Limited	2017	Qualified	2016	Qualified	2015	Unqualified	2014	Unqualified
Jena Mine	2015-2017	Qualified	-	-	-	-	-	-
Kariba Hydro Power Company	2018	Adverse due to non – compliance with IAS 21	2017	Unqualified	2016	Unqualified with an Emphasis of matter	2015	Unqualified
Minerals Development (Pvt) Ltd (Elvington Mine)	2015	Adverse with an Emphasis of matter	-	-	-	-	-	-
Minerals Marketing Corporation of Zimbabwe	2017	Unqualified	2016	Unqualified with an Emphasis of matter	2015	Unqualified with an Emphasis of matter	2014	Unqualified
National Handling Services	2014	Unqualified with an	2013	Qualified with an				

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
		Emphasis of matter		Emphasis of matter				
National Pharmaceutical Company	2017	Unqualified	2016	Unqualified	2015	Unqualified with an Emphasis of matter	2014	Unqualified with an Emphasis of matter
National Oil Infrastructure Company	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Net*One Cellular (Private) Limited	2017	Unqualified	2016	Unqualified with an Emphasis of matter	2015	Unqualified with an Emphasis of matter	2014	Unqualified with an Emphasis of matter
New Ziana (Private) Limited	2015-2017	Unqualified	-	-	-	-	-	-
Petrotrade (Private) Limited	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Powertel Communications (Private) Limited	2018	Adverse due to non – compliance with IAS 21	2016-2017	Unqualified with an Emphasis of matter	2015	Unqualified with an Emphasis of matter	2014	Unqualified with an Emphasis of matter
Printflow (Private) Limited	2017 2018	Unqualified Adverse due to non – compliance with IAS 21	2016	Unqualified	2015	Unqualified		
Sunway City (Private) Limited	2018	Adverse due to non – compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
		and an Emphasis of matter						
TelOne (Private) Limited	2017 2018	Unqualified with a material of uncertainty to going concern paragraph Adverse due to non – compliance with IAS 21	2016	Unqualified with a material of uncertainty to going concern paragraph	2015	Unqualified with an Emphasis of matter	2014	Unqualified with an Emphasis of matter
Transmedia Corporation	2016-2017	Unqualified	2015	Unqualified	2014	Unqualified	2013	Unqualified
Urban Development Corporation (UDCORP)	2017	Unqualified	2016	Unqualified with an Emphasis of matter	-	-	-	-
Willowvale Motor Industries	2018	Adverse due to non – compliance with IAS 21 and an Emphasis of matter						
Zimbabwe Broadcasting Corporation	2016	Unqualified	2015	Unqualified with an	2014	Unqualified with an	2013	Unqualified with an

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
				Emphasis of matter		Emphasis of matter		Emphasis of matter
Zimbabwe Consolidated Diamond Company (Private) Limited (ZCDC)	2017	Qualified	2016	Qualified with an Emphasis of matter	-	-	-	-
ZESA Enterprises (Private) Limited (ZENT)	2018	Adverse due to non - compliance with IAS 21	2016-2017	Unqualified with an Emphasis of matter	2015	Unqualified with an Emphasis of matter	2014	Unqualified with an Emphasis of matter
ZESA Holdings (Private) Limited	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified with an Emphasis of matter	2016	Unqualified with an Emphasis of matter	2015	Unqualified with an Emphasis of matter
Zimbabwe Electricity Transmission and Distribution Company (ZETDC)	2018	Adverse due to non - compliance with IAS 21	2016-2017	Unqualified with an Emphasis of matter	2015	Unqualified with an Emphasis of matter	2014	Unqualified with an Emphasis of matter
Zimbabwe Mining Development Corporation(ZMDC)	2015-2017	Qualified with an Emphasis of matter						
Zimbabwe Power Company (ZPC)	2018	Adverse due to non - compliance with IAS 21	2016-2017	Unqualified with an Emphasis of matter	2015	Unqualified with an Emphasis of matter	2014	Unqualified with an Emphasis of matter

