We assure accountability

OAG ZIMBABWE
Office of the Auditor-General

REPORT

of the

Auditor-General

for the

FINANCIAL YEAR ENDED DECEMBER 31, 2022

ON

STATE OWNED ENTERPRISES AND PARASTATALS

Presented to Parliament of Zimbabwe: 2023

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

The Hon. Prof. M. Ncube
Minister of Finance and Economic Development
Mgandane Dlodlo Building
Corner S.V. Muzenda /Samora Machel Avenue
Harare

Dear Sir,

I hereby submit my Report on the audit of State Owned Enterprises and Parastatals in terms of Section 309(2) of the Constitution of Zimbabwe as read together with Section 10(1) of the Audit Office Act [*Chapter 22:18*], for the year ended December 31, 2022

Yours faithfully,

R. KUJINGA,
ACTING AUDITOR-GENERAL.

HARARE

June 16, 2023.

OAG ZIMBABWE
Office of the Auditor-General

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 and motivated staff with the aim of improving accountability and good corporate governance.

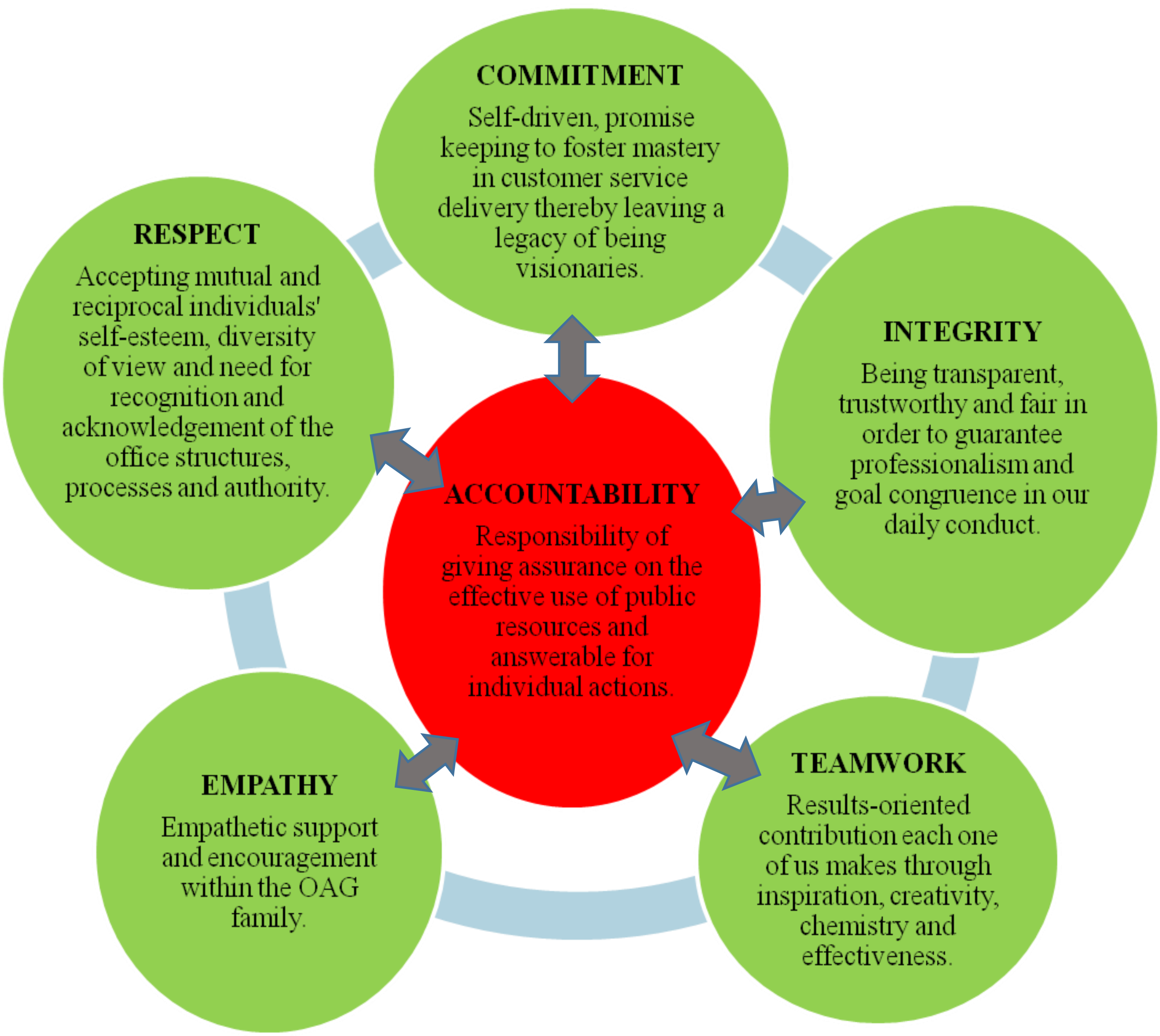


TABLE OF CONTENTS Page

LIST OF ACRONYMS

1. GMB- Grain Marketing Board
2. FY-Financial Year
3. IFRSs- International Financial Reporting Standards
4. ISAs- International Standards on Auditing
5. ISSAIs- International Standards of Supreme Audit Institutions
6. MMCZ- Minerals Marketing Corporation of Zimbabwe
7. NOIC- National Oil Infrastructure Company of Zimbabwe
8. NAC- National AIDS Council
9. NSSA- National Social Security Authority
10. OAG- Office of the Auditor General
11. PRAZ- Procurement Regulatory Authority of Zimbabwe
12. POTRAZ- Postal and Telecommunication Regulatory Authority of Zimbabwe
13. RBZ- Reserve Bank of Zimbabwe
14. RIB-Removal in Bond
15. RIT- Removal in Transit
16. SAP- Systems, Applications, Products in Data Processing.
17. SMEDCO-Small and Medium Enterprises Development Corporation
18. SPB- State Procurement Board
19. TIMB- Tobacco Industry and Marketing Board
20. TIP- Temporary Import Permit
21. USD-United States Dollar
22. VAT- Value Added Tax
23. ZCDC-Zimbabwe Consolidated Diamond Company
24. ZETDC-Zimbabwe Electricity Transmission and Distribution Company
25. ZIMRA- Zimbabwe Revenue Authority

26. ZIMSEC-Zimbabwe School Examinations Council

27. ZINARA- Zimbabwe National Roads Administration

28. ZWL- Zimbabwean Dollar

PREAMBLE

Introduction

This report contains the results of audits of State Owned Enterprises and Parastatals (SOEs) following the end of the 2022 financial year. 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 various stakeholders, inter alia ministers, parliament, development partners and the public at large. The objectives of financial statements audit in the public sector are often broader than expressing an opinion on whether the financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework but also to address service delivery issues.

Mandate

My Office is mandated by the Constitution of Zimbabwe Amendment (No 20) Act 2013 and amplified in the Audit Office Act [*Chapter 22:18*] to audit and to report to Parliament my findings on the examination of accounts of all public entities. 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.

Basis of preparation of Public entities financial statements

Management of public funds is governed primarily by the Constitution of Zimbabwe and the Public Finance Management Act [*Chapter 22:19*]. Section 37 of the Public Finance Management Act [*Chapter 22:19*] requires all public entities' financial statements to be prepared in accordance with generally accepted accounting practice(GAAP). This is interpreted as comprising International Financial Reporting Standards (IFRSs) and International Public Sector Accounting Standards (IPSASs). IFRSs and IPSASs comprise interpretations adopted by the International Accounting Standards Board (IASB) and the International Public Sector Accounting Standards Board (IPSASB), which set common rules so that financial statements can be consistent, transparent and comparable around the world.

SOEs have made efforts to prepare financial statements that comply with the IFRSs reporting framework, however, full compliance could not be achieved during the period ended December 31, 2018-2021 due to issues emanating from non-compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates". This was due to the fact that in February 2019, the Government of Zimbabwe issued Statutory Instrument (S.I.) 33 of 2019 (S.I. 33), which prescribed parity between the US dollar and local currency. S.I. 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 S.I. 33 of 2019 precluded public entities from complying with IAS 21 - "The Effects of Changes in Foreign Exchange Rates". Although, the assessment of the impact of complying with S.I. 33 was done on a case by case basis, adherence to the statutory instrument resulted in a significant number of State Owned Enterprises and Parastatals being unable to comply with IFRSs. This therefore formed the basis for adverse and qualified opinions for most entities for the years ended December 31, 2018-2021.

Audit approach

I conducted my statutory audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and the International Standards on Auditing (ISAs). These Standards require that I comply with ethical requirements, 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 public entities' 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 for 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.

Audit opinion

The principal objective of my audit procedures is to enable me to express an opinion on the truthfulness 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide the basis for my opinion of the respective financial statements.

Report Structure

The report outlines material audit findings noted during the audit of the financial statements of the State Owned Enterprises and Parastatals. Also included under each audited client are possible risks / implications associated with the audit findings and 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 towards addressing prior year audit findings and implementation of recommendations. 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.

Acknowledgements

My special tribute goes to the audit firms and our valued clients who made it possible for me to submit my report for the year under review. I extend my appreciation to our development partners for their unwavering financial support and to our printers for printing the report. Finally, I extend my sincere appreciation to my management and staff for their continued commitment and dedication to duty.

HARARE — R. KUJINGA,

June 16, 2023 — ACTING AUDITOR-GENERAL.

EXECUTIVE SUMMARY

This report covers the audit results of the audit of the financial statements of State Owned Enterprises and Parastatals (SOEs), which comprises of the statement of financial position, the statement of financial performance, statement of changes in equity, statement of cash flows and notes to the financial statements. The report highlights key audit findings noted during the audits and recommendations on how issues raised may be addressed in order to improve public sector transparency, accountability, good corporate governance and service delivery.

Although, COVID-19 effects caused a dent on transparency and accountability during 2019-2021, a number of entities managed to clear arrears in financial reporting. At the time of producing this report, in relation to the 2019, 2020, 2021 and 2022 financial years, one hundred and forty-nine (149) audits had been completed and one hundred and five (105) were in progress whilst some were being finalised. There were fifty-one (51) entities that had not yet submitted financial statements for audit. Amongst these, twenty-four (24) entities had not also submitted 2021 financial statements whilst three (3) entities had their accounts in arrears of more than 5 years and details are in Annexure D and the graphical trend is as shown below.

Highlights of findings

The audit covered aspects on governance issues, revenue collection and debt recovery, management of assets, procurement of goods and services, employment and service delivery. Below is a graphical and tabulated overview of the aspects covered during the audit.

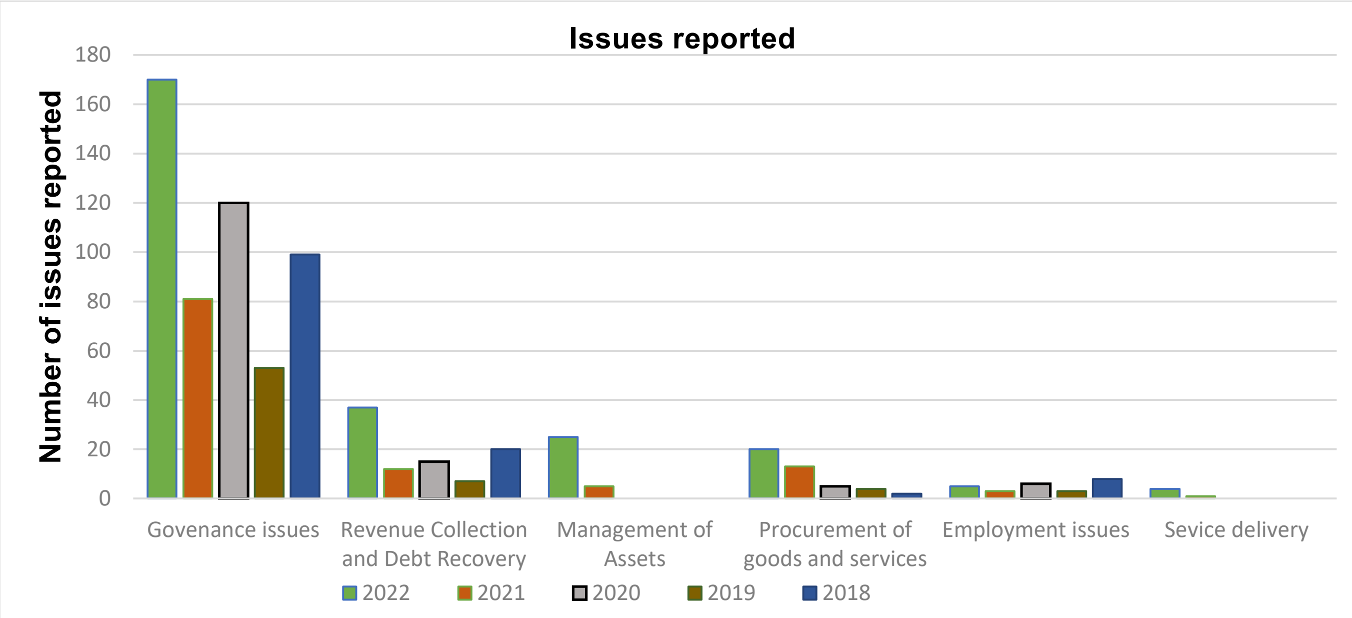


Table showing number of issues reported

	2022	2021	2020	2019	2018
Governance Issues	170	81	121	53	99
Revenue Collection and Debt Recovery	37	12	15	7	20
Management of assets	25	4			
Procurement of goods and services	20	13	5	4	2
Employment issues	5	3	6	3	8
Service delivery	4	1			

Governance Issues

I continue to appreciate efforts made by Government in the form of statutory/structural reforms, inter alia, enactment of the Public Entities Corporate Governance Act [*Chapter 10:31*] and establishment of the Corporate Governance Unit (CGU) in the Office of the President and Cabinet, that have contributed to reduction in entities without boards. However, the boards need to pay attention to matters raised so as to improve transparency and accountability by strengthening their internal audit units. In this report are instances of weak oversight over internal controls as evidenced by unsupported expenditure, non-alignment of accounting policies and processes with reporting framework (accounting standards), non-acquittal of travel and subsistence allowances, inadequate controls on fuel management, non-performance of bank reconciliations and non-compliance with tax laws and regulations. I have reported, one hundred and seventy (170) compared to eighty-one (81) governance issues I raised in 2021. The governance issues can be addressed if there are frequent assessment of internal control systems of these entities.

Revenue collection and debt recovery

Automation of many revenue collection systems by some SOEs has resulted in reduction of human errors in accounting for revenue. However, revenue collection and debt recovery issues raised emanated from unclassified deposits that are a result of insufficient customer details and absence of debtors' reconciliations due to inadequate accounting staff.

Asset management

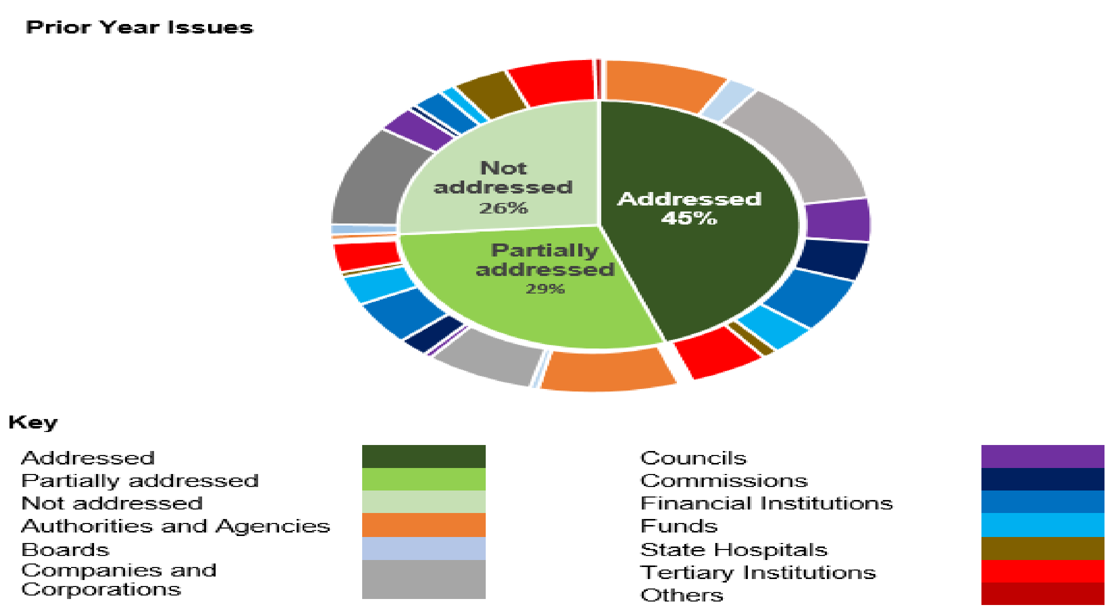
There was an increase of asset management issues noted in this report as compared to those raised in my 2021 annual report. I have reported twenty- five (25) issues compared to four (4) issues that were raised in 2021. The issues relate mainly to institutions lagging behind in maintenance of buildings and non- replacement of aged fleet. These issues may affect service delivery in some entities if not addressed.

Procurement of goods and services

The enactment of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] brought an improvement in ensuring transparency in procurement of goods and services by public entities as well as ensuring fair, honest, cost effective and competitive procurement and disposal of assets. However, twenty (20) issues relating to procurement of goods and services were noted and most of the issues relates to non-delivery of goods paid for.

Progress in addressing prior year audit findings

I raised two hundred and six (206) audit findings in my 2019-2021 annual reports that I followed up for the reported entities herein and noted that ninety-two (92) were addressed sixty (60) were partially addressed and fifty-four (54) were not addressed. The progress made is further analysed below.



Conclusion

Those charged with governance and management are urged to pay attention to the outstanding matters so as to address them and improve transparency, accountability, good corporate governance and service delivery. It is therefore imperative that State Owned Enterprises and Parastatals embrace provisions of the 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 Owned Enterprises and Parastatals will greatly improve if my recommendations and provisions of the said Act are implemented.

PUBLIC ENTITIES UNDER THE CATEGORY OF AUTHORITIES AND AGENCIES

Background Information

Agricultural Rural Development Authority (ARDA) is a state owned enterprise under the Ministry of Lands, Agriculture, Fisheries, Water, and Rural Development that is responsible for spearheading the advancement of agricultural production and rural development in Zimbabwe. Its mandate is derived from the Agricultural and Rural Development Authority Act [*Chapter 18:01*] that seeks to promote development through implementation of vibrant schemes in the agricultural sector with a view to reducing poverty especially in rural areas.

I have audited the consolidated financial statements of Agricultural and Rural Development Authority for the year ended December 31, 2020 and I issued an adverse opinion.