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
Zimbabwe United Passengers Company Limited (ZUPCO)	2017	Qualified with an Emphasis of matter	2016	Qualified with an Emphasis of matter	2015	Qualified with an Emphasis of matter	2014	Qualified
COUNCILS								
Allied Health Practitioners Council	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Consumer Council of Zimbabwe	2017	Unqualified	2016	Unqualified	2015	Unqualified with an Emphasis of matter	2014	Unqualified
Environmental Health Practitioners Council of Zimbabwe	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Medical and Dental Practitioners Council	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Medical Laboratory and Clinical Scientists Council of Zimbabwe	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Medical Rehabilitation Practitioners Council	2017	Unqualified	2015-2016	Unqualified	2014	Unqualified	2013	Unqualified
National AIDS Council of Zimbabwe	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
National Arts Council of Zimbabwe	2017 2018	Unqualified Adverse due to non - compliance with IAS 21	2016	Unqualified with Emphasis of Matter	2015	Unqualified	2014	Unqualified
Nurses Council of Zimbabwe	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Pharmacists Council of Zimbabwe	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Traffic Safety Council	2017 2018	Unqualified Adverse due to non - compliance with IAS 21	2016	Unqualified	2015	Unqualified	2014	Unqualified
Zimbabwe National Family Planning Council	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
Zimbabwe Schools Examinations Council	2016-2017	Unqualified	2015	Unqualified	2014	Unqualified	2013	Unqualified
Zimbabwe Youth Council	2012-2015	Unqualified						
FINANCIAL INSTITUTIONS								
Agricultural Bank of Zimbabwe (Agribank)	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2015	Unqualified	2014	Unqualified with Emphasis of Matter

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
Empowerbank	2018	Adverse due to non - compliance with IAS 21						
Infrastructure Development Bank of Zimbabwe	2018	Unqualified with Emphasis of Matter	2017	Unqualified with Emphasis of Matter	2015	Unqualified with Emphasis of Matter	2014	Unqualified with Emphasis of Matter
National Building Society	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2016	Unqualified		
People's Own Savings Bank (POSB)	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified
Small Enterprise Development Corporation (SMEDCO)	2017	Qualified with Emphasis of Matter	2016	Qualified with Emphasis of Matter	2015	Qualified with Emphasis of Matter	2014	Qualified with Emphasis of Matter
Zimbabwe Women Bank	2018	Adverse due to non - compliance with IAS 21						.
FUNDS								
Lotteries and Gaming Fund	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
State Lotteries Fund	2018	Adverse due to non -	2017	Unqualified	2016	Unqualified	2015	Unqualified

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
		compliance with IAS 21						
Universal Service Fund	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
STATE HOSPITALS								
Chitungwiza Central Hospital	2015 2016-2017	Qualified Adverse	2014	Qualified	2013	Qualified	-	-
Harare Central Hospital	2016	Adverse	2015	Adverse Opinion	2014	Disclaimer of Opinion	2013	Disclaimer of Opinion
Mpilo Central Hospital	2016	Qualified	2015	Qualified with an Emphasis of matter	2014	Disclaimer of Opinion with an Emphasis of matter	2013	Disclaimer of Opinion with an Emphasis of matter
Parirenyatwa Group of Hospitals	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
United Bulawayo Hospitals	2017	Qualified	2016	Qualified	2015	Qualified with an Emphasis of matter	2014	Qualified with an Emphasis of matter
TERTIARY INSTITUTIONS								
Bindura University of Science Education (BUSE)	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified
Bulawayo School of Hospitality and Tourism	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
Chinhoyi University of Technology (CUT)	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified
Great Zimbabwe University (GZU)	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified
Harare Institute of Technology (HIT)	2017	Unqualified	2016	Unqualified	2016	Unqualified	2015	Unqualified
Lupane State University	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified
Manicaland University of Applied Sciences	2018	Adverse due to non - compliance with IAS 21						
National University of Science and Technology (NUST)	2018	Disclaimer	2017	Unqualified	2016	Unqualified	2015	Unqualified with an Emphasis of matter
University of Zimbabwe	2017	Unqualified	2016	Unqualified with an Emphasis of matter	2015	Unqualified with an Emphasis of matter	2014	Unqualified
Zimbabwe School of Mines	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified	2016	Unqualified	2015	Unqualified

PUBLIC ENTITY	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED	YEAR	OPINION ISSUED
Zimbabwe Institute of Public Administration and Management (ZIPAM)	2017 2018	Unqualified Adverse due to non - compliance with IAS 21	2015-2016	Unqualified	2014	Unqualified	2013	Unqualified
Zimbabwe Open University	2017	Unqualified	2016	Unqualified	2015	Unqualified	2014	Unqualified
OTHER								
Scientific Industrial Research and Development Centre (SIRDC)	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified with Going Concern Uncertainty	2016	Unqualified with Going Concern Uncertainty	2015	Unqualified with an Emphasis of matter

ANNEXURE "B": AUDITS IN PROGRESS AND BEING FINALISED

	PUBLIC ENTITY	YEAR
1.	Agricultural and Rural Development Authority	2014-2018
2.	Air Zimbabwe (Private) Ltd	2015-2016
3.	Allied Timbers (Private) Limited	2018
4.	Anti-Corruption Commission	2012-2017
5.	Bulawayo School of Hospitality and Tourism	2018
6.	Chitungwiza Central Hospital	2018
7.	Cold Storage Company (CSC)	2013-2017
8.	Consumer Council of Zimbabwe	2018
9.	Courier Connect	2015-2017
10.	CMED (Private) Limited	2018
11.	CMED Fuels (Private) Limited	2018
12.	Chemplex Corporation	2018
13.	EasyGo Car Hire & travel	2018
14.	Environmental Management Agency	2018
15.	Genesis Energy (Private) Limited	2018
16.	Gwanda University	2017-2018
17.	Harare Central Hospital	2017
18.	Harare Institute of Technology	2018
19.	Health Professions Authority	2018
20.	Health Services Board	2018
21.	Industrial Development Corporation	2018
22.	Infralink (Private) Limited	2018
23.	Ingutsheni Central Hospital	2018
24.	Investor Protection Fund	2018

	PUBLIC ENTITY	YEAR
25.	Medical and Dental Practitioners Council	2018
26.	Mellofielde Chemicals (Subsidiary of MMCZ)	2018
27.	Midlands State University	2018
28.	Minerals Marketing Corporation of Zimbabwe	2018
29.	Mining Promotion Corporation	2016-2018
30.	Mpilo Central Hospital	2017
31.	National AIDS Council	2018
32.	National Handling Services	2015-2016
33.	National Oil Infrastructure Company (NOIC)	2018
34.	National Pharmaceutical Company	2018
35.	National Social Security Authority (NSSA)	2018
36.	Nurses Council of Zimbabwe	2018
37.	Parirenyatwa Group of Hospitals	2018
38.	Petrotrade (Private) Limited	2018
39.	Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ)	2018
40.	Pharmacists Council of Zimbabwe	2018
41.	Radiation Authority of Zimbabwe	2018
42.	Research Council of Zimbabwe	2018
43.	Rural Electrification Agency	2017
44.	Sabi Gold Mine (Kimberworth Investments)	2017-2018
45.	Small and Medium Enterprises Development Corporation (SMEDCO)	2018
46.	Sports and Recreation Commission	2018
47.	Tobacco Industry and Marketing Board	2017-2018
48.	Tobacco Research Board	2018
49.	Transmedia Corporation	2018
50.	United Bulawayo Hospitals	2018