Adverse Opinion

In my opinion, because of the significance of matters discussed in the Basis for Adverse Opinion section of my report, the consolidated financial statements do not present fairly, in all material respect, the financial position of Agricultural Rural Development Authority as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

i. Non-compliance with International Accounting Standard (IAS) 21 - “The Effects of Changes in Foreign Exchange Rates” on opening balances

On October 1, 2018, the Reserve Bank of Zimbabwe(RBZ) issued a monetary statement policy which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. During the prior financial year up to February 22, 2019, The Authority transacted using a combination of Nostro FCA, RTGS, mobile money. In terms of IAS 21- “The Effects of Changes in Foreign Exchange Rates”, these should be considered separate currencies.

In order to comply with SI33/2019, the RTGS transactions period 1 January 2019 to February 22, 2019 were accounted for on the basis of a rate of 1:1 between USD and RTGS. The Authority changed the functional currency on February 22, 2019 in compliance with SI33/2019.This was not consistent with IAS 21- “The Effects of Changes in Foreign Exchange Rates”, in which compliance would have resulted in the reassessment of the functional currency at a date earlier than February 22, 2019.

In addition, during the period from 22 February to December 31, 2022 foreign currency denominated transactions and balances for the year were translated into ZWL using official exchange rate which were not considered appropriate spot rates for transactions as required by IAS 21- “The Effects of Changes in Foreign Exchange Rates”. The opinion on the prior consolidated financial statements was modified in respect of this matter and the misstatement have not been corrected in the consolidated financial statements for the year ended December 31, 2020.

Had the Authority applied the requirements of IAS 21- “The Effects of Changes in Foreign Exchange Rates”, many of the elements of the consolidated financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21- “The Effects of Changes in Foreign Exchange Rates” is considered to be material and pervasive to the financial statements, taken as a whole.

ii. **Non-compliance with International Accounting Standard (IAS) 29-Financial Reporting in Hyperinflationary economies**

The Directors have applied IAS 29- Financial Reporting in Hyperinflationary economies with effect from January 1, 2019.However, as a result of the need to comply with the requirements of S.I 33 of 2019, the changes in the general pricing power of the functional currency were applied on amounts that were not restated to resolve the matters which resulted in an adverse report in the prior year. This approach resulted in a consequential departure from the requirements of IAS 29- *Financial Reporting in Hyperinflationary economies.*

Had the Authority applied the requirements of IAS 21 and IAS 29, many of the elements of the financial statements would have been materially impacted and therefore the departure from the requirements of these standards is considered to be passive.

iii. **Non-compliance with International Accounting Standard (IAS) 41-"Agriculture" in the valuation of plantations**

The biological assets include plantations carried at cost of ZWL 44 029 890 as at December 31, 2020 (2019: ZWL 44 029 890). These plantations were not fair valued as required by IAS 41 and the related gain/losses have been recognized in the consolidated statement of profit/loss. The adjustments to biological assets and net profit, which would have resulted from using fair values, has not been determined.

iv. **Inclusion of the unaudited financial statements of Zagrinda (Private) Limited in the consolidated financial statements of Agricultural and Rural Development Authority.**

The Authority's consolidated financial statements include unaudited financial statements of Zangrinda (Private) Limited, a subsidiary of Agricultural and Rural Development Authority. As a result, I was unable to satisfy myself that all necessary adjustments and disclosures have been made to the unaudited financial statements of Zagrinda (Private) limited for the year ended December 31, 2020. Accordingly, I was unable to determine the effect this might have on the Authority's consolidated financial statements for the year ended December 31, 2020.

Below are other material issues noted during the audit;

1. PROCUREMENT OF GOODS AND SERVICES

1.1. Supporting documentation

Finding

The Authority made payments to various suppliers and delivery of the goods were not accompanied with valid tax invoices. As a result, the Authority could not claim input tax for expenditure, which was not adequately supported but vatable. Below is a sample of transactions where this anomaly was noted;

Date	Description	Amount (ZWL)
07/02/2020	Toner Catridges	10 200
04/11/2020	Toner Catridges	132 300
15/12/2020	Toner Catridges	28 490
16/07/2020	Toner Catridges	53 600
02/10/2020	Face masks	17 633
04/09/2020	Repair toner catridge	59 125

Risk / Implication

Financial loss due to failure to claim value added tax.

Recommendation

The Authority should ensure that all transactions are adequately supported by relevant documentation.

Management response

The Procurement Management Unit has since FY2021 been introduced to address and comply with the best practice. The procurement matters have since been addressed through introduction of the Procurement Management Unit in FY2021.

Recommendation is noted for implementation to enable the Authority to fully claim VAT input.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Authority made progress in addressing audit findings raised in my 2021 annual report as well as outstanding prior year recommendations. I raised one (1) audit finding in 2021 annual report and there were two (2) outstanding findings. All the three (3) findings, were addressed as indicated below;

2.1. Supporting documents – Katiyo Estate

The finding was addressed. The supporting documents are now in place.

2.2. Chisumbanje Joint Venture agreement

The finding was addressed. The Joint Venture Arrangement in now in place.

2.3. Authority's houses

The finding was addressed. The department is now manned by well qualified and experienced personnel and this has improved collections.

Background Information

The Agricultural Marketing Authority (AMA) was incorporated in Zimbabwe through the Agricultural Marketing Authority Act of Parliament, *[Chapter 18:04].* The Authority is responsible for authorizing the making of regulations in relation to designated agricultural products, other than tobacco; and to provide for matters incidental to the foregoing.

I have audited the financial statements of Agricultural Marketing Authority for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements give a true and fair view of the financial position of the Agricultural Marketing Authority as at December 31, 2021, 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

i. Non-compliance with International Accounting Standard (IAS)21- "The Effects of Changes in Foreign Exchange Rates"

On October 1, 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. During the prior financial year up to February 22, 2019, the Authority transacted using a combination of Nostro FCA (USD) and RTGS FCA (electronic payment), including mobile money, bond notes and coins.

In order to comply with SI 33/2019, the RTGS transactions and balances for the prior year were accounted for on the basis of a rate of 1:1 between USD and RTGS. The Authority changed the functional currency on February 22, 2019 in compliance with legislation. This was not consistent with IAS 21- "The Effects of Changes in Foreign Exchange Rates", in which compliance would have resulted in the reassessment of the functional currency at a date earlier than February 22, 2019.

In addition, during the period February 22, 2019 to December 31, 2021, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for translations as required by IAS 21- "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended December 31, 2021.

Had the Authority applied the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", many of the elements of the financial statements would have been materially impacted and therefore the departure from the requirements of these standards is considered to be material and pervasive to the financial statements, taken as a whole.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1. Internal audit

Finding

The Authority had no Internal audit function for the year ended December 31, 2021. There was also no evidence of any other arrangements such as outsourcing of the services.

Risk / Implication

Internal control weaknesses may not be detected on time.

Recommendation

The Authority should put in place an Internal Audit function.

Management response

Internal audits were not conducted due to retrenchment. Staff is now in place to conduct the audits for the year 2022.

1.2. Accounting for revenue

Finding

There was no evidence to support that the Authority aligned its accounting processes to the revenue accounting standard, International Financial Reporting Standard (IFRS 15)- “Revenue from contracts with customers”. As a result, the Authority had no proper basis of accurately accruing revenue during the year under review. Revenue was not being amortised and recognised under compliance with International Financial Reporting Standard (IFRS 15)- “Revenue from contracts with customers”.

Risk / Implication

Misstatement of financial statements as cut off procedures may not be adequately adopted.

Recommendation

The Authority should comply with all International Financial Reporting Standards (IFRSs).

Management response

The recommendation is well noted, the Authority will ensure that compliance on returns is continuously monitored and revenues will be accrued as per accounting standards.

Background information

The Health Professions Authority of Zimbabwe (HPAZ) was established in terms of the Health Professions Act *[Chapter 27:19].* Its core function is the provision of an efficient health care delivery system in Zimbabwe through the coordination and regulation of all health profession Councils and health care institutions in an ethical, efficient and professional manner.

I have audited the financial statements of Health Professions Authority of Zimbabwe for the year ended December 31, 2021 and I issued an unmodified/ clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Health Professions Authority of Zimbabwe as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Motor vehicles

Finding

The Authority paid for the acquisition of two vehicles during the year ended December 31, 2021 and included them in its books. However, the vehicles were registered in the name of Ministry of Health and Childcare. No satisfactory explanation was given for this arrangement.

Risk / Implication

The Authority may fail to claim ownership of the vehicles in case of disputes.

Recommendation

Management should regularize this arrangement.

Management response

The two vehicles were bought through Ministry of Health and Childcare and no duty and tax was paid by the Authority which makes the Ministry of Health the major shareholder of the vehicles. Therefore, the Authority cannot register those vehicles under its name as the Ministry is the bigger shareholder. Also note that the two vehicles are insured every year.

Background Information

The National Social Security Authority 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 (POBS), the Accident Prevention and Worker's Compensation Scheme (APWCS) and other schemes to be established in terms of the Act.

I have audited the consolidated financial statements of National Social Security Authority for the year ended December 31, 2020 and I issued qualified opinions on both the consolidated and separate financial statements.

Qualified Opinion on the Consolidated Financial Statements

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the National Social Security Authority as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Qualified Opinion on the Authority Financial Statements

In my opinion, except for 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 Social Security Authority as at December 31, 2020 and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of qualified opinion

Non - compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates"

The prior year financial statements did not comply with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange rates" on the opening balances as the group had been unable to use an appropriate exchange rate on change of functional currency on February 2019. The Group and the Authority translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Group and the Authority adopted January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1USD: 1 RTGS. Statutory Instrument 33 of 2019 prescribed that all assets and liabilities that were denominated in USD before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate starting at USD: 2.5RTGS. The Group and the Authority's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to lack of an observable foreign exchange market between October 2018 and February 2019. In that regard the Group and the Authority's 2020 opening balances misstatements have an impact on the current year financial statements. Had the Group and the Authority's financial statements been prepared in accordance with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange rates", many elements would have been materially affected. As a result, the impact of the Group's inability to comply with IAS 21 - "The Effects of Changes in Foreign Exchange rates", has been determined as significant.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Client service charter

Finding

The Client Service Charter for the Authority was written in only one (1) language despite the diversity in the nature of the its clientele.

Risk / Implication

Service delivery may be compromised.

Recommendation

The Client Service Charter should be available in other languages of the country.

Management response

Management will incorporate awareness campaigns of the client services charter into decentralised radio programmes, as well as other platforms. This is more cost effective and impactful, taking into account the target market.

1.2 Board fees payment

Finding

The Authority paid quarterly board fees in advance in October 2020 to eight (8) former board members who were then discharged at the beginning of November 2020 before the end of the quarter. No recoveries of payments for the period not served were made.

Risk / Implication

Financial loss due to payment for services not rendered.

Recommendation

The Authority should make recoveries from the former board members.

Management response

Retainer fees were payable in advance and per quarter. The Board tenure was cut short when the retainer fees had already been paid. Management will contact all the concerned board members with a view to recover the amounts. In addition, Management is now paying retainer fees in arrears.

1.3 Human resources policy

Finding

The Authority did not review and update the human resources policy to capture changes in the operating environment. As a result, there was no guidance and direction on how the holiday allowance and other benefits which were being offered to employees would be administered by the Authority.

Risk / Implication

Inconsistences in the administration of the allowances and benefits to employees.

Recommendation

Management should review and update the human resources policy.

Management response

There is an approved remuneration stating all benefits including holiday allowances, however management takes note of the observation and will accordingly update the human resources policy.

1.4 Policy on remote work

Finding

I was not availed with the approved remote work policy that was being applied by the Authority during the period of Covid-19 pandemic. As a result, there was no evidence to support that employees were being guided on how to apply online tools and resources. In terms of best practice, the Authority needed to have policy documents that outline rules and guidelines for remote working.

Risk / Implication

Service delivery may be compromised.

Recommendation

Management should consider developing policies and guidelines which covers remote work.

Management response

Observation is noted, there is a draft policy on alternative workspace policy. This will be presented to the Board for approval.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1 Unclassified deposits

Finding

The Authority received a total of ZWL 233.4 million which was not receipted due to insufficient client details. The high prevalence of insufficient client details deposits arose from clients remitting contributions and other payments through online banking.

Risk / Implication

Contributors' debt figures may be distorted by deposits not yet receipted.

Recommendation

The Authority should consider further engagements with clients and banks to clear these unclassified receipts.

Management response

The Authority has engaged the bankers for a solution which could reduce the unclassified deposits. This includes screening the deposits such that they are rejected if the correct mandatory fields are not included in the data entry. At the same time, clients are continuously being engaged so that they complete all the necessary details as they make deposits into the Authority's accounts.

3. MANAGEMENT OF ASSETS

3.1 Safeguarding of assets

Finding

The fire detection and suppression systems for some of the Authority's properties were not working due to lack of servicing. The fire suppression systems had last been serviced as far back as July 2019.

Risk/ Implication

Damage and loss of property and injury to tenants in the event of fire.

Recommendation

The Authority should ensure that fire suppression systems are in good working order.

Management response

As the property management system has been internalized, systems are to be put in place in the form of a schedule to track and ensure that servicing of the equipment is done. Tender for Framework Agreements in progress, will identify service providers and have contracts for works, repair, and servicing of equipment.

3.2 Contract management

Finding

The Authority was not effectively monitoring the use of its properties by tenants. As a result, there were instances of subletting at some of its properties in breach of the lease agreements with the Authority. The Authority was not enforcing the terms of the agreement or reviewing the lease terms to cater for subletting arrangements.

Risk/ Implication

Financial loss due to deterioration of properties that may need frequent refurbishment.

Recommendation

The Authority should review lease arrangements to discourage inappropriate use of its properties.

Management response

Recommendations have been noted. With in-house portfolio management effective January 2023, impromptu inspections shall be introduced to the complex to monitor sub-letting and illegal premises change of use.

4. PROCUREMENT OF GOODS AND SERVICES

4.1 Procurement Officers

Finding

The Authority's procurement officer was seconded to Woodlands Farm (Private) Limited without replacement, as a result, the Bulawayo Regional office was operating without a procurement officer and procurement functions were being carried out by officers without the requisite expertise. These officers were procuring goods and services without following the procurement rules and regulations. For instance, procurement of goods and services that requires tendering was being done through sourcing of quotations.

Risk / Implication

Procurement irregularities may go undetected.

Recommendation

The Authority should consider training of officers that are assigned procurement duties while the incumbent is away.

Management response

The recommendation is noted; the Region is going to appoint an Acting Procurement Officer/Clerk until the substantive post holder has reverted to his roles from his secondment at Woodlands (Private) Limited. The proposed structure which satisfies the requirements of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] is not yet approved.

5. EMPLOYMENT ISSUES

5.1 Advance salaries

Finding

There were two executive managers who received salary advances in March and July 2020 totalling ZWL26 650 which were not recovered, contrary to the Authority's advance salaries policy.

Risk / Implication

Financial loss due to overriding of controls by management.

Recommendation

Management should avoid overriding of controls.

Management should follow up with Human Resources department and ensure that recoveries are made.

Management response

Management takes note of the unrecovered advances, and these will be rectified.

5.2 Allowances and taxation

Finding

The employment contract for the Authority was not taking into account the tax effect of allowances and benefits. As a result, the Authority was grossing up school fees and fuel allowances for tax purposes. In addition, one of the managers was receiving a gym subscription of USD 200 which was not part of the contract of employment which was processed outside the payroll. The manager also received a holiday allowance amounting to USD15 000 and a retention allowance amounting to ZWL120 994 which was also processed outside the payroll net of tax. The tax thereof amounting to ZWL80 663 was not remitted to ZIMRA.

Risk / Implication

Financial loss due to unauthorised expenditure and management override of controls.

Recommendation

The Authority should ensure that grossing up of allowances and school fees for managers and executives are appropriately approved.

The Authority should ensure that all allowances are paid through the payroll and all taxes should be remitted to ZIMRA.

Management response

Grossing is done in order to award the employee a benefit as intended by the contract wherein the contract states the exact amount in currency value or units of a benefit such as fuel. In such cases, if not grossed up the benefit would be at variance with what is on the contract. Management will seek Board direction on how this should be cured.

6. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Authority has made progress in addressing the audit findings raised in my 2020 annual report. I raised five (5) audit findings and three (3) findings were addressed while two (2) finding has been partially addressed as indicated below;

6.1 Board fees and allowances

The finding has been addressed. The Board member in question was appointed and then withdrawn from the board within a short space of time. Going forward Management will insist on appointment letters before any benefits are disbursed to board members.

6.2 Investment policy

The finding has been addressed. The investments policy was approved by the Board on the April 21, 2022.

6.3 Automation of records

The finding was partially addressed. The Authority is in the process of acquiring a fit for purpose ICT system which will enable the automation of all records and create the much required back up.

6.4 Processing of claims

The finding has been addressed. Outstanding vacancies have been filled and the Benefits department is now adequately resourced, leading to an improved processing turnaround time.

6.5 Properties, projects and human resources management manual and guidelines

The finding has been partially addressed. The issue of updating HR policies was affected by COVID 19 and changes that happened at Board level. However, the Policies are due to be presented to the Board in July/August 2022. Executive Management Committee has reviewed them.

Background Information

Zimbabwe Investment and Development Agency was established in terms of the Zimbabwe Investment and Development Agency Act [*Chapter 14:37*]. Its mandate is to provide for the promotion, entry, protection and facilitation of investment in Zimbabwe.

I have audited the financial statements of Zimbabwe Investment and Development Agency for the year ended December 31, 2021 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Investments Development Agency as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below is an update on prior year audit findings;

1 PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Agency made some progress in addressing audit findings and recommendations raised in my 2020 annual report. I raised two (2) audit findings and all were addressed as indicated below;

1.1 Taxation of motor vehicles disposal benefit

The finding was addressed. The motor vehicles were revalued.

1.2 Bank accounts

The finding was addressed. The said bank accounts were closed in 2021 and the balances transferred to the current ZIDA accounts accordingly.

Background Information

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

I have audited the consolidated financial statements of Zimbabwe National Road Administration for the year ended December 31, 2021 and I issued an adverse opinion on the consolidated financial statements and a qualified opinion on the Administration's financial statements.

Adverse opinion on the Consolidated Financial Statements

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the consolidated financial statements do not present fairly the consolidated financial position of the Zimbabwe National Road Administration as at December 31, 2021 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 Adverse Opinion on the Consolidated Financial Statements

i. Non-compliance with International Accounting Standard (IAS)21 - "The Effects of Changes in Foreign Exchange Rates"

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019 ("SI 33) which prescribed for accounting and other purposes, contrary to the requirements of International Accounting Standard (IAS) 21-"The Effects of Changes in Foreign Exchange Rates", the conversion rate 1:1 between the US dollar and the RTGS balances as at February 2019, As such, the equity balances as well as comparative figures from prior periods included in these financial statements, which are presented in Zimbabwean dollars, were compiled from an aggregation of local currency and foreign currency denominated transactions and balances that were translated to Zimbabwean dollars using the official exchange rate of 1:1 for the period up to February 22, 2019. The comparative figures for the year ended December 31, 2019 were also converted from the USD to the Zimbabwean Dollar (ZWL) at a rate of 1:1 which was the official rate prevailing as at December 31, 2018.

The Group has determined that it is not practical to comply with the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates" in the circumstances, and as such, the effect of non-compliance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates" have not been quantified but is considered material to these financial statements.

ii. Unrecorded tax liabilities

There is currently no consensus on the Administration's subsidiary (Infralink) tax status between the tax authorities and the Company's directors. The tax authorities formally advised the Infralink that they were a tax-paying entity in 2015. However, the directors are not in agreement with this determination and have advised that engagements with regulators and tax authorities are on-going which may result in the Infralink being exempted from paying taxes. As a result, the Group has not provided for any income taxes in respect of the current and the previous four (4) financial years in the financial statements.

Qualified Opinion on the Road Administration's Financial Statements

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the Zimbabwe National Road Administration as at December 31, 2021 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

i. Non-compliance with International Accounting Standard (IAS 21) - "The Effects of Changes in Foreign Exchange Rates"

Opening balances

The prior year financial statements did not comply with IAS 21- "The Effects of Changes in Foreign Exchange Rates," as the Road Administration had been unable to use an appropriate exchange rate on change of functional currency. The Road Administration translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Road Administration translated its comparative financial statements and transactions for the period up to February 22, 2019 using a rate of 1:1 per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in United States Dollars before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Road Administration's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with Statutory Instrument 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. In that regard, the Road Administration's 2020 opening balances misstatements have an impact on the current year financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Board members toll fees and vehicle licences

Finding

The Board authorized an exemption to its members from paying toll fees and vehicle license fees for two (2) personal vehicles per member without approval from the parent Ministry. This was contrary to the provisions of the Public Entities and Corporate Governance Act [*Chapter 10:31*], Section 14, which requires other benefits to be approved by the responsible Minister.

Risk / Implication

Financial loss due to unauthorized benefits.

Recommendation

The Road Administration should ensure that all benefits granted to Board members are approved by the relevant authorities.

Management response

The observation is noted. A resolution to this extent was passed by the Board to authorize and ratify this benefit to Board members. The resolution on exemptions was submitted to the Corporate Governance Unit and the Ministry as required under the law. In line with the recommendation, a letter to seek approval of granting exemptions to Board members has been submitted to the Hon Minister of Transport and Infrastructural Development. In meantime, the Board of ZINARA has interrogated this practice and resolved to revoke the granting of both vehicle license and toll fee exemptions to Board Members, until feedback on the practice is received from the Minister.

1.2. Disposal Committee

Finding

The Administration appointed members of the internal audit function as members of the disposal committee during the year. This was contrary to the provisions of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Risk / Implication

Independence of internal audit function may be compromised.

Recommendation

The Administration should review the composition of the asset disposal committee.

Management response

Noted, this will be corrected and implemented through the Procurement Management Unit by July 2023.

1.3. Vehicle Licensing database

Finding

The Administration licensing database included vehicles that were due for deregistration. The last deregistration of vehicles was carried out in 2018, contrary to the provisions of the Vehicle Registration and Licensing Act [*Chapter 13:14*] section 12 (c) which provides that the Registrar of Vehicles may cancel the registration of the vehicle if he has reasonable grounds for believing that a registered vehicle is no longer required to be registered in terms of the Act. Management has been resorting to manual adjustments of the vehicle licensing revenue figures for vehicles that were due for deregistration, an exercise that is prone to human error.

Risk / Implication

Fraud and material errors may go undetected.

Irregular use of particulars of vehicles due for deregistration may go undetected.

Recommendation

The Administration to consider continuously following up with Central Vehicle Registry department to clean up the database.

Management response

Observation is well noted for continued implementation. Deregistration is a function of Central Vehicle Registry and ZINARA will engage CVR to help see that the exercise is implemented in 2023.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Administration made progress in addressing audit findings I raised in my 2021 annual report. I raised nine (9) audit findings, six (6) were addressed, two (2) findings were partially addressed and one (1) finding was not addressed as indicated below;

2.1. Compliance with the Roads Act [Chapter 13:18]

The finding was partially addressed. A proposal was made for the amendment of the Roads Act to increase the threshold to 15% and this is currently being considered by the Ministry of Transport and Infrastructural Development.

2.2. Tollgate Infrastructure

The finding has been addressed. Tollgate booth and back office were constructed.

2.3. Weighbridges at Vehicle Inspection Department

The finding has been partially addressed. The Mashonaland Central (Bindura weighbridge) is on the cards and the contractor engaged through the Ministry is currently working on Forbes 2 weighbridges then move to Rusape and finally finish off at Bindura VID.

2.4. Approval of payments

The finding has not been addressed. Management is in a process to assign an Accounts Officer in Bulawayo, who is conversant with accounting controls. Bulawayo office does not have an Accounts representative.

2.5. Service Level Agreements (SLAs) for applications

The finding has been addressed. A contract was signed on November 04, 2020 between the parties.

2.6. Agency contract

The finding has been addressed. An Agreement was signed between ZINARA and VID on the December 12, 2022. Parties have already started engagements on the implementation and working modalities.

2.7. Accounts receivables

The finding has been addressed. Finance and HR now synchronized on confirmation of loan balances and communication of loans disbursed.

2.8. Alignment of procurement processes

The finding has been addressed. A contract was signed on November 04, 2020 between the parties.

2.9. Prepayments

The finding was addressed. The Administration has taken action to address this issue.

Background Information

The Zimbabwe National Statistics Agency was established in terms of the Census and Statistics Act [*Chapter 10:29*]. The mandate of the Agency is to collect, collate, process, analyse and disseminate statistical information for the government and other stakeholders to make informed decisions.

I have audited the financial statements of Zimbabwe National Statistical Agency for the years ended December 31, 2020 and 2021 and I issued a qualified opinion for 2020 and an unmodified /clean opinion for 2021.

Qualified Opinion 2020

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 Statistics Agency as at December 31, 2020 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

i. Non- compliance with International Accounting Standard 21 (IAS 21)- "The Effects of Changes in Foreign Exchange Rates"

The prior year financial statements did not comply with the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates", as the Agency had been unable to use an appropriate exchange rate on change of functional currency. The Agency translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Agency used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in US$ before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Agency's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. In that regard the Agency's 2020 opening balances misstatements had an impact on the current year financial statements.

ii. Non-compliance with International Accounting Standard (IAS) 16 - "Property, plant and equipment"

The Agency did not review the useful lives and residual values of its property, plant and equipment as required by the International Accounting Standard (IAS)16 - "Property, plant and equipment". Some of the Agency's assets were fully depreciated but still in use. In addition, IAS 16- "Property, plant and equipment" requires that the revaluation of assets should be carried out regularly so that the carrying amount of an asset does not differ materially from its fair value at the date of financial statements. Contrary to the above, the Agency did not comply with the requirements of the International Accounting Standard (IAS)16 - "Property, plant and equipment". Had the Property, plant and equipment been revalued and review the estimated useful life annually the amount disclosed in the financial statements would be materially different from the figure disclosed.

Opinion 2021

In my opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe National Statistics Agency as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Board composition

Finding

The composition of the Agency`s Board of Directors had not met the gender equality requirements provided for in the Zimbabwe's Constitution Amendment (no.20) Act of [2013] and Public Entities Corporate Governance Act [*Chapter 10:31*] as the Board had two (2) female and five (5) male members.

Risk / Implication

Gender programs may not be effectively appraised at board level.

Recommendation

The Agency should continuously engage the appointing Authority so as to align its board structures with the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Management response

Noted. ZIMSTAT is engaging the Ministry of Finance and Economic Development on the matter.

1.2. Segregation of duties

Finding

There was no segregation of duties at the provincial offices as Provincial Administration Officers were responsible for accounting, human resources and administration work at the provinces. These functions are ordinarily supposed to be performed by different officers. For example, an officer could originate a requisition, place an order, receive the goods and record the transaction. In addition, some officers were approving their own travel and subsistence allowances.

Risk / Implication

Fraud and material errors may go undetected.

Recommendation

The Agency should ensure that incompatible duties are segregated.

Management response

Noted. Management is streamlining Provincial operations such that Finance, Administration and Human Resources functions are done by different people. Human Resources has already been separated from Finance and Administration at Director level and the same separation will be done at Provincial level as soon as the structures are approved. In the meantime, the Provincial statisticians check and approve documents done by the Provincial Administration officers.

1.3. Asset register

Finding

The Agency did not reconcile assets recorded in the Head Office`s master asset register to provincial records. As a result, seven (7) gas tank sets recorded in the Manicaland Province asset register were not recorded in the Head Office master asset register. In addition, some movements of assets such as motor vehicles, tablets and gas tanks between and within provinces were not being recorded. As a result, excess of these items were noted across Provinces visited illustrated in the table below;

Province	Asset	Number of items not recorded
Midlands	Tablets	106
Bulawayo	Tablets	45
Mashonaland East	Tablets	5
Mashonaland East	Gas tanks	5
Matabeleland South	Motor vehicles	3
Midlands	Motor vehicles	2
Bulawayo	Motor vehicles	2
Matabeleland North	Motor vehicles	2

Risk / Implication

Loss or misappropriation of assets.

Recommendation

Management should ensure that asset movements are recorded.

Management response

Noted. All officers going for asset verification in December 2022 will be instructed to ensure registers are properly compiled/updated.

Census tablets from all provinces have been surrendered to HQ and reconciliations are in progress. The number of tablets which were in the system prior to the Census will also be checked against records.

1.4. Controls over expenditure

Finding

The Agency’s controls over payments for services rendered were weak. As a result, an invoice for panel beating of a motor vehicle amounting to ZWL305 858 which was not addressed to the Agency was paid.

Risk / Implication

Financial loss as a result of payment for services not rendered.

Recommendation

The Agency should ensure that payment vouchers are reviewed before making payments to ensure payments are supported by valid source documents.

Management response

Service provider mistakenly sent one of their customers' invoice which was subsequently paid instead of invoice number IN110944 with an invoice amount of ZWL338 828 for the Agency's vehicle.

1.5. Office leases

Finding

Rental invoices received from the property managers for the lease of two (2) offices in Mashonaland East were not being captured into the accounting system. In addition, the Agency did not have lease agreements for the eleven (11) properties leased from various property owners.

Risk / Implication

Understatement of expenses.

The Agency may not have legal recourse in the event of dispute.

Recommendation

Management should ensure that all invoices are posted in the system.

The Agency should ensure that the all leased properties have lease agreements in place.

Management response

Noted. All Provincial Administration Officers have been instructed with immediate effect to ensure that all leased premises have lease agreements.

2. PROCUREMENT OF GOODS AND SERVICES

2.1. Alignment of accounting processes to the reporting framework

Finding

The Agency's accounting processes were not aligned to the requirements of the accounting framework. For instance, some of the assets were fully depreciated but were still in use and their useful life and residual values had not been reviewed in accordance with International Accounting Standard (IAS)16- "Property, plant and equipment". In addition, no revaluation was carried out to address this anomaly for assets with nil balances but were still in use as required by International Accounting Standard 16 – "Property, plant and equipment". This anomaly affected the whole motor cycles fleet and fifty-four (54) of the fifty-six (56) motor vehicles acquired before 2020.

Risk / Implication

Material misstatements of the financial statements.

Recommendation

Management should align its accounting processes with the requirements of the reporting framework.

Review of the residual values and the useful life of assets should be carried out in line with International Accounting Standards 16 – “Property, plant and equipment”.

Management response

On these specific assets, an error was done way back and by 2020 the assets already had nil values. As for the other assets, the Agency conduct an asset verification at the end of every year where all assets are identified and assessed for their future benefits and useful lives.

3. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Agency made progress in addressing the audit finding and recommendation raised in my 2021 annual report. I raised one (1) audit finding and it was partially addressed as indicated below;

3.1. Board skills balance

The finding was partially addressed. A new board was appointed, however, there are no members with accountancy and law expertise.

Background Information

Zimbabwe Parks and Wildlife Management Authority was 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 gardens, sanctuaries, safari areas and recreational parks.

I have audited the financial statements of the Zimbabwe Parks and Wildlife Management Authority for the year ended December 31, 2021 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Parks and Wildlife Management Authority as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. MANAGEMENT OF ASSETS

1.1 Asset maintenance plan

Finding

The Authority did not have an asset maintenance plan in place. As a result, it was taking long to repair buildings, despite requests for repairs from stations. The roofs of some of the lodges were being destroyed by wild animals while some houses had developed cracks.

Risk / Implication

Delays in repairs may lead to increased costs due to inflation.

Recommendation

The Authority should put an asset maintenance plan in place.

Management response

Audit findings noted. Management asserts that these buildings are indeed very old and in need of extensive repairs and maintenance. Our Challenge has been the availability of resources to embark on a full scale maintenance program for the aforementioned buildings.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Authority made progress in addressing audit findings raised in my 2020 annual report. I raised three (3) audit findings and one (1) finding was addressed and two (2) were partially addressed as indicated below;

2.1 Revenue system

The finding was partially addressed. The ICE-Reservation System is being developed The expected roll out timelines of September 2022 could not be met and have since been moved to June 2023.

2.2 Advance salary

The finding was addressed. The Advance salary policy was drafted and approved.

2.3 Lease receivables

The finding was partially addressed. Efforts are being made to recover outstanding debts.

Background Information

The Zimbabwe Revenue Authority (ZIMRA) was established in terms of the Zimbabwe Revenue Authority Act [*Chapter 23:11*]. Its core business is the collection of revenue for the Government of Zimbabwe and 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, 2022 as well as the revenue returns. I issued a qualified opinion on the Authority's financial statements, a qualified opinion on the Outstanding Revenue Return and Revenue Return, unmodified opinion on the Revenue Written Off, Tax Reserve Certificates Return and Receipts and Disbursements Return.

Qualified Opinion on the Authority's financial statements

In my opinion, except for the effects of 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 Revenue Authority as at December 31, 2022 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

i. Non-compliance with International Accounting Standard (IAS) 21 – "The Effect of Changes in Foreign Exchange Rates"

Foreign currency denominated leases

The Authority disclosed right of use assets of ZWL1.5 billion and lease liability of ZWL1.96 billion. Included in these amounts are foreign currency denominated leases which were recorded as ZWL285million for both the right of use and lease liability. The lease liability was not correctly amortised. These foreign denominated leases were not translated using the interbank rate that was prevailing at the time of payment or the spot rates, as prescribed in IAS 21– "The Effects of Changes in Foreign Exchange Rates". As a result, foreign exchange gains and losses on these leases were not recognized in line with the requirements of IAS 21– "The Effects of Changes in Foreign Exchange Rates". Had the Authority applied the requirements of IAS 21– "The Effects of Changes in Foreign Exchange Rates", the right of use assets, lease liability and exchange gains and losses would have been materially impacted. I was therefore not able to determine the extent of misstatement and any adjustments that could have been necessary.

ii. Leases

The terms of the lease (lease payments and lease period) were revised during the year ended December 31, 2022. This constituted a lease modification in terms of IFRS 16- leases. However, the Authority did not account for the modification as required by IFRS 16- leases. The effects of this departure to the financial statements have not been determined.

Qualified Opinion on Outstanding Revenue Return

In my opinion, except for the effects of matters described in the basis of Qualified Opinion section of my report, the Outstanding Revenue Return presents fairly, in all material respects, the Outstanding Revenue as at December 31, 2022.

Basis for Qualified Opinion

i. Unclassified Deposits

The Authority received a total of ZWL 1.098 billion in deposits from clients. These amounts were not receipted and allocated to any tax head as at December 31, 2022 due to insufficient payment details. As a result, some clients continued to accumulate penalties and interest for outstanding amounts. The outstanding revenue return have not been adjusted for these deposits.

ii. E-Service Platform

The E-service platform was not performing as expected since 2016. It was not able to handle voluminous transactions during peak periods of returns submission. Although the Authority had put alternative means of submitting returns through emails and then capture them manually into the system, it was not able to clear all submitted returns leading to some clients' accounts remaining in credit as at December 31, 2022. As a result, some business partners with outstanding returns were not charged civil penalties on outstanding returns. I could not establish the extent of the misstatement.

iii. Temporary Import Permits

There were 26 487 expired electronic Temporary Import Permits that were issued and had not been acquitted as at December 31, 2022. In addition, the Authority issued 43 385 manual Temporary Import Permits during the year, however I could not establish the number of manual TIPs that had expired due to weaknesses in the internal controls. As a result, I could not verify the total number of expired TIPs that were not acquitted. I was therefore not able to establish any potential duty in relation to expired TIPs that were not acquitted.

iv. Value Added Tax (VAT) refunds

There were VAT refunds which were fraudulently processed during the year ended December 31, 2020. The process to quantify the extent of fraud was yet to be finalised as internal investigations had not been concluded hence the outstanding revenue return was not yet adjusted.

v. Private Imports Debt

Included in customs debt were entries made in advance (pre-clearance) by clients. However, not all clients proceeded with the importation, resulting in lodged entries remaining open indefinitely. As a result, the customs debt had private import entries that back dated to 2015. In addition, the ASYCUDA system was not configured to flag out multiple entries for the same consignment by private importers. This shortfall permitted duplicates that misstate the customs debt. My audit revealed that there were instances of multiple entries made by a single declarant, which could not be traced to the goods. The records of the Authority showed a total of ZWL3.56 billion in private imports debt as at December 31, 2022. Although an exercise to manually identify duplicates was on going, I was not able to ascertain whether all duplicates were identified and adjusted for.

Qualified Opinion of the Revenue Return

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying Revenue Return presents fairly in all material respects, the revenue collected during the year ended December 31, 2022.

Basis for Qualified Opinion

Unclassified deposits

Included in this return are deposits amounting to ZWL1,098 billion that had not been appropriately classified. The tax heads in this return had not been adjusted to reflect these payments made due to insufficient deposit details. I could not establish the extent of the misstatement per tax head.

Opinion on the Receipts and Disbursements Return

In my opinion, the Receipts and Disbursements Return presents fairly, in all material respects, the Receipts and Disbursements made during the year ended December 31, 2022.

Opinion on the Revenue Written Off Return

In my opinion, the Revenue Written Off Return presents fairly, in all material respects, the Revenue Written Off during the year ended December 31, 2022.

Opinion on the Tax Reserve Certificates Return

In my opinion, the Tax Reserve Certificates Return presents fairly, in all material respects, the Tax Reserves for the year ended December 31, 2022.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Travel and subsistence policy

Finding

The Authority`s acquittal and clearance system for travel and subsistence was not water tight. As a result, the Authority was owed a total of ZWL73.8 million for travel and subsistence allowances by staff members as at December 31, 2022. The amounts owed had been outstanding beyond the acquittal time. This was contrary to the Authority's travel and subsistence policy.

Risk / Implication

Expenditure incurred may not be correctly accounted for.

Recommendation

Management should enforce compliance with the travel and subsistence policy by staff members.

Management response

The observation is noted. Follow-ups were done in the subsequent period and the majority of the advances have since been acquitted.

1.2. Accounting for leases

Finding

The Authority`s accounting processes and procedures for leases were not comprehensive enough to provide adequate guidance to staff. As a result, the Authority did not properly account for foreign currency denominated leases. The disclosed right of use assets of ZWL1.5 Billion and lease liability of ZWL1.96 billion included foreign currency denominated leases which were not translated using the interbank rate that was prevailing at the time of payment or the spot rates, as prescribed by IAS 21– "The Effects of Changes in Foreign Exchange Rates". Therefore, the foreign exchange gains and losses on these leases were not recognized in line with the requirements of IAS 21– "The Effects of Changes in Foreign Exchange Rates".

In addition, the terms of the lease (lease payments and lease period) were revised during the year ended December 31, 2022. This constituted a lease modification in terms of IFRS 16-leases. However, the Authority did not account for the modification as required by IFRS 16-leases.

Risk / Implication

Misstatement of financial statements.

Errors may go undetected.

Recommendation

The accounting procedures should be reviewed and designed to guide staff.

Management response

The observation is noted. Apparently the lease computations were done manually in excel as the real estate management model was not yet operational.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Automation of revenue collection processes

Finding

Management and strategic systems, Domestic, Customs and Excise system data were stand alone and not fully integrated. For instance, only four (4) out of thirty-four (34) returns for domestic tax could be filled online. In addition, calculation of civil penalty for late submission of returns (VAT, ITF 12 C, ITF 16) was being done manually as the system could not perform the task automatically.

Risk / Implication

Material misstatements may not be detected on time.

Recommendation

Management should consider data spooling and systems integration.

Management response

Observation is noted. Management has started working on several projects that will see a seamless integration of these systems and automate the current manual processes. The TaRMS project will be integrated to internal and external systems and will also ensure automation of manual returns. Automation of manual exercise processes is also being done under the Single window project.

Calculation of interest -Due to the current eService challenges manual intervention have been accommodated with a great improvement having been attained with the introduction of the alternative e-Taxes platform which forwards all fields to the backend system.

2.2. DOMESTIC TAX

2.2.1. Civil penalties

Finding

The E-service platform was not performing as expected since 2016. It was not able to handle voluminous transactions during peak periods of returns submission. Although the Authority had put alternative means of submitting returns through emails and then capture them manually into the system, it was not able to clear all submitted returns leading to some clients' accounts remaining in credit as at December 31, 2022. As a result, some business partners with outstanding returns were not charged civil penalties on outstanding returns.

Risk / Implication

Misstatements of outstanding revenue as late payments may exclude penalties due to errors of omission.

Recommendation

Management should expedite the automation of the E-service platform.

Management response

Observation noted. Due to the current e-Service challenges manual intervention have been accommodated with a great improvement having been attained with the introduction of the alternative e-Taxes platform which forwards all fields to the backend system. In the interim management is working on a way to automatically populate these missing fields through the e-Services support. The eservices enhancement project is currently underway and the challenge will be addressed by September 30, 2023.

2.2.2. Classification of revenue

Finding

There was no integrated payment gateway option to allow clients to pay for their taxes after submission of returns. As a result, the Authority received a total of ZWL 1,098 billion in deposits from clients. These amounts were not receipted and allocated to any tax head as at December 31, 2022 due to insufficient payment details. As a result, some clients continued to accumulate penalties and interest for outstanding amounts. The outstanding revenue return was not adjusted for these unclassified deposits.

Risk / Implication

Misstatement of the annual revenue return and outstanding revenue.

Recommendation

The Authority Should Integrate the payment gateways onto e-services.

Management response

Observation noted and this is being addressed through the TaRMS system.

2.2.3. E-filing

Finding

The system was not well configured to provide clients feedback. As a result, clients were not updated with reasons pertaining to all returns and tax clearances which were rejected by the system during the year.

Risk / Implication

Delayed resolving of submission issues.

Recommendation

The system should be configured to issue notification on all rejected returns to the clients.

Management response

Observation noted. The features require the interface between the two systems to be enhanced through development effort which comes at a cost. The Authority is implementing a new system (TARMS). This is coming as one tightly coupled solution hence no interface challenges are expected.

2.3. CUSTOMS AND EXCISE

2.3.1. Temporary Import Permits (TIPs)

Finding

The Authority`s controls over TIPs were not water tight. As a result, there were 26 487 electronic Temporary Import Permits that were issued and had expired and not acquitted as at December 31, 2022. In addition, the Authority issued 43 385 manual Temporary Import Permits during the year, however I could not establish the number of manual TIPs that had expired due to weaknesses in the internal controls. I was therefore not able to establish any potential duty in relation to expired TIPs that were not acquitted.

Risk / Implication

Irregular acquittal of the outstanding TIPs.

Recommendation

The Authority should consider improving the TIP system.

Management response

Observation and recommendation noted.

The authority will continue to improve the system by increasing the flagging parameters.

2.3.2. Private imports debt

Finding

Included in the customs debt were entries made in advance (pre-clearance) by clients. However, not all clients proceeded with the importation, resulting in lodged entries remaining open indefinitely. As a result, the customs debt had private import entries that back dated to 2015. The records of the Authority showed that the private imports debt was ZWL3.56 billion as at December 31, 2022. Thirty-seven percent (37%) of this amount, was outstanding for a period of more than two months whilst twenty-five percent (25%) was outstanding for an average period of six (6) years. My inspection of a list of the outstanding debts availed from various stations revealed that there were instances of multiple entries made by a single declarant, which could not be traced to the goods.

Risk / Implication

Misstatement of the outstanding revenue return.

Recommendation

Management should consider ways of flagging multiple entries by the same declarant for the same consignment.

Management response

Observation noted. Configuration of the system to enable flagging of importers critical details will be implemented in Q4 2023 as per project priority list for 2023.

2.3.3. Destruction of prohibited goods

Finding

Chirundu border post did not have incinerators to destroy goods seized in terms of section 193 of the Customs and Excise Act [*Chapter 23:02*]. As a result, there were prohibited goods such as skin-lightening creams, tablets, and medicines that were under Notice of seizures which were beings stored in the warehouse. These products were supposed to have been destroyed after the expiry of ninety (90) days from the date of seizure.

Risk / Implication

Prohibited goods may find themselves in the street.

Misstatement of the outstanding revenue return.

Recommendation.

Management should source funds to acquire the necessary equipment to destroy prohibited goods.

Management response

Observation noted. Chirundu border post does not have an incinerator, with the nearest one being at Chinhoyi hospital but currently on breakdown. The Authority has initiated engagements with Environmental Management Agency for them to assist us in engaging incineration service providers in Harare, with the hope of doing a pollution minimized destruction process. The quantities involved puts out most of the incineration service providers in terms of pollution management.

3. MANAGEMENT OF ASSETS

3.1. Redundant assets

Finding

There was no evidence to support that the Authority planned for the storage of redundant assets that were removed from the Beitbridge border post during the expansion project. As a result, items of property, plant and equipment removed from the office were stored haphazardly in unsecure locations, exposing them to harsh weather conditions and theft.

Risk / Implication

The assets may be misappropriated.

Financial loss due to deterioration of assets.

Recommendation

Movement of assets should be properly planned for.

Management should store the redundant assets in more secure facilities.

Management response

Observation noted. On movements plan of the assets it was a challenge because the construction project was done by a contractor independent from ZIMRA and supervised by Public Works.

The construction projects unfortunately did not include provision of a storage facility for all the items, which were being removed from the border, and so the Authority had to rely on the little space available. Valuable assets will be moved into more secure environments by end of June 2023. In addition, security guards are in place at all areas/locations where these items are stored.

3.2. Vehicle fleet costs

Finding

The Authority's fleet of vehicles was aged. As a result, it was incurring significant repairs and maintenance costs. For the five (5) regional offices I visited, there were one hundred and thirty-five (135) vehicles, of which forty-four (44) of them were non-runners.

Risk / Implication

Service delivery may be compromised.

Recommendation

The Authority should consider replacing the aged vehicles.

Management response

Observation noted. The Authority continues to pursue new transport additions. There are various procurement processes underway for new vehicles with biggest challenge being foreign currency requirements by suppliers. Where ZWL contracts have been entered into there have been delivery challenges with some new vehicle dealers failing to deliver on awarded contracts.

The disposal process of old vehicles is being implemented as approved for the 2023 Disposal Plan. More of the old vehicles will have to be identified and included on the 2024 Disposal Plan with additional guidance to ensure as much of these old vehicles are disposed.

3.3. Buildings

Finding

The Authority was not maintaining some of its buildings in time. As a result, there were two (2) buildings at Beitbridge which were turned into storage facilities, however, the buildings were old and needed repairs. The other buildings at the border post had cracked walls, broken windows and not secured. The buildings at Chirundu and Kariba stations were now old and required more than regular repairs and maintenance. In addition, the air conditioners for the properties at these stations were no longer functional. As a result, officers had resorted to supplying their own air conditioning system in the houses.

Risk / Implication

Delays in repairs may lead to increased costs of maintenance due to inflation.

Recommendation

Management should consider refurbishing the old buildings.

Management response

Observation is noted. Requests for refurbishment funding is continuous. The general guidance from reports and inspection processes of buildings are presented in Repairs & Maintenance Plans for budgeting and funding. Repairs and maintenance Contractors are assigned such works.

Monitoring and evaluation of the Repairs and maintenance plans is done on a monthly and quarterly basis. Available funding usage analysis is done and is measured for staff performance measurement.

However due to various reasons including incapacitation there were requests for advance payments for some works by the Repairs and maintenance Contractors which lengthened the response times. There were RFQs raised for some works as a way of expediting processes.

The need to overhaul the lots is to be considered for the next tender process which will be after 24 months – tender being finalized now is on the same lots (regional).

4. PROCUREMENT OF GOODS AND SERVICES

4.1. Delivery of vehicles

Finding

The Authority paid ZWL 209 million for procurement of thirty-five (35) Toyota Hilux double cab and fifty (50) Toyota corolla vehicles on February 24, 2022. However, the supplier had delivered fifteen (15) of the thirty-five Toyota Hilux and none of the fifty (50) Toyota corolla vehicles.

Risk / Implication

Financial loss due to non-delivery of the vehicles.

Recommendation

Management should engage the suppliers to ensure that outstanding vehicles are delivered.

Management response

ZIMRA terminated the contract with the supplier and the matter was referred for arbitration.

4.2. Engagement of fix and supply contractors

Finding

The Kariba, Chirundu, Bulawayo regional offices and Plumtree, Beitbridge, Forbes, Mutare stations and Head Office engaged contractors for construction, repairs and maintenance of buildings on a fix and supply basis. The contracts stipulated that whenever the suppliers were to supply materials, the Authority would carry out a price evaluation by comparing the prices submitted by the supplier with those of other suppliers. However, my review of the quotations received from the contractors for fix and supply revealed that they were not subject to review/evaluation against other suppliers. This was contrary to the contracts which required the Authority to check (review/evaluation) the quotation prices against other suppliers. From the records I examined, a total of over ZWL 200 million was incurred as follows:

- Plumtree incurred ZWL10.6million,
- Bulawayo ZWL3.67 million,
- Chirundu ZWL9.5 million,
- Head Office 130.1 million,
- Beitbridge ZWL60 million.

Risk / Implication

Financial loss due to prices which are uncompetitive.

Recommendation

All quotations from the engaged suppliers should be evaluated against other suppliers as required by the contracts.

Management response

Observation noted. Repairs and Maintenance works are carried out by contractors who are awarded contracts through a competitive bidding process. The problem could have arisen as a result of either of the following:

- **Lack of qualified procurement personnel at regions and stations**
- **Extreme urgency of the maintenance and repair works that were being carried out.**

Going forward, where repair work requires supplying of materials, the contractors will submit a quotation for the materials. The quotation will be compared against quotations from other suppliers of similar materials to ensure the quoted prices are consistent with market prices. A comparative schedule shall be prepared and evaluated when materials are being supplied by the contractor. Also, the Authority is deploying qualified Procurement Officers to regions to ensure procurement is conducted in accordance with the Public Procurement and Disposal of Assets Act.

4.3. Declaration of interest by procurement evaluation team

Finding

Members of the Bulawayo Regional Office procurement committee were not declaring their interest when evaluating submissions by suppliers, contrary to the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Risk / Implication

Financial loss as procurement of goods and services may not be done competitively.

Recommendation

Members of the Procurement Committee should always declare their interest during the evaluation process.

Management response

Observation noted. Management will communicate to all Procurement Committee members to adhere to all tenets of the procurement process including filling in all spaces required of them to avoid recurrence. In addition, the PMU is carrying training and sensitization workshops to regions.

5. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Authority did not make significant progress in addressing my audit findings. I raised four (4) findings in my 2021 annual report and there were eight (8) outstanding findings from my 2019 and 2020 annual reports. One (1) finding was addressed and eleven (11) findings were partially addressed as indicated below;

5.1 Sanitising booths

The finding was partially addressed. The sanitizing booths are not yet being used. The sanitizing booths were repaired, however, the contracts for health workers who were monitoring the booths were terminated.

5.2 E-services platform

The finding was partially addressed. The E-taxes platform was introduced so that taxpayers can use it to submit tax returns. The Authority planned to introduce a new tax system (TaRMS) in the year 2023 which is anticipated to address the Eservices Platform problems. Following the plans to introduce a new tax, the Authority resolved to not to incur costs in addressing the current E-Services challenges as these will be addressed by TaRMS.

5.3 Unclassified deposits

The finding has been partially addressed. The transactions for 2021 were all cleared. The only outstanding transactions pertain to 2022. The Zee-pay payments solution faced implementation challenges and the Authority is anticipating to resolve this with TARMS implementation due this year (2023).

5.4 Follow up on outstanding temporary import permits

The finding has been partially addressed. The internal procedures on TIPs follow ups were reviewed. However long outstanding TIPs are yet to be acquitted.

5.5 Duplicate contract accounts

The finding was partially addressed. All the identified duplicates were blocked. The system vendor implemented controls that reduced the occurrence of duplicates within the SAP system. The Authority is implementing a new TARMS solution to address the challenge and it expects to launch the first release in October 2023.

5.6 SAP E-service platform

The finding was partially addressed. E-Taxes have been introduced so that tax returns can be submitted and captured using this platform. However, other issues on E-services have been shelved for TaRMS implementation which is anticipated to be in place by October 2023.

5.7 Online deposits

The finding was partially addressed. Transactions for 2020 and 2021 were cleared. However, the Zee-pay solution faced some implementation challenges and the Authority anticipates resolution of the platform under the new system-TARMS which is to implemented this year (2023).

5.8 VAT Refunds

The finding was addressed. The 2020 and prior year refunds have been processed and completed. Refunds are being risk profiled before processing and the refunds which are ranked low risk are immediately paid while refunds which are being ranked high risk are audited before processing.

5.9 Customs debt from imported vehicles

The finding was partially addressed. Four hundred and eighty-three (483) motor vehicles that were identified during the audit have been recovered under Phase 1 of the Project. Phase 2 of the Project was completed leading to the identification of an additional one thousand and eighty-seven (1087) and follow-up on outstanding vehicles is being done.

5.10 Temporary Imports Permits of tourists' vehicles (TIPs)

The finding was partially addressed. The level of outstanding TIPs is still high for manual TIPs and less for electronic ones.

5.11 Management of Removal in Transit (RIT)

The finding was partially addressed. All key customs clearance processes for Removals in transit are automated. Note that multiple generation of T1s is caused by multiple capturing of Loading Lists by clearing agents and not manual interventions. In addition, a letter has been written to IPEC for duty for Sureties that have closed and were now wait for the response.

5.12 Report orders

The finding was partially addressed. Progress has been made as fifty-eight (58) Report Orders for the government departments were acquitted. Engagements with other Government Departments is on-going.

PUBLIC ENTITIES UNDER THE CATEGORY OF BOARDS

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 consolidated financial statements of Grain Marketing Board for the year ended March 31, 2020.I issued an adverse opinion.

Adverse Opinion 2020

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, the consolidated financial statements do not present fairly the financial position of Grain Marketing Board as at March 31, 2020, 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 Adverse Opinion

i. Non- Compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates''

The prior year consolidated financial statements for the Board did not comply with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", as the Board had been unable to use an appropriate exchange rate on change of functional currency. The Board translated its comparative consolidated financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Board used February 22, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1USD :1ZWL as per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in US$ before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Board's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. The impact of the Board's inability to comply with the IAS 21- "The Effects of Changes in Foreign Exchange Rates" has been considered significant on the current year consolidated financial statements.

ii. Valuation of buildings

Grain Marketing Board maintained its buildings using the revaluation model. IAS 16.31 requires revaluations to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would have been determined using fair value at the end of the reporting period. However, the Board last revalued its buildings in March 2018. Due to the prevailing hyperinflationary environment there has been significant changes in fair values of buildings which would warrant revaluation of buildings to be made to reflect the carrying amounts which would have been determined using fair value at the end of the reporting period. In the absence of a valuation exercise, I was unable to independently verify whether the carrying amount of buildings included in property, plant and equipment was fairly stated.

In addition, the valuation of property, plant and equipment for Silo Food Industries (Subsidiary) was done in United States Dollars (USD) and then translated to Zimbabwe Dollars (ZWL) using the closing interbank exchange rate. The valuer determined the fair values in USD due to limited market information on ZWL property transactions during the period. I was unable to determine the appropriateness of the translated ZWL values of the property, plant and equipment and whether any adjustments could have been necessary.

Below are other material issues noted during the audit;

1. GOVERNANCE

1.1 Property, plant and equipment

Finding

The Board's accounting policy was silent on frequency of revaluation of property, plant and equipment. As a result, the Board, last revalued its property, plant and equipment in March 2018. IAS 16 paragraph 31 states that "revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period". In the absence of a valuation exercise, I was therefore unable to verify if the carrying amounts of property, plant and equipment were fairly stated.

Risk / Implication

Misstatement of financial statements

Recommendation

The Board should consider reviewing and updating their revaluation policy, and apply it to its property, plant and equipment.

Management response

The Board will ensure that the assets are revalued before the next Financial Year end.

1.2 Fuel management

Finding

The Board's fuel management policy/procedure requires the fuel register to be updated regularly when fuel is received or issued. However, the fuel register maintained by the Board was not being updated regularly of details such as date of receipt or request, requesting department, quantities requested, quantity received and signature of receiver.

Risk / Implication

Fraud and errors may go undetected

Recommendation

The fuel register should be updated with all the necessary details.

Management response

The issues raised were noted and the recommendations have been adopted and are being implemented with immediate effect.

2 PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMANTATION RECOMMENDATIONS

The Board made progress in addressing audit findings raised in my 2018 and 2019 annual reports. I raised four (4) audit findings. Two (2) findings have been addressed, one (1) finding was partially addressed and one (1) was not addressed as indicated below;

2.1. Grain Imports

Audit finding was addressed. A total of USD 2 361 844 was transferred to RBZ after the reconciliation.

2.2. Outstanding purchased grains

Audit finding was not addressed. GMB is still engaging the suppliers and pursuing the matter.

2.3. Depot to depot transfer

Audit finding was addressed. The policy for normal losses is now in place**.**

2.4. Construction of hardstands

The audit finding was partially addressed. The Board has since disbursed funds for twenty-one (21) out of thirty-nine (39) hardstands which are 100% complete.

Background Information

Tobacco Industry and Marketing Board was incorporated in Zimbabwe in terms of the Tobacco Industry Marketing Board Act [*Chapter 18:20*]. The Board was established to provide control and regulation of the tobacco industry in Zimbabwe.

I have audited the financial statements of the Tobacco Industry and Marketing Board for the years ending December 31, 2021 and I issued a qualified opinion.

Qualified opinion

In my opinion, except for the effects of the matters described in the Basis of Qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Board as of December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Non- Compliance with International Financial Reporting Standard (IFRS) 13 - ''Fair Value Measurements''.

The Board performed a revaluation of Land and Buildings as at December 31, 2021, including a fair valuation of its Investment Property. The Board engaged professional valuers to determine fair values, which was done in USD and converted to ZWL as at 31 December 2021 at the ZWL/USD RBZ auction exchange rate. Furthermore, the same source for the exchange rate was used to convert the Board's USD transactions during the year.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. We were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD RBZ auction exchange rate in the determination of the final ZWL fair valuations presented. IFRS 13- "Fair Value Measurement" requires:

- A fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- Fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

I was therefore unable to obtain sufficient evidence to support the appropriateness of simply applying the closing ZWL/USD RBZ auction exchange rate in determining the ZWL fair value of Land and Buildings and other USD based transactions without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing those assets. Such matters include, but are not limited to:

- The correlation of the responsiveness of ZWL valuations of Land and Buildings and Investment Properties to the auction RBZ exchange rate and related underlying US$ values; and
- The extent to which supply and demand for the respective Land and Buildings and other USD transactions reflects the implications on market dynamics of the auction exchange rate.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Special projects

Finding

The Board has a facility whereby it offers some financial assistance to tobacco farmers on a loan basis. I however noted that the farmers were not repaying back the loaned amounts to the Board. As a result, some balances owed to the Board were long outstanding to as far as 2014.

Risk / Implication

The Board may not be able to recover all the amounts owed to it by the farmers.

The Board may be incapacitated to assist other farmers.

Recommendation

The Board should make a follow up on all outstanding amounts.

Management response

Noted. The Board has implemented the following:

- **TIMB field officers are following up on defaulting farmers;**
- **Lawyers have been engaged to assist with debt recovery;**
- **2021 loans have been indexed in USD and are repayable in same; and**
- **Going forward, the Board is no longer issuing loans, rather its mandate is only limited to facilitating farmers to obtain loans direct from financial institutions.**

1.2 Delivery of procured goods

Finding

The Board made payments to suppliers in advance for the delivery of a bus and computers for USD50 500 and ZWL1.7million, respectively during the year ended December 31, 2021. However, the goods had not been delivered.

Risk / Implication

Loss of financial resources due to non-delivery by suppliers.

Recommendation

Management should insist on advance payment guarantees for all prepayments of significant amounts or payments after delivery.

Management response

Agreed. USD10 000 has been recovered from the supplier so far.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Board did not make progress in addressing audit findings raised in my 2020 annual report. The audit finding remained outstanding as indicated below;

2.1 Security over assets

The finding was not addressed as no recovery was made.

Background information

The Tobacco Research Board was established under the Tobacco Research Act [*Chapter 18:21*]. Its function is to direct, control and carry out tobacco research in Zimbabwe.

I have audited the financial statements of Tobacco Research Board for the years ended December 31, 2021 and 2022. I issued a qualified opinion for both years.

Qualified Opinion 2021

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 Tobacco Research Board as at December 31, 2021 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

Impact of prior year non-compliance with International Financial Reporting Standards IAS 21 – ''Effects of changes in foreign exchange rates''

The basis for qualification is due to misstatements contained in the opening balance for retained earnings. The opening balances for 2019 financial period were reported as USD end of 2018 financial year and translated to ZWL on the rate of 1:1 at the beginning of 2019. Additionally, transactions between January 1, 2019 and February 21, 2019 were recorded at the rate of 1:1 in compliance with SI33/19. Although the evidence in the market suggested that there was no longer parity between the USD and “local currency” up to 21 February 2019, the directors maintained an exchange rate of 1:1 in compliance with SI 33/19.

This constituted a departure from the requirements of IAS 21– ''Effects of changes in foreign exchange rates''. As a result, the misstatements on the prior years’ income statement is still carried forward in the current retained earnings balance. The effects of misstatements due to non-compliance with IAS 21 – ''Effects of changes in foreign exchange rates'' on prior year financial statements and opening balances have not been quantified.

Qualified Opinion 2022

In my opinion, except for the matter discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the statement of financial position of Tobacco Research Board Limited as at December 31, 2022, 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

Impact of prior year non - compliance with International Accounting Standard (IAS) 21 – “The Effects of Changes in Foreign Exchange Rates” and International Accounting Standard (IAS) 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”

The opening balances for the 2019 financial period were reported as USD end of 2018 financial year and translated to ZWL on the rate of 1:1 at the beginning of 2019. In addition, transactions between January 1, 2019 and February 22, 2019 were recorded at the rate of 1:1 in compliance with Statutory Instrument (SI) 33 of 2019.

Although the evidence in the market suggested that there was no longer parity between the USD and local currency up to February 21, 2019 the directors maintained an exchange rate of 1:1 in compliance with SI 33 of 2019. This constituted a departure from the requirements of IAS 21 - “The Effects of Changes in Foreign Exchange Rates”.

As the prior year financial statements have not been restated in accordance with IAS 8 - “Accounting Policies, Changes in Accounting Estimates and Errors”, the misstatements on the prior years’ income statement is contained in the current retained earnings balance. The effects of the noncompliance were considered material for the year ended December 31, 2022 but not pervasive.

I made a follow up audit and below is an update;

1. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Board made progress in addressing audit findings raised in my 2020 annual report. I raised two (2) audit findings and they were both addressed as indicated below;

1.1 Customer Contracts

The finding was addressed. Finance section has since appointed an officer to check all contracts generated to ensure interest payments are actioned accordingly.

1.2 Expired lease agreements

The finding was addressed. The Finance and Corporate Services Division is now ensuring lease agreements are in place to make it easier to track collection of rentals.

PUBLIC ENTITIES UNDER THE CATEGORY OF COMMISSIONS

Background information

The Competition and Tariff Commission (CTC) is a statutory body established in terms of the Competition Act *[Chapter 14:28]*. The mandate of the Commission is implementing and enforcing Zimbabwe's competition policy and law; and executing the country's trade tariffs policy.

I have audited the financial statements of the Competition and Tariff Commission for the years ended December 31, 2021 and 2022 and I issued an unmodified / clean for both years.

Opinion 2021

In my opinion, the financial statements present fairly, in all material respects, the financial position of Competition and Tariff Commission as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion 2022

In my opinion, the financial statements present fairly, in all material respects, the financial position of Competition and Tariff Commission as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1 GOVERNANCE ISSUES

1.1 Internal control assessment

Finding

The books and systems of the Commission were not subject to internal control assessment as there was no internal audit function arrangements in place. This was contrary to the requirement of the Public Entities and Corporate Governance Act [Chapter 10.31], Sections 223 to Section 228.

Risk/ Implication

Fraud and errors may go undetected.

Recommendation

Management should consider establishing internal audit arrangements.

Management response

The observation has been noted.

The Commission used to be audited by the Ministry of Industry and Commerce but this stopped with the onset of Covid-19 in 2020 and also as a result of staff shortages due to resignations and promotions therein. However, the Ministry of Industry and Commerce's' Internal Auditors have notified of their move to provide the function in 2023.

In addition, in December 2022, the Commission's Board approved that from 2023, the Commission should establish an internal audit function. After weighing the cost options of having either full-time internal auditor(s) or outsourcing the function, the Board resolved that the Commission was better off outsourcing the function. The Commission will put to tender this year for biannual audits.

Background Information

The Forestry Commission is a public entity in the Ministry of Environment, Water and Climate. It derives its mandate from the Forest Act [*Chapter 19:05*]and Communal land Forest Produce Act [*Chapter19:04*]. The functions of the Commission are administration, control and management of State forests, to provide for the setting aside of State forests and for the protection of private forests, trees and forest produce; to establish a Mining Timber Permit Board and to control the cutting and taking of timber for mining purposes; to provide for the conservation of timber resources and the compulsory afforestation of private land; to regulate and control trade in forest produce including the use of trade names and marks in connection with forest produce; to regulate and control the burning of vegetation.

I have audited the financial statements of Forestry Commission for the years ended December 31, 2019 and 2020. I issued an adverse opinion for the year ended December 31, 2019 and a qualified opinion for the year ended December 31, 2020.

Adverse Opinion 2019

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 the financial position of Forestry Commission as at December 31, 2019 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

Non-compliance with International Accounting Standard (IAS 21) "The effects of changes in foreign exchange rates"

The Commission translated its comparative financial statements and transactions for the period up to February 22, 2019 using an exchange rate of 1:1 for United States Dollar to Real Time Gross Settlement (RTGS) Dollar as prescribed to entities through Statutory Instrument 33 of 2019 (SI 33/2019). In order to comply with SI33/2019, issued on February 22, 2019, the entity changed its functional currency with effect from this date. Although the rate was legally pegged at 1:1 multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and USD amounts. The exchange rates applied met the legal requirements, but however did not meet the criteria for appropriate exchange rates in terms of International Financial Reporting Standards (IFRS) as defined in International Accounting Standard (IAS) 21- "The effects of changes in foreign exchange rates".
The official interbank exchange rate came into existence, through Exchange Control Directive RU 28 of 2019 issued by the RBZ in February 2019 and was initially pegged at a starting rate of 2.5. Transactions and balances from February 22, 2019 were now translated using the interbank rates. This was after a period of foreign currency scarcity and constrained exchangeability of bond notes, coins and electronic money to other foreign currencies. No assessment was carried out to show the appropriateness of the interbank rate to the existing economic environment. The interbank rate did not represent the price that could be received for foreign currency as many were unable to access foreign currency through the interbank market and immediate delivery of foreign currency could not be guaranteed. The financial statements of the Commission include balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its values.

Had the Commission complied with the requirements of IAS 21 - “The effects of changes in foreign exchange rates”, many elements in the accompanying financial statements would have been materially affected. As a result, the impact of the Commission’s inability to comply with IAS 21- “The effects of changes in foreign exchange rates” has been determined as significant. The effects on the financial statements are considered material and pervasive to the financial statements as a whole. In addition, had the Commission applied the requirements of IAS 21- “The effects of changes in foreign exchange rates”, many of the accompanying inflation adjusted financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21- “The effects of changes in foreign exchange rates” is considered to be pervasive. The financial effects on the inflation adjusted financial statements of this departure has not been determined.

Qualified Opinion 2020

In my opinion, because of the significance of the matter discussed in the Basis for Qualified Opinion section of my report, the financial statements do not present fairly the financial position of Forestry Commission as at December 31, 2020 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

Non-compliance with International Accounting Standard (IAS 21) - “The effects of changes in foreign exchange rates”

The prior year financial statements did not comply with IAS 21- “The Effects of Changes in Foreign exchange rates,” as the Commission had been unable to use an appropriate exchange rate on change of functional currency. The Commission translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through the Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.
The Commission used January 01, 2019 as the date of change in functional currency and rebased its foreign currency denominated balances to ZWL at a rate of 1:2.5. Statutory Instrument 33 of 2019 prescribed that all assets and liabilities that were denominated in USD before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at Interbank rate starting at 1:2.5. The Commission’s inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with Statutory Instrument 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. In that regard, The Commission’s 2020 opening balances misstatements have an impact on the current year financial statements. As a result, the impact of the Commission’s inability to comply with IAS 21 - “The Effects of Changes in Foreign exchange rates,” has been determined as significant. The effects on the financial statements, of the non-compliance with IAS 21 - “The Effects of Changes in Foreign exchange rates”, are considered material to the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Submission of accounts

Finding

The Commission lost key staff members in the Accounting department during the 2019/ 2020 period, as a result, financial statements were not submitted for audit in time. The Commission submitted its 2019 and 2020 financial statements on the 13th of August 2021 contrary to Section 49 sub section 1(c) of the Public Finance Management Act [*Chapter 22:19*] which requires the accounting officer of a public entity to submit the financial statements for audit within two months after the end of the financial year.

Risk / implication

Users of financial statements may not be able to make appropriate financial decisions.

Recommendation

Key vacant posts should be filled and strategies to retain staff should be put in place.

Management response

The Covid19 related lockdowns were the major causes for missing the deadline. Covid 19 and the lockdowns started in early 2020 and went on unabated to 2021 and only loosened down at the start of this year 2022.Our plans and strategies to produce and meet the deadlines for the year were derailed and upset by these restrictions. We were deprived of over 70% of our productive working time by these lockdowns.

Indeed, the other issues related to resignation of key accounts personnel. A very key position, the Accountant for Research & Development resigned in the middle of clearing the backlog and this worsened the backlog situation. The other key positions were a very experienced Senior Accounting Officer, an accounting assistant and salaries office.

1.2. Board attendance

Finding

My inspection of the board and committee meetings attendance register, revealed that most of the board members were not attending meetings.

Risk / implication

Oversight role maybe compromised.

Recommendation

Board members should be encouraged to attend all meetings.

Management response

Noted, this has highly improved. The Board member’s attendance is now very high.

2. PROGRESS TOWARDS ADDRESSSING AND IMPLEMENTATION OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

The Commission made progress in addressing audit findings raised in my 2019 annual report. I raised two (2) audit findings, one (1) was addressed and one (1) was partially addressed as indicated below;

2.1. Medical aid Scheme

The finding was partially addressed as this is still work in progress. The Commission experienced funding constraints.

2.2. Pension

The finding was addressed. The pension arrears were cleared.

Background Information

The Insurance and Pensions Commission (IPEC) is a statutory body established in terms of the Insurance and Pensions Commission Act *[Chapter 24:21],* to regulate the insurance and pensions industry with the objective of protecting the interest of policy holders and pension scheme members.

I have audited the financial statements of Insurance and Pensions Commission for the year ended December 31, 2022 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Insurance and Pensions Commission**,** as at December 31, 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Internal audit

Finding

The internal audit plan and work carried out in the year 2022 did not adequately cover the Commission's operations. The Internal Audit department mainly performed follow-up audits without performing new routine audits, contrary to the provisions of the Public Finance Management Act [*Chapter 22:19*] sections 44 and 80. This resulted from inadequate staffing in the department as there was no Head of internal audit for eight (8) months and the department had only one (1) Audit assistant and one (1) intern.

Risk / Implication

Oversight over the Commission's internal control environment may be compromised.

Recommendation

The internal audit department must be adequately resourced to provide oversight over the internal controls of the Commission.

Management response

The observation and recommendation are noted for implementation. Recruitment of staff to be expedited in line with recruitment policy provisions.

Background Information

The National Competitiveness Commission is constituted in terms of the National Competitiveness Commission Act *[Chapter 14:36].* Its core function is to enable a competitive environment for Zimbabwean businesses through the development, coordination, and implementation of key policy improvements.

I have audited the financial statements for National Competeviness Commission for the year ended December 31, 2021 and I issued an unmodified/clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Competitiveness Commission as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below is an update on prior year audit findings;

1. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Commission made progress in addressing audit findings raised in my 2021 annual report. I raised two (2) audit findings and one (1) was addressed while the other was partially addressed as indicated below;

1.1 Policy documents

The finding was partially addressed. The Commission started developing sixteen (16) out of the eighteen (18) policies in 2021 when the Executive Director was engaged. To date the Conflict of interest policy and the Human Resources policy were approved by the Board.

1.2 Alignment of accounting processes to new developments

The finding was addressed. The manual now includes how the lease is calculated and accounted for.

Background information

The Securities and Exchange Commission of Zimbabwe was established in terms of the Securities Act [*Chapter 24:25*]. The Commission is a regulatory body for the securities and capital markets in Zimbabwe.

I have audited the financial statements of Securities and Exchange Commission of Zimbabwe for the year ended December 31, 2022 and I issued an unmodified / clean opinion with a material uncertainty related to the going concern paragraph.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Securities and Exchange Commission of Zimbabwe as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Material uncertainty related to going concern

I draw attention to the fact that the Commission recorded a deficit of ZWL36.5million for the year ended December 31, 2022. As at December 31, 2022, the Commission's current liabilities exceeded its current assets by ZWL35.1million. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Commission's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Staff costs to revenue ratio

Finding

The Commission's staff costs (ZWL538.2 million) constitute 99% of the revenue of ZWL538.7 million. As a result, this might have contributed to a deficit of ZWL36.5million recognised for the year ended December 31, 2022. As at December 31, 2022, the Commission's current liabilities exceeded its current assets by ZWL35.1million. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Commission's ability to continue as a going concern.

Risk / Implication

The Commission's going concern may be compromised as the revenue generated may not be able to meet staff costs and other costs

Recommendation

Management should look for other sources of income that sustain the operations of the Commission.

Management response

The Commission is a statutory body under the Ministry of Finance and Economic Development and can get budgetary support as and when necessary.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Commission made progress in addressing audit findings and recommendations raised in my 2021 annual report. I raised two (2) audit findings, and one (1) was addressed and the other was partially addressed as indicated below;

2.1. Alignment of Board structures

The finding was partially addressed. The Ministry is seized with appointing an additional qualified accountant to the Board, who will Chair the Committee. The candidates were at the vetting stage. As it is currently constituted, there is no other Commissioner with accounting skills, other than the Vice Chairperson.

2.2. Sourcing of quotations

The finding was addressed. I was subsequently availed with the quotations in the current year audit.

Background Information

The Commission coordinates, controls and develops the activities of sport and recreation, to ensure proper administration of organisations undertaking the promotion of sports and recreation and to authorise national and international sporting and recreation activities.

I have audited the financial statements of the Sports and Recreation Commission for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

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 Sports and Recreation Commission as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

Non-compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates"

The opening balances for the 2019 financial period were in USD and were translated to ZWL at the rate of 1:1 at the beginning of 2019. Additionally, transactions between January 1, 2019 and February 21, 2019 were recorded at the rate of 1:1 in compliance with Statutory Instrument 33 of 2019. Although the evidence in the market suggested that there was no longer parity between the USD and "local currency" up to February 21, 2019, the Commission maintained an exchange rate of 1:1 in compliance with the Statutory Instrument. SI 33/19. This constituted a departure from the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates. As a result, the misstatements on the prior years' income statement are still carried forward in the current retained earnings balance.

Below is an update on prior year audit findings;

1 PROGRESS MADE TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS.

The Commission made progress in addressing audit findings raised in 2021 annual report. The Commission had four (4) unresolved audit findings and all the four findings were addressed as indicated below;

1.1. Committee Terms of Reference

The finding was addressed. Terms of reference is now in place.

1.2. Fuel Allocation to Senior Staff

The finding was addressed. Fuel allocations are now being implemented in line with employee contracts.

1.3. Interim Cricket Board

The finding was resolved. This was an adhoc committee whose term expired in 2020.

1.4. Composition of the Procurement Management Unit

The finding was addressed. The Procurement Management Unit is now adequately staffed.

Background Information

The Zimbabwe Anti-Corruption Commission was established in terms of the Anti-Corruption Commission Act [*Chapter 9:22*]. The mandate of the Commission is to combat corruption, economic crimes, abuse of power and improprieties in Zimbabwe through public education, prevention and prosecution after thorough investigation.

I have audited the financial statements of Zimbabwe Anti-Corruption Commission for the years ended December 31, 2019 and 2020. I issued an adverse opinion for the year ended December 31, 2019 and a qualified opinion for the year ended December 31, 2020.

Adverse Opinion 2019

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Zimbabwe Anti-Corruption Commission as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse of Opinion

i. Non-compliance with International Accounting Standard (IAS) 21 - "The effects of changes in foreign exchange rates"

The Commission translated its comparative financial statements and transactions for the period up to February 22, 2019 using an exchange rate of 1:1 for United States Dollar to Real Time Gross Settlement (RTGS) Dollar as prescribed to entities through Statutory Instrument 33 of 2019 (SI 33/2019). In order to comply with SI33/2019, issued on February 22, 2019, the entity changed its functional currency with effect from this date. Although the rate was legally pegged at 1:1 multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and US$ amounts. The exchange rates applied met the legal requirements, but did not meet the criteria for appropriate exchange rates in terms of International Accounting Standard (IAS) 21.

The official interbank exchange rate came into existence, through Exchange Control Directive RU 28 of 2019 issued by the RBZ in February 2019 and was initially pegged at a rate of 2.5. Transactions and balances from February 22, 2019 were translated using the interbank rates. This was after a period of foreign currency scarcity and constrained exchangeability of bond notes, coins and electronic money to other foreign currencies. No assessment was carried out to show the appropriateness of the interbank rate to the existing economic environment. The interbank rate did not represent the price that could be received for foreign currency as many were unable to access foreign currency through the interbank market and immediate delivery of foreign currency could not be guaranteed. The financial statements of the Commission include balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its values. Had the Commission complied with the requirements of IAS 21, many elements in the financial statements would have been materially affected.

ii. Expenditure and payables

I was not availed with supporting documents to validate expenditure amounting to ZWL353 472 (equivalent to USD21 078 at the interbank rate). There were no invoices and or supplier statements to support the expenditure. In addition, the Commission did not avail creditors reconciliations for the 2019 financial period. I was therefore unable to obtain reasonable assurance as to the accuracy and completeness of the payables and expenditure disclosed in the Commission's financial statements.

Qualified Opinion 2020

In my opinion, except for the effects of matters described in the basis of Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Anti-Corruption Commission as at December 31, 2022 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

i. Noncompliance with International Accounting Standard (IAS)21- "The Effects of Changes in Foreign Exchange Rates"

Opening balances

The prior year financial statements did not comply with the requirements of IAS 21-"The Effects of Changes in Foreign Exchange Rates", as the Commission had been unable to use an appropriate exchange rate on change of functional currency. The Commission translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Commission used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to Zimbabwe dollar at a rate of 1:1 per Statutory Instrument (SI) 33 of 2019 which prescribed that all assets and liabilities that were denominated in United States dollar before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Commission's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 of 2019 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. In that regard the Commission's opening balances misstatements had an impact on the current year financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Expenditure

Finding
I was not availed with supporting documents to validate expenditure amounting to ZWL353 472 (equivalent to USD21 078). There were no invoices and or supplier statements to support the expenditure. In addition, the Commission did not avail creditors reconciliations for the 2019 financial period.

Risk / Implication

Financial loss as due to irregular payments.

Recommendation

The Commission should ensure that all payments made are supported by adequate documentation.

Management response

The finding is noted. The Commission will improve towards completeness when payment vouchers are passed for payment.

1.2 Fuel expenditure

Finding

The Commission was not maintaining its fuel register properly. There were instances where the fuel register had incomplete details on running balances and recipient signatures. In addition, fuel receipts with a total of 43 420 litres were not recorded in the fuel register. This was contrary to the provisions of the Public Finance Management Act [*Chapter 22:19*] Section 49. There was also no evidence that the fuels registers were being regularly reviewed by a senior officer during the year.

Risk / Implication

Financial loss as fuel may be misappropriated.

Recommendation

The Commission should ensure that accurate recordings of fuel receipt, issuance and running balances are maintained in the register.

Management response

Administration will make sure that fuel issuance is properly recorded in compliance with Section (104) 1 of the Public Finance Management Act [*Chapter 22:19*]. The observation is noted. The record of fuel issued and received is now being maintained and reconciliations are being carried out as from 2021 financial year.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Motor Vehicles

Finding

The Commission paid ZWL5,7 million (USD345 918) for the acquisition of ten (10) motor vehicles. However, only five (5) vehicles had been delivered as at December 31, 2020. There was no evidence to support that the remaining five (5) vehicles were subsequently delivered by the time of my audit.

Risk / Implication

Financial loss as the vehicles may not be delivered.

Recommendation

The Commission should engage the supplier for the vehicles to be delivered.

Management response

The recommendation has been noted. The supplier is yet to supply the five (5) Vehicles outstanding.

3. PROGRESS TOWARDS IMPLEMENTATION OF PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Commission made progress in addressing the audit finding raised in my 2021 annual report. I raised one (1) audit finding which was partially addressed as indicated below;

3.1 Houses

The finding has been partially addressed. The Commission now has ownership of the two (2) out three (3) houses.

Background information

Zimbabwe Electoral Commission was established in terms of section 238(1) of the Constitution of Zimbabwe Amendment (No.20) of 2013. The objects of the Commission are to prepare, conduct and supervise elections to the Office of the President and to Parliament; and elections to the governing bodies of Local Authorities and referendums.

I have audited the financial statements of the Zimbabwe Electoral Commission for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified opinion

In my opinion, except for the possible effects 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 Zimbabwe Electoral Commission as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of qualified opinion

Non-compliance with International Accounting Standard (IAS) 36 - "Impairment of assets" and International Accounting Standard (IAS) 16 - "Property, Plant and Equipment"

There was no evidence that the Commission reviewed the useful lives of its assets in line with IAS 16 - "Property, plant and equipment" and carried out an impairment assessment for its assets in line with IAS 36 - "Impairment of assets" regardless of indicators of impairment noted on some of the assets. As a result, I could not satisfy myself on the valuation of property, plant and equipment amounting to ZWL552 509 766 as disclosed in the statement of financial position as at December 31, 2021.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Creditors reconciliations

Finding

There was no evidence to support that Masvingo Provincial Office was preparing monthly creditors reconciliations. As a result, there were variances between the invoiced amount and the amounts that were paid for utility bills. For instance, total utility bills amounting to ZWL 278 000, a payment of ZWL 388 000 was made giving an excess of ZWL 110 000.

Risk / Implication

Errors may go undetected.

Financial loss due to payments that may not be recovered.

Recommendation

The Commission's Provincial Offices should perform monthly creditors reconciliations.

Management response

Oversight, however the reconciliations are to be done on a monthly basis.

1.2 Service level agreements

Finding

The Commission had not yet renewed the service level agreement for the management of the Bulawayo property. The agreement expired on November 01, 2014.

Risk / Implication

There may be no legal recourse in the event of disputes.

Recommendation

The Commission should ensure that the service level agreement is put in place.

Management response

Management is in the process to come up with a new arrangement by March 31, 2023. Currently there is no valid contract.

2. MANAGEMENT OF ASSETS

2.1 Property, plant and equipment items

Finding

The following assets could not be substantiated to confirm existence as they were not available at the Midlands Provincial Office or at the District Offices. No satisfactory explanation was given by management. The table below refers;

Items	Quantity	Location
CPU HP Compaq dx23000	1	Gweru district
Keyboard HP	2	Gweru & Kwekwe districts
Laptop HP Probook 4540s	1	Province Accountant
Modem Sahara 56k USB	3	Mberengwa & Kwekwe districts
Gas cylinders 3kg	18	Districts
Generators	2	Kwekwe district

Risk / Implication

Service delivery may be compromised due to loss of assets.

Recommendation

The Province should keep all its assets at its offices.

Management response

The audit observation is noted and acknowledged. All the above missing or stolen items have boards of inquiry which were conducted by the Provincial Office and submitted to Head Office for further action.

3. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Commission had not made progress in addressing audit findings raised in my 2021 annual report. I raised a finding which has not been addressed as indicated below;

3.1 Property, plant and equipment

The finding has not been addressed. The Commission has not yet provided the supporting documentation for the ownership of the three (3) properties in Mashonaland West Province.

Background Information

Zimbabwe Media Commission was established in terms of the Zimbabwe Media Commission Act [*Chapter 10: 34*]. The Commission's function is the development and promotion of media ethics, the registration and regulation of mass media services, the accreditation of journalists, the improvement of media training and assessment, the improvement of citizen's access to information, the adjudication of media complaints and disputes.

I have audited the financial statements of the Zimbabwe Media Commission, for the year ended December 31, 2021 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects the financial position of Zimbabwe Media Commission as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Composition of the Audit Committee

Finding

The Commission's audit committee had no members with an accounting and financial background. This was contrary to the provisions of the Public Entities Corporate Governance *[Chapter 10:31]* which requires Audit Committees to have at least one member to have a financial and accounting background to enable effective discharge of the committee's mandate.

Risk / Implication

Oversight on the Commission's internal controls may be compromised.

Recommendation

The Commission should follow up with the appointing authority for the appointment of a member with financial expertise.

Management response

The recommendation is noted. The Commission will consider outsourcing the function.

1.2. Whistle blower policy

Finding

The Commission did not have a whistle blower policy in place. This was contrary to the requirements of the Public Entities Corporate Governance Act *[Chapter 10:31], Section 255,* which provides that there should be a whistle-blowing system in place.

Risk / Implication

Fraud risk management strategies may be compromised.

Recommendation

The management should consider formulating a whistle blower policy.

Management response

The Commission will formulate a whistle blower policy as per recommendation.

1.3. Acquittal of travel and subsistence allowances

Finding

The Commission's staff were not acquitting travel and subsistence allowances as required by the Zimbabwe Media Commission Human Resource policy. As a result, a total amount of ZWL248 890 was not acquitted. The Commission`s Human Resources policy requires members of staff to submit documentary proof of how they would have used the travel and subsistence allowances advanced to them.

Risk / Implication

Financial loss due to misappropriation of the Commission`s resources.

Recommendation

Management should ensure that all staff members acquit all travel and subsistence advances.

Management response

The Commission used the method of register signing as a control measure. However, recommendation noted and would be complied with.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Commission made progress in addressing the audit finding raised in my 2020 annual report. The audit finding was addressed as indicated below;

2.1. Alignment of asset management processes to standards

The asset management processes have been aligned to IAS 16, as they have carried out a revaluation exercise.

PUBLIC ENTITIES UNDER THE CATEGORY OF COMPANIES AND CORPORATIONS

Background information

AFC Leasing Company of Zimbabwe (Private) Limited was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. The Company's main business is to provide agricultural equipment hiring services.

I have audited the financial statements of AFC Leasing Company of Zimbabwe (Private) Limited for the years ended December 31, 2021 and 2022 and I issued a disclaimer of opinion for 2021 and qualified opinion for 2022.

Disclaimer of Opinion 2021

I do not express an opinion on the financial statements of AFC Leasing Company of Zimbabwe (Private) Limited. 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 on the financial statements.

Basis for Disclaimer Opinion

The Company was registered in December 2020 and became fully operational on January 1, 2021. At this date the Company was still undergoing a process of setting up the business which included recruitment of key personnel and finalisation of the general standard operating procedures. During the year under review the Company was recording all its transactions manually as there was no accounting system as at year end.

As a result of the above, completeness and accuracy of transactions recorded could not be determined particularly for revenue transactions. I was therefore unable to satisfy myself by alternative means concerning the completeness and accuracy of revenue recognized during the year of ZWL243.5 million as well as the valuation of trade receivables included in the statement of financial position at a total amount of ZWL65.4 million as at December 31, 2021.

I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded revenue and trade and other receivables, and elements making up the statement of financial position (trade and other receivables and deferred tax), statement of comprehensive income (income tax, expected credit losses and monetary losses), statement of cash flows (cash flow for operating activities).

Qualified Opinion 2022

In my opinion, except for the effects 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 AFC Leasing Company of Zimbabwe (Private) Limited as at December 31, 2022, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Opening balances

The financial statements for the period ended December 31, 2021 had a disclaimer of opinion as I could not satisfy myself on the completeness and accuracy of transactions recorded and consequently, I was not able to satisfy myself using alternative audit procedures concerning the 2022 financial year opening balances.

Below are other material issues noted during the audit;

1 REVENUE COLLECTION AND DEBT RECOVERY

1.1 Internal controls over revenue

Finding

The internal controls over revenue were not water tight. Some invoices did not have full description of the nature, quantities / hectarage of the services provided by the Company whilst others were not numbered and dated in line with tax regulations. There was also no documentation to confirm fulfilment of performance obligations in the form of job cards signed off by both the Company representative and the customer. In addition, there was no approved price listing or consistent pricing applied to revenue transactions. As a result, the occurrence, accuracy and completeness of revenue transactions could not be validated.

Risk / Implication

Misstatement of financial statements.

Financial loss due to payment of fictitious invoices.

Recommendation

Management should put in place robust controls over revenue.

Management response

Noted. These issues have now been corrected, the Company is currently using serialised quotation books and invoice books where details such as the nature of service, hectarage done, date, unit price are indicated to enhance completeness of revenue. The recommendation to make customers sign off the job on completion of service will be implemented with immediate effect.

1.2 Bank reconciliations

Finding

There was no evidence to support that bank reconciliations were being prepared and reviewed for the Bank's two accounts from January 2022 to 31 August 2022. Upon enquiry, management indicated that this was due to the manual system of accounting which was being used from January to August.

Risk / Implication

Fraud and errors may go undetected.

Recommendation

Management should ensure that bank reconciliations are prepared and reviewed on time.

Management response

The observation has been noted. Bank reconciliations are now done on a monthly basis in ZOHO Books.

Background information

Air Zimbabwe (Private) Limited was incorporated in terms of the Air Zimbabwe Corporation Act *[Chapter 13:02]* and the Companies and Other Business Entities Act *[Chapter 24:31]*. 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 (Private) Limited for the year ended December 31, 2019 and issued a Disclaimer of Opinion.

Disclaimer of Opinion

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

Basis for Disclaimer of Opinion

i. Opening balances not agreeing to the prior year financial statements

As at the beginning of the year ended December 31, 2019 Air Zimbabwe's opening balances were not agreeing to the prior year financial statement balances. However, management could not provide a justification or correction for the variances in the opening balances amounting to USD92 480 450. As such, I could not satisfy myself on the accuracy of the opening balances and determine if any adjustments were necessary to the statement of financial position. Therefore, for all balance sheet balances, valuation and accuracy of them could not be determined.

ii. Existence, completeness and valuation of inventory

During the year ended December 31, 2019, inventory amounting to USD18 914 747 was recognised in the financial statements. An inventory count was not performed as at December 31, 2019. As a result, I was unable to determine whether any adjustments might be necessary in respect of the recorded or unrecorded inventories. I was thus unable to satisfy myself as to the existence, completeness and valuation of the inventories.

iii. Valuation of aircraft

During the year ended December 31, 2019, aircraft amounting to USD 30 940 000 at cost was recognised in the financial statements. Impairment testing has not been carried out on recognised aircraft despite there being indications of impairment. Consequently, I was unable to satisfy myself that the aircraft has been recognised at values that do not exceed their recoverable amounts.

iv. Unrecorded aircraft

The company has not recognised as its assets several aircrafts that it has either used in the past or currently maintains. This is due to unavailability of information on whether Air Zimbabwe is the rightful owner of the aircraft. Consequently, I was unable to obtain sufficient appropriate audit evidence on the completeness of aircraft recognised and any associated obligations that the company may have.

v. **Accuracy of employee costs**

During the year ended December 31, 2019, employee costs amounting to USD 4 760 713 were recognised in the financial statements. I could not satisfy myself on the accuracy of the expense recognised as the appropriate audit evidence was not availed to me. Information was said to have been lost as a result of a system glitches therefore no alternative procedures could be performed. I therefore could not determine if any adjustments were necessary to the financial statements.

vi. **Valuation of the South African Airways Debt**

I noted that since January 19, 2014 when the Z-WPM A320 aircraft was grounded in South Africa, a debt pertaining to parking fees was not being accrued. Servicing of the debt was also not being done on the reasons that invoices were not being received from South African Airways Technical. Parking fees debt in relation to the Z-WPM A320 aircraft have been omitted from the financial statements.

vii. **Limitation of scope on cost of sales**

Included in the cost of sales for the year ended December 31, 2019 were expenses amounting to USD1 845 166 which did not have supporting documents. There were no other alternative procedures which I could perform to satisfy myself on the accuracy of the cost of sales. IFRS 9 became effective for annual periods beginning January 1, 2018. Air Zimbabwe has not yet come up with an IFRS 9 policy in terms of the expected credit loss model. Further to that, I could not ascertain myself on the accuracy of the provision raised for the bad debts due to absence of an IFRS 9 model. I therefore could not determine if any adjustments were necessary to the statement of profit or loss and other comprehensive income and statement of financial position respectively.

viii. **Tax computations not done**

During the year ended December 31, 2019, Air Zimbabwe did not do any tax computation for both income tax and deferred tax. Quarterly returns were not being done to ZIMRA for income tax therefore I could not ascertain whether a tax liability was supposed to be recognised or tax losses. No computation was performed for the deferred tax as required by International Accounting Standard 12 (IAS 12) – Income Taxes. I therefore could not determine if any adjustments were necessary to the financial statements.

Report on the Going Concern

Material Uncertainty Related to Going Concern

I draw your attention to the fact that the Air Zimbabwe incurred a loss of USD15 388 869 (2018: 84 898 659). The accumulated losses of USD407 843 950 have been recognised to date and that the company's total liabilities exceed its assets by USD380 224 835. Additionally, there is a contingent liability amounting to approximately USD39 000 000 arising from claims being done by South Jet (China) in connection with a dispute over ownership of ZWPN Airbus A320. These conditions create uncertainties which cast significant doubt on the company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Key vacant posts

Finding

The Company`s senior positions were held on an acting capacity. There were also understaffing issues which resulted from the retrenchment exercise that was carried out as part of the reconstruction exercise. The list below shows senior posts that were being held on acting capacity.

Chief Executive Officer
Company Secretary
Manager Maintenance
Manager Flight Operations
Manager Human Resources
Manager Finance
Manager Sales and Marketing
Manager Ground Operations and Airport Services
Manager Corporate Quality, Safety and Security
Manager Procurement
Manager Information Technology

Risk / Implication

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

The Company`s operations may be disrupted due to absence of critical skills.

Recommendation

The Company should continue pursuing the issue of filling key vacant posts.

Management response

The Board is seized with the matter and we are waiting for guidance on filling of the vacant management posts that have acting holders.

1.2 Supporting documentation

Finding

I was not availed with the following documents and information;

- Customer and supplier statements to aid in performing alternative procedures for trade receivables and payables for which confirmations have not been received.
- Supporting documents for cost of sales.
- Supporting documents for expenses.

Risk / Implication

Misstatement of financial statements due to limitation of scope.

Recommendation

Management is encouraged to put in place measures that ensure safety and easy retrieval of documents.

Management response

Noted.

1.3 Internal audit function

Finding

The Company's internal controls were not subject to frequent review as the Company did not have internal audit function. This was contrary to the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Risk / Implication

Weak internal control environment creates opportunities for material irregularities and fraud.

Recommendation

The Company should consider setting up an internal audit function in compliance with corporate governance framework.

Management response

An internal auditor was appointed with effect from April 2022.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company did not make significant progress in addressing audit findings raised in my 2020 annual report. I raised four (4) audit findings and one (1) finding was addressed while one (1) finding was partially addressed and two (2) findings were not addressed as indicated below;

2.1 Fuel allowances

The finding was addressed. Due to cash flow constraints, fuel coupons were always in arrears and not awarded real time. However, effective January 2022, the fuel allowance is now taxed through the payroll in the month it is disbursed.

2.2 Creditors reconciliations

The finding was not addressed. The creditors reconciliations were not prepared during the year ended December 31, 2019.

2.3 Suspense balance

The finding was not addressed. The opening trial balance balances for the financial year ended December 31, 2019 does not agree with the balances in the financial statements for the prior year, which ended December 31, 2018.

2.4 Bank reconciliations

The finding was partially addressed. Bank reconciliations for 2019 were prepared and they were however reviewed in 2021.

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.

I have audited the consolidated financial statements of the Allied Timbers Zimbabwe for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion section of my report, the consolidated financial statements present fairly, in all material respects, the financial position of Allied Timbers Zimbabwe (Private) Limited and its Subsidiaries as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified opinion

Non-compliance with International Accounting Standard (IAS 21) - "The Effects of Changes in Foreign Exchange Rates"

Prior to February 22, 2019, the Zimbabwean economy was characterized by a multi-tiered pricing model. Under the model, a single product had different prices depending on the mode of payment, whether United States dollars, cash, electronic money (RTGS), mobile money or bond notes. The multi-tiered pricing model was evidence of a change in functional currency as the United States dollar was no longer the currency in which the Group primarily generated and expended its cash. However, contrary to the requirements of IAS 21**-** "The Effects of Changes in Foreign Exchange Rates", the Group maintained the United States Dollar as its functional and presentation currency up to February 22, 2019 when the Government of Zimbabwe issued Statutory Instrument 33 of 2019 (S.I. 33) "Presidential Powers (Temporary Measures) Amendment of Reserve Bank of Zimbabwe Act and Issue of Real Time Gross Settlement Electronic Dollars (RTGS Dollar) Regulations, 2019". The comparative figures were translated to Zimbabwe dollars on February 22, 2019 using SI 33 of 2019 guidelines which are contrary to the requirements of IAS 21 **-** "The Effects of Changes in Foreign Exchange Rates". The non-compliance with IAS 21 **-** "The Effects of Changes in Foreign Exchange Rates" affects the fair statement of retained earnings amounting to ZWL9.8 billion (2020: ZWL10.6billion) and property, plant and equipment of ZWL 2.9 billion (2020: 0.9 billion).

Below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Reforestation drive by the Company

Finding

The Company had sixty-four thousand one hundred and eighty-three (64 183) plantable hectares and of these, thirty thousand four hundred and ninety-eight (30 498) was planted as at December 31, 2021. As a result, 52% (33 685 hectares) of the total plantable hectarage was lying idle. In the 2021 plantations budget, management budgeted to plant six thousand four hundred and thirty-five (6 435) hectares, however, only two thousand seven hundred and seventy-one (2 771) hectares were planted hence a deficit of three thousand six hundred and sixty-four 3 664 hectares (57% of the budget).

Risk / Implication

Long term sustainability of the company may be compromised.

Recommendation

Plans on reforestation must be adhered to.

Management response

We are currently making efforts to plant more land and we are also investing in mechanizing the planting processes so that we reduce the total unplanted area.

1.2 Contract milling obligations

Finding

Contract millers were not honoring their contract obligations on reforestation as stipulated in the milling contracts. The table below shows contractors who failed to honor their obligations.

Estate	Total Harvested Area (Hectares)	Expected Plantation Area (Hectares)	Actual Planted Area (Hectares)	Variance (Hectares)
Nyangui	157	47	38	9
Erin	129	38	13	25
Nyambeya	55	16	3	13
Mudima	67	20	16	4
Tandaai	145	43	19	24
Martin	99	29	7	22
Tarka	104	31	7	24

Risk / Implication

Depletion of timber resources without adequate regeneration.

Long term sustainability of the company may be compromised.

Recommendation

Management should enforce contracts clauses governing reforestation by contract millers.

Management response

Contractors failed to meet their targets by December 2021 due to insufficient rainfall received. The balance was carried over into 2022 as they continued with the planting.

1.3 Contract management

Finding

The Company had nearly one thousand two hundred (1 200) hectares of land being let to farmers for production of potatoes and grazing of animals at its estates. However, as at December 31, 2021 the following farmers were operating with leases that had expired for a period of more than a year:

Farm	Purpose	Hectares	Date of expiration of contract
Farm 1	Potatoes growing	300	August 31, 2020
Farm 2	Potatoes growing	300	August 31, 2020
Farm 3	Potatoes growing	300	August 31, 2020
Farm 4	Grazing Land	180	December 31,2020

Risk / Implication

Financial loss in case of a dispute.

Recommendation

All land being let out must have enforceable contracts in place.

Expired contracts must be renewed in time and where there are plans to modify the lease conditions, these should be documented and put in file.

Management response

The initial thrust was to cancel the leases. This delayed the contract renewal process. All expired leases are now being renewed and new contracts are now being put in place.

1.4 Occupation of the company's estates

Finding

The Company was facing an increase in individuals who were occupying estates land without permission. The following are details of the occupied estates land:

Estate	Gazzetted Area (ha)	Occupied Area (ha)	% Area Affected
Estate 1	5 484	542	10%
Estate 3	5 450	650	12%
Estate 4	7 664	1,350	18%
Estate 5	9 728	1,700	17%
Estate 6	4 400	910	21%
Estate 7	18 290	6,500	36%

Risk / Implication

Financial loss due to reduction in timber yield.

Recommendation

The relevant authorities should be engaged to remove illegal occupants.

Management response

Management is engaging relevant stakeholders to ensure the issue of these occupants is addressed.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Group made progress in addressing audit findings raised in my 2021 annual report. I raised two (2) audit findings and all were addressed as indicated below;

2.1 Engagement of suppliers

The finding was addressed. Management is now engaging suppliers on the PRAZ approved supplier list.

2.2 Purchase orders

The finding was addressed. Purchase orders are now raised before purchases take place.

Background information

CMED (Private) Limited is a company incorporated in terms of the Companies and Other Business Entities Act *[Chapter 24.31].* Its mandate is to provide transport and operate transport services; plant and equipment for the construction of roads, dams, bridges and other infrastructure.

I have audited the financial statements of CMED (Private) Limited for the year ended December 31, 2020 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 financial statements present fairly, in all material respects, the financial position of CMED Group as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Qualified Opinion on the Company'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 CMED (Private) Limited as at December 31, 2020, 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

i. Non- compliance with International Accounting Standard (IAS 21), "The Effects of Changes in Foreign Currency Rates".

The prior year financial statements did not comply with the requirements of IAS 21 "The Effects of Changes in Foreign Currency Exchange Rates", as the Group and the Company were unable to use an appropriate exchange rate on change of functional currency to translate the opening USD denominated balances. The Group and the Company translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Group and the Company used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 as per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in US$ before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Group and the Company's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. The financial effects of this departure on the 2019 inflation adjusted financial statements have a material impact on the current financial statements.

ii. Valuation of Property, plant and equipment

The Group carried a management valuation of property, plant and equipment in January 2020. However, the valuation report availed did not have the required information related to the valuation techniques, assumptions and inputs used in determining property, plant and equipment values as required by IFRS 13 – "Fair Value Measurement" paragraphs 61, 62, 67.

As a result, I could not ascertain the appropriateness of the values determined. In addition, the revalued amounts were denominated in United States dollars which the Company converted into Zimbabwean dollar (ZWL) using the Reserve Bank of Zimbabwe (RBZ) auction exchange rate. The translation may not give a reasonable indication of fair values as defined by IFRS 13 – "Fair Value Measurement" paragraph 9. In the current economic environment, it is not likely that Zimbabwean dollar (ZWL) prices derived from translating the United States Dollar (USD) amounts at the RBZ auction rate would be the price at which a Zimbabwean dollar (ZWL) denominated transaction would occur. Accordingly, I was unable to determine whether adjustments effected on carrying amounts of property, plant and equipment and the revaluation surplus were appropriate.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1. Valuation of property, plant and equipment

Finding

CMED (Private) Limited availed a management valuation report on its property, plant and equipment that did not have adequate valuation inputs such as assumptions, valuation techniques, limitations, data source. This was in contravention of International Financial Reporting Standards (IFRS) 13 paragraph 61 and 62 which required an entity to use valuation techniques that are appropriate in the circumstance and for which sufficient data is available to measure fair value."

In addition, the valuation was done in USD and converted to ZWL using the Reserve Bank of Zimbabwe (RBZ) auction exchange rate for financial reporting. The converted amounts could not meet fair value as defined by IFRS 13 – "Fair Value Measurement" paragraph 9.

Although management indicated that they used the market based approach there was no evidence to support that.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should comply with the requirements of International Financial Reporting Standards.

Management response

We used market based approach determining values per asset type and also compared with likely similar assets in that field. We also compared with values of our properties being valued by independent valuators for change of ownership purpose then used our experience and knowledge of our unique assets to place the fair market values. Our market values were determined in the first month of the year in USD and was then converted to ZWL using RBZ interbank rate. These asset market values were also then aligned to proper market values at year end through impairment process that we carried out for all the assets as 11 months had lapsed.

1.2. Corporate tax

Finding

I was not availed with documentary evidence to support that the Company submitted quarterly tax returns as required by the Income Tax Act [*Chapter 23:06*].

Risk/ Implication

Financial loss due to penalties.

Recommendation

The Company should submit quarterly tax returns as required by the Income Tax Act [*Chapter 23:06*].

Management response

During the period 2020 we faced cash flow challenges due to low business activities caused by COVID 19 restrictions. The company could not remit corporate tax as Ministry of Finance failed to release meaningful amounts to Ministries and departments for them to settle their debts. We shall continue to engage ZIMRA and MOF to resolve the issue since it is impossible for CMED to pay income tax when it has not been paid by its customers as all the profit will be sitting in our debtors' book.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company made progress in addressing audit findings raised in my 2019 annual report. I raised three (3) audit findings and all three (3) were addressed as indicated below;

2.1. Board composition

The finding was addressed. The Minister appointed a Finance person to fill in the gap in year 2022.

2.2. Outstanding vehicles

The finding was addressed. All contracts now have ending dates depending with purposes of hire, otherwise they are for a month and renewable if there is need.

2.3. Receivables

The finding was addressed. Receivables that could not be tracked were written off.

Background Information

CMED Fuels (Private) Limited is a wholly owned subsidiary company of CMED (Private) Limited and is incorporated in terms of the Companies and Other Business Entities Act *[Chapter 24.31].* Its mandate is to supply fuel to the government and the public on a commercial basis.

I have audited the financial statements of CMED Fuels (Private) Limited for the year ended December 31, 2020 and I issued a qualified opinion.

Qualified Opinion

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 CMED Fuels (Private) Limited as at December 31, 2020, 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

i. Non- compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign currency Exchange Rates"

The prior year financial statements did not comply with the requirements of IAS 21 - "The Effects of Changes in Foreign Currency Exchange Rates", as the Company was unable to use an appropriate exchange rate on change of functional currency to translate the opening USD denominated balances. The Company translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Company used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 as per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in USD before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Company's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. The financial effects of this departure on the 2019 financial statements have a material impact on the current financial statements.

ii. Valuation of Property, plant and equipment

The Group carried a management valuation of property, plant and equipment in January 2020. However, the valuation report availed did not have the required information related to the valuation techniques, assumptions and inputs used in determining property, plant and equipment values as required by IFRS 13 – "Fair Value Measurement" paragraphs 61, 62, 67. As a result, I could not ascertain the appropriateness of the values determined. In addition, the revalued amounts were denominated in United States dollars which the Company converted into Zimbabwean dollar (ZWL) using the Reserve Bank of Zimbabwe (RBZ) auction exchange rate. The translation may not give a reasonable indication of fair values as defined by IFRS 13 -"Fair Value Measurement" paragraph 9.

In the current economic environment, it is not likely that Zimbabwean dollar (ZWL) prices derived from translating the United States Dollar (USD) amounts at the RBZ auction rate would be the price at which a Zimbabwean dollar (ZWL) denominated transaction would occur. Accordingly, I was unable to determine whether adjustments effected on carrying amounts of property, plant and equipment and the revaluation surplus were appropriate.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Valuation of property, plant and equipment

Finding

CMED Fuels(Private) Limited availed a management valuation report on its property, plant and equipment that did not have adequate valuation inputs such as assumptions, valuation techniques, limitations, data source. This was in contravention of International Financial Reporting Standards (IFRS) 13 – "Fair Value Measurement" paragraph 61 and 62 that required an entity to use valuation techniques that are appropriate in the circumstance and for which sufficient data is available to measure fair value."

In addition, the valuation was done in USD and converted to ZWL using the Reserve Bank of Zimbabwe (RBZ) auction exchange rate for financial reporting. The converted amounts could not meet fair value as defined by IFRS 13 – "Fair Value Measurement" paragraph 9.

Although management indicated that they used the market based approach there was no evidence to support that.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should comply with the requirements of International Financial Reporting Standards (IFRS 13 – "Fair Value Measurement").

Management response

We used market based approach determining values per asset type and also compared with likely similar assets in that field. We also compared with values of our properties being valued by independent valuators for change of ownership purpose then used our experience and knowledge of our unique assets to place the fair market values. Our market values were determined in the first month of the year in USD and was then converted to ZWL using RBZ interbank rate. These asset market values were also then aligned to proper market values at year end through impairment process that we carried out for all the assets as 11 months had lapsed.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1 Fuel coupons redemption

Finding

CMED Fuels did not have scanners to capture redeemed coupons electronically at the point of fuel consumption. In addition, coupons were being captured manually into the system after an average period of six (6) to seven (7) months from the date of redemption at the service station. This was in contravention of CMED Fuels Accounting Manual which states that redeemed coupons should be captured into the coupon management system on daily basis.

Risk / Implication

Fraud and material irregularities may go undetected.

Recommendation

The Company should make arrangements to capture redeemed coupons on a daily basis.

Management response

Management will ensure adequate scanners are available to avoid such incidences happening in future. IT will also ensure the system runs efficiently and faults attended to timeously. Fuel Supervisor shall ensure that all coupons are redeemed physically and systematically within the specified times.

Background Information

Deven Engineering (Private) Limited was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. The principal activities of the Company are to manufacture bus and truck bodies and trailers, and distribution of commercial vehicles.

I have audited the financial statements of Deven Engineering (Private) Limited for the year ended December 31, 2022 and I issued a qualified opinion with a material uncertainty related to going concern paragraph.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respect the financial position of Deven Engineering (Private) Limited at December 31, 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors"

During the prior financial years, the foreign currency denominated transactions and balances of the Bank were translated into ZWL using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21– "The Effects of Changes in Foreign Exchange Rates". The misstatements have not been corrected in the annual financial statements for the year ended December 31, 2022.

As the non-compliance with IAS 21 – "The Effect of Changes in Foreign Exchange Rates" is from prior years and there have been no restatements to the prior year financial statements in accordance with IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors", some comparative amounts in the financial statements may be misstated. As a result of the residual effects of the non-compliance with IAS 21 – "The Effects of Changes in Foreign Exchange Rates" and the non-restatement of the comparative figures in accordance with IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors", the retained earnings may contain misstatements.

The effects of the above non-compliance with International Financial Reporting Standards were considered to be material.

Material Uncertainty Related to Going Concern

I draw attention to the fact that the Company's current liabilities exceeded its current assets by ZWL 174.3 million (2021: ZWL 13.9 million). These conditions indicate the existence of a material uncertainty 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.

Below is an update on prior year audit findings;

1. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company made progress in addressing the audit finding that I raised in my 2021 annual report. The audit finding was addressed as indicated below;

1.1. Taxation of employee benefits

The tax compliance plans are now in place.

Background information

Easy Go Car Hire and Travel (Private) Limited is a wholly owned subsidiary company of CMED (Private) Limited and it was incorporated in terms of the Companies and Other Business Entities Act *[Chapter 24.31].*

I have audited the financial statements of Easy Go (Private) Limited for the year ended December 31, 2020 and I issued a qualified opinion.

Qualified Opinion

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 Easy GO Car Hire and Travel (Private) Limited as at December 31, 2020, 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

i. Non- compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign currency Exchange Rates"

The prior year financial statements did not comply with the requirements of IAS 21 - "The Effects of Changes in Foreign Currency Exchange Rates", as the Company was unable to use an appropriate exchange rate on change of functional currency to translate the opening USD denominated balances. The Company translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe. The Company used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 as per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in USD before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Company's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. The financial effects of this departure on the 2019 financial statements have a material impact on the current financial statements.

ii. Valuation of Property, plant and equipment

The Group carried a management valuation of property, plant and equipment in January 2020. However, the valuation report availed did not have the required information related to the valuation techniques, assumptions and inputs used in determining property, plant and equipment values as required by IFRS 13 – "Fair Value Measurement" paragraphs 61, 62, 67. As a result, I could not ascertain the appropriateness of the values determined. In addition, the revalued amounts were denominated in United States dollars which the Company converted into Zimbabwean dollar (ZWL) using the Reserve Bank of Zimbabwe (RBZ) auction exchange rate. The translation may not give a reasonable indication of fair values as defined by IFRS 13 paragraph 9. In the current economic environment, it is not likely that Zimbabwean dollar (ZWL) prices derived from translating the United States Dollar (USD) amounts at the RBZ auction rate would be the price at which a Zimbabwean dollar (ZWL) denominated transaction would occur. Accordingly, I was unable to determine whether adjustments effected on carrying amounts of property, plant and equipment and the revaluation surplus were appropriate.

Below is another material issue noted during the audit:

1. GOVERNANCE ISSUES

1.1. Valuation of property, plant and equipment

Finding

The Company availed a management valuation report on its property, plant and equipment that did not have adequate valuation inputs such as assumptions, valuation techniques, limitations, data source. This was in contravention of International Financial Reporting Standards (IFRS) 13 – "Fair Value Measurement" paragraph 61 and 62 that required an entity to use valuation techniques that are appropriate in the circumstance and for which sufficient data are available to measure fair value."

In addition, the valuation was done in USD and converted to ZWL using the Reserve Bank of Zimbabwe (RBZ) auction exchange rate for financial reporting. The converted amounts could not meet fair value as defined by IFRS 13 – "Fair Value Measurement" paragraph 9.

Although management indicated that they used the market based approach there was no evidence to support that.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should comply with the requirements of International Financial Reporting Standards (IFRS 13– "Fair Value Measurement").

Management response

We used market based approach determining values per asset type and also compared with likely similar assets in that field. We also compared with values of our properties being valued by independent valuators for change of ownership purpose then used our experience and knowledge of our unique assets to place the fair market values. Our market values were determined in the first month of the year in USD and was then converted to ZWL using RBZ interbank rate. These asset market values were also then aligned to proper market values at year end through impairment process that we carried out for all the assets as 11 months had lapsed.

Background Information

Genesis Energy (Private) Limited is incorporated in Zimbabwe in terms of the Companies and Other Businesses Act [*Chapter 24.31*] and it is a subsidiary of National Oil Infrastructure Company of Zimbabwe. The Company is into supply of petroleum products.

I have audited the financial statements of Genesis Energy (Private) Limited for the year ended December 31, 2021 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the statement of financial position of the Genesis Energy (Private) Limited as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Alignment of governance processes

Finding

The Company had not aligned its governance processes with the Public Entities Corporate Governance Act [*Chapter 10:31*]. As a result, the Chairperson of the Board was chairing the audit committee contrary to the provisions of the Act, which states that the chairperson of the Board should not be a member of the audit committee or its chairperson.

Risk / Implication

Oversight role may be compromised.

Recommendation

The Company should align its processes with the Public Entities Corporate Governance Act [*Chapter 10:31*].

Management response

Observation noted. The Board is seized with matter.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company had not made progress in addressing audit findings raised in my 2021 annual report. I raised two (2) audit findings and all were not addressed as indicated below;

2.1 Board Composition

The finding was not addressed. The Board composition has not yet met the requirements of the Public Entities Corporate Governance Act [*Chapter: 10:31*] on gender equality.

2.2 Board Committees

The finding was not addressed. Alignment of the Board Charter to the requirements of the Public Entities Corporate Governance Act [*Chapter: 10:31*] is work in progress therefore the company still does not have board committees.

Background Information

Hotspeck Enterprises (Private) Limited is owned by the Rural Electrification Fund. It was established in terms of the Companies and Business Entities Act [*Chapter 24:31*]. Its main objective is to procure raw poles, treat and sell them at a profit.

I have audited the financial statements of Hotspeck Enterprises (Private) Limited for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for 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 Hotspeck Enterprises (Private) Limited as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

i. Non-compliance with International Accounting Standard (IAS) 21 – "The Effect of Changes in Foreign Exchange Rates" in the prior financial years and International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors".

During the prior financial years, the foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21 - "The Effect of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended December 31, 2021. As the non-compliance with IAS 21– "The Effect of Changes in Foreign Exchange Rates" is from prior financial years and there have been no restatements to the prior year financial statements in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", some comparative numbers in the financial statements may be misstated. My opinion on the current year financial statements is modified because of the possible effects of the above matters on the comparability of the current year's figures to corresponding figures of the comparative period. As a result of the residual effects of the non-compliance with IAS 21 - "The Effect of Changes in Foreign Exchange Rates" and the non-restatement of the comparative figures in accordance with IAS 8 - "The Effect of Changes in Foreign Exchange Rates", the accumulated loss may contain misstatements.

The effects of the above non-compliance with International Financial Reporting Standards were considered to be material but not pervasive to the financial statements.

ii. Non-compliance with International Accounting Standard (IAS) 29 - "Financial Reporting in Hyperinflationary Economies".

Although IAS 29- "Financial Reporting in Hyperinflationary Economies" has been applied correctly, its application was based on prior period financial information which was not in compliance with IAS 21 - "The Effect of Changes in Foreign Exchange Rates" as described above. Had the correct base numbers been used, some elements of the financial statements (including monetary gain/loss) would have been materially different. The impact of the departure from the requirements of these standards is considered material but not pervasive to the financial statements for the year ended December 31, 2021.

iii. Valuation of property, plant and equipment

The determination of fair values for assets presented in the financial statements is affected by the prevailing economic environment. These financial statements include property, plant and equipment that are carried at fair value in-accordance with IFRS 13 - "Fair value measurement".

The valuation of the property and equipment was performed by an independent valuer as at December 31, 2021.The property, plant and equipment values were determined in USD and then translated to ZWL using the auction rate of the Reserve Bank of Zimbabwe as at December 31, 2021. Although the determined USD values reflected the fair value of the property and equipment in USD, the converted ZWL fair values were not in compliance with IFRS 13 - "Fair Value Measurement" as they may not reflect the assumptions that market participants would apply in valuing similar items of property and equipment in ZWL.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Health and safety

Finding

The company's fire suppression equipment was last serviced in 2020. In addition, the rescue water hose, was not working. There was no satisfactory explanation given by management why this fire rescue system was not functional.

Risk / Implication

In case of fire outbreak, the safety of employees and other stakeholders are compromised.

Recommendation

The fire suppression system should be serviced frequently.

Management response

Hotspeck Enterprises shall ensure that all fire extinguishers and the fire rescue hose are serviced on time and always readily available to use when required.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMANTATION RECOMMENDATIONS

The Company made progress in addressing audit findings raised in my 2020 and 2021 annual reports. I raised three (3) audit findings and all findings were addressed as indicated below;

2.1. Accounting for transactions

The finding was addressed. Inconsistencies were noted and reconciliations were done for all issues raised. Management advised staff on the importance of accuracy and completeness of information captured. Receipting will be done in the system and all serialized stationary will be authorised before issuing.

2.2. Prepayments

The finding was addressed. The anomaly was addressed.

2.3. Long outstanding receivables

The finding was not addressed. The debts had been cleared.

Background Information

The Industrial Development Corporation of Zimbabwe (IDCZ) was established in terms of the Industrial Development Corporation Act [*Chapter 14:10*]. For its role in catalysing industrialization, the IDCZ is classified as a Development Finance Institution (DFI).

I have audited the financial statements of Industrial Development Corporation of Zimbabwe Limited for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified opinion

In my opinion, except for the effects of the matter described in the basis for Qualified Opinion section of my report, the financial statements of Industrial Development Corporation of Zimbabwe give a true and fair view, in all material respect, of its financial position as at December 31, 2021 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

Noncompliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates"

The prior year financial statements or the year ended December 31, 2020 had a qualified opinion basing on improper application of International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates". Due to this, the opening balances as at January 1, 2021 contain misstatements that materially affect the current period's financial statements of the Group, and the effect of the misstatements are not appropriately accounted for. Since the opening balances as at January 1, 2021 entered into the determination of the financial performance, changes in equity and cash flows for the financial year ended December 31, 2021, adjustments might have been necessary in respect of the current year financial statements of the group in line with the requirements of IAS 8-Accounting Policies, changes in Accounting Estimates and errors.

Inflation adjusted amounts in terms of requirements of IAS 29 - "Financial Reporting in Hyperinflationary Economies" were arrived at basing on misstated historical amounts. Consequently, corresponding numbers on the inflation adjusted Statement of Profit or Loss and Other Comprehensive Income, the inflation adjusted Statement of Financial Position, the inflation adjusted Statement of Changes in Equity, and the inflation adjusted statement of Cash Flows remain misstated and this also impacts comparative figures. The comparability and misstatements' effects have not been quantified.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Key vacant posts

Finding

The Corporation did not have a substantive General Manager since January 1, 2020 and substantive Finance Director since March 1, 2015. The finance manager, over the years, has been taking some of the duties of the Finance Director, while at the same time supervising finance operations.

Risk / Implication

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

The Corporation`s operations may be disrupted due to absence of critical skills.

Recommendation

The Corporation should make effort to have the key vacant posts filled.

Management response

The Board submitted its recommendation to the shareholder for the appointment of substantive General Manager and substantive Group Finance Director. The selection process was done and now waiting for final approval by the shareholder.

Background Information

Infralink (Private) Limited is a Company that was established in terms of the Companies Act [*Chapter 24:03*]. It was set up as a special purpose vehicle to build and operate tollgates on the Plumtree-Harare-Mutare route. Infralink is also responsible for road maintenance covering the same route on which the toll gates are located.

I have audited the financial statements for Infralink (Private) Limited for the year ended December 31, 2021 and I issued an adverse opinion with a material uncertainty related to going concern.

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 the financial position of Infralink (Private) Limited as at December 31, 2021, and its financial performance and cash flows, for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

i. Impact of incorrect application of International Accounting Standard (IAS) 21 -"The Effects of Changes in Foreign Exchange Rates"

The Company complied with Statutory Instrument 33 of 2019 ("SI 33") issued by the Government of Zimbabwe and consequently did not comply with IAS 21- "The effects of changes in Foreign exchange rates" in the preparation and presentation of the prior period financial statements. Through SI 33, the Government prescribed an exchange rate of between the United States dollars and the newly introduced RTGS dollars effective from 22 February 2019 for accounting and other purposes. Had the Company performed the assessment required by IAS 21- "The effects of changes in Foreign exchange rates" in the prior period, the adjustments that were recognized in the comparative period's financial statements would have been materially different. Therefore, the departure from the requirements of IAS 21- "The effects of changes in foreign exchange rates" were pervasive and material in prior periods. The misstatements in the historical comparative information consequently impacted the determination of the inflation adjusted amounts as is required in the application of IAS 29 - "Financial reporting in hyperinflationary economies" in prior years. The financial effects on the inflation adjusted financial statements of this departure cannot be determined. In addition, the effects of the matter on the restatement of prior period as well as current period equity balances cannot also be readily determined. As such, the current year's financial statements may not be readily comparable with those of prior years.

ii. Unrecorded tax liabilities

There is currently no consensus on the Company's tax status between the tax authorities and the Company's Directors. The tax authorities formally advised the Company that they were a tax-paying entity in 2015. However, the Directors are not in agreement with this determination and have advised that engagements with the parent Ministry and the tax authorities are on-going which may result in the Company being exempted from paying all taxes. As a result, the Company has not provided for any income taxes in respect of the current and the previous four financial years in the financial statements.

As a result of the issues discussed above and the significance thereof, I was unable to determine the adjustments that might have been necessary to the financial statements to satisfy myself concerning the fair presentation of these financial statements.

Report on Going Concern

Material Uncertainty Related to Going Concern

I draw your attention to the fact that the Company has not been generating sufficient cash flows to service its loan facility with a creditor which had fallen into arrears as at year end. This condition indicates the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Bank accounts

Finding

I noted that some of the company's bank accounts were in the name of ZINARA and bank reconciliations were not being performed on these bank accounts.

Risk / Implication

Fraud and error may go undetected.

Recommendation

Management should ensure that all bank accounts that belong to Infralink are in the name of the company.

Management response

Noted. Prior to the setting up of the Finance structure for Infralink, all transactions including banking relationships were being managed by ZINARA staff, hence the manner the bank account names for the collections done on the Intertoll route. Correction of the account names will therefore be done.

2. MANAGEMENT OF ASSETS

2.1 Asset Register

Finding

The Company does not have an asset register in place. In addition, all items of property, plant and equipment were not tagged for ease of reference and identification.

Risk / Implication

Financial loss as these movable assets may easily be misappropriated

Management response

Observation is noted. A tagging exercise will be done basing on the register created from the latest professional valuation.

Background information

The Minerals Marketing Corporation of Zimbabwe (MMCZ) was established in terms of the Minerals Marketing Corporation of Zimbabwe Act *[Chapter 21:04]*. Its functions are 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.

I have audited the consolidated financial statements of the Minerals Marketing Corporation of Zimbabwe for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion on the Consolidated Financial Statements

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Minerals Marketing Corporation of Zimbabwe as at December 31, 2021, 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

Noncompliance with International Accounting Standard (IAS) 21 - “The effect of changes in exchange rates”

Opening balances translated at an inappropriate exchange rate

The Group translated its prior years financial statements foreign denominated balances to ZWL at a rate of 1:1 per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in US$ before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at the interbank rate. The Group’s inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market.

As the non-compliance with IAS 21 – “The Effects of Changes in Foreign Exchange Rates” is from prior financial years and there have been no restatements to the prior year financial statements in accordance with IAS 8 - “Accounting Policies, Changes in Accounting Estimates and Errors”, some comparative figures in the financial statements may be materially misstated.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Bank reconciliations

Finding

The Corporation had long outstanding reconciling items on its ZWL bank reconciliations. There was no evidence of investigations of the long outstanding reconciling items dating back to 2020. In addition, there was no evidence to support that reviews of the bank reconciliations were being done. This was in contravention of the Corporation’s Accounting Procedures Manual and best practice.

Risk / Implication

Financial loss due to fraud or errors.

Recommendation

The Corporation should comply with its policies.

The outstanding reconciling balances should be investigated and corrected.

Management response

Noted. The transactions have now been cleared. Going forward we will ensure timeous clearing of outstanding reconciliations.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Duplicate customer accounts

Finding

The Corporation's accounting system did not have adequate input validation controls as it allowed creation of duplicate customer accounts for the same customer. As a result, customer invoices and payments were being posted to the different customer accounts for the same customer. This then resulted in some debtors' accounts having negative balances.

Risk / Implication

Fraud and errors may go undetected.

Recommendation

Appropriate input validation controls should be designed and implemented.

Management response

Noted, The Corporation will implement appropriate input validation controls going forward.

3. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMANTATION RECOMMENDATIONS

The Corporation did not make progress in addressing the audit finding that I raised in my 2021 annual report. The audit finding was not addressed;

3.1. Strategic direction of Mellofieldde Chemicals (Private) Limited

The audit finding has not been addressed. The Company is still dormant.

Background Information

Mining Promotion Corporation (Private) Limited is established in terms of the Companies and Other Business Entities Act [*Chapter 24:31*] to assist in the development of the mineral resources of the country by undertaking prospecting, exploration and development work.

I have audited the financial statements of the Mining Promotion Corporation (Private) Limited for the year ended December 31, 2022 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Mining Promotion Corporation (Private) Limited as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Audit committee

Finding

The Company had no Audit Committee, contrary to the provisions of Section 240 of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Risk / Implication

Inadequate oversight of the Company.

Recommendation

The Company should consider establishing an Audit Committee.

Management response

Audit Committee to be set up during the second quarter meetings of 2023.

1.2 Bank reconciliation statements

Finding

The Company was not reviewing bank reconciliation statements in the year ended December 31, 2022.

Risk / Implication

Errors and fraud may go undetected

Recommendation

All bank reconciliations must be reviewed by a senior person.

Management response

This is noted and will be completed.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company made progress in addressing audit findings raised in my 2021 annual report. I raised three (3) findings and two (2) findings were addressed and one (1) was partially addressed as indicated below.

2.1 Company policies

The finding was partially addressed. So far two policies have been put in place. The company is working on other policies.

2.2 Procurement of the drill rig

The finding was addressed. The diamond drill rig was commissioned and all the required accessories were supplied. The rig is now ready for use.

2.3 Expenditure without supporting documentation

The finding was addressed. For the year 2022, all documents were availed.

Background information

National Handling Services (Private) Limited, was established in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. The Company's mandate is provision of ground handling services for both cargo and passengers.

I have audited the financial statements for National Handling Services (Private) Limited for the years ended December 31, 2020 and 2021 and I issued an Adverse opinion for both years.

Adverse Opinion 2020

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, the financial position of the Company as at December 31, 2020 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

Non-compliance with International Financial Reporting Standards IAS 21 - "The Effects of Changes in Foreign Exchange Rates" on opening balances

On October 1, 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. During the prior financial year up to February 22, 2019, the Council transacted using a combination of Nostro FCA (USD) and RTGS FCA (electronic payment), including mobile money, bond notes and coins. In order to comply with SI 33/2019, the RTGS transactions and balances for the prior year were accounted for on the basis of a rate of 1:1 between USD and RTGS. The Company changed the functional currency on 22 February 2019 in compliance with legislation. This was not consistent with IAS 21 - "The Effects of Changes in Foreign Exchange Rates", in which compliance would have resulted in the reassessment of the functional currency at a date earlier than February 22, 2019.

In addition, during the period February 22, 2019 to December 31, 2020, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for transactions as required by IAS 21 - "The Effects of Changes in Foreign Exchange Rates" The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended December 31, 2020.

Had the company applied the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates", majority elements of the financial statements would have been materially affected and therefore the departure from the requirements of these standards is considered to be material and pervasive to the financial statements, taken as a whole.

Adverse Opinion 2021

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Company as at December 31, 2021 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

i. **Non-compliance with International Financial Reporting Standards IAS 21 - “The Effects of Changes in Foreign Exchange Rates”**

During the period February 22, 2019 to December 31, 2020, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for transactions as required by IAS 21 - “The Effects of Changes in Foreign Exchange Rates”. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended December 31, 2021.

ii. **Non-compliance with International Financial Reporting Standards IAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”**

The prior year amounts have not been restated in accordance with IAS 8 - “Accounting Policies, Changes