	PUBLIC ENTITY	YEAR
51.	University of Zimbabwe	2018
52.	Universal Service Fund	2018
53.	Zimbabwe Academic Research Network (Private) Limited	2016-2017
54.	Zimbabwe Broadcasting Corporation	2017
55.	Zimbabwe Consolidated Diamond Company (Private) Limited (ZCDC)	2018
56.	Zimbabwe Media Commission	2018
57.	Zimbabwe Council for Higher Education	2018
58.	Zimbabwe Mining Development Corporation-Group	2015-2017
59.	Zimbabwe National Family Planning Council	2018
60.	Zimbabwe National Statistics Agency	2018
61.	Zimbabwe Parks and Wildlife Management Authority	2018
62.	Zimbabwe Posts Properties (Private) Limited	2016-2017
63.	Zimbabwe Posts (Private) Limited	2016
64.	Zimbabwe National Road Administration	2018
65.	Zimbabwe Special Economic Zones Authority	2017-2018
66.	Zimbabwe United Passengers Company Limited (ZUPCO)	2018
67.	Zimbabwe Youth Council	2016-2017

ANNEXURE "C": AUDITS AT SIGNING STAGE

	PUBLIC ENTITY	**YEAR**
1.	Aviation Infrastructure Development Fund (AIDEF)	2018
2.	Chinhoyi University of Science and Technology	2018
3.	Civil Aviation Authority of Zimbabwe	2018
4.	Harare Central Hospital	2017
5.	Manicaland State University of Applied Science	2018
6.	National Museums and Monuments of Zimbabwe	2017
7.	National Railways of Zimbabwe	2018
8.	Net*One (Private) Limited	2018
9.	Printflow (Private) Limited	2018
10.	RMS (Private) Ltd	2014-2017
11.	Rural Electrification Agency	2015-2016
12.	Urban Development Corporation (UDCORP)	2018
13.	Zimbabwe Electoral Commission	2016-2017
14.	Zimbabwe Open University	2018
15.	Zimbabwe Special Economic Zones Authority	2018
16.	Zimbabwe Tourism Authority	2017
17.	Zimbabwe Youth Council	2015
18.	Zimbabwe Parks and Wildlife Management Authority	2018

ANNEXURE "D": ACCOUNTS NOT SUBMITTED FOR AUDIT

	PUBLIC ENTITY	YEAR
1.	Agriculture Research Council	2017-2018
2.	Allied Health Practitioners Council	2018
3.	Air Zimbabwe (Private) Limited	2017-2018
4.	Anti-Corruption Commission	2018
5.	Broadcasting Authority of Zimbabwe	2018
6.	Cold Storage Company (CSC)	2018
7.	Courier Connect (Private) Limited.	2018
8.	Environmental Health Practitioners Council	2018
9.	Forestry Commission	2018
10.	Grain Marketing Board	2018/2019
11.	Harare Central Hospital	2018
12.	Lotteries and Gaming Fund	2018
13.	Marondera University of Agricultural Science and Technology	2018
14.	Medical Laboratory and Clinical Scientists Council of Zimbabwe	2018
15.	Medical Rehabilitation Practitioners Council	2018
16.	Minerals Development (Private) Limited (Elvington Mine)	2016-2018
17.	Mpilo Central Hospital	2018
18.	National Biotechnology Authority	2018
19.	National Handicrafts Centre	2009-2018
20.	National Handling Services	2017-2018
21.	National Incomes and Pricing Commission	2017
22.	National Competitiveness Commission	2018
23.	National Libraries and Documentation Centre	2009-2018
24.	National Museums and Monuments of Zimbabwe	2018

	PUBLIC ENTITY	YEAR
25.	New Ziana	2018
26.	Procurement Regulatory Authority of Zimbabwe	2016- 2018
27.	RMS (Private) Limited	2018
28.	Rural Electrification Agency	2018
29.	Sandawana Mine	2015-2018
30.	ZARNET (Private) Limited	2018
31.	Zimbabwe Broadcasting Corporation	2018
32.	Zimbabwe Electoral Commission (ZEC)	2018
33.	Zimbabwe Mining Development Corporation	2018
34.	Zimbabwe Posts Properties (Private) limited	2018
35.	Zimbabwe Posts (Private) Limited (ZIMPOST)	2017-2018
36.	Zimbabwe Schools Examinations Council	2018
37.	Zimbabwe Tourism Authority	2018
38.	Zimbabwe Youth Council	2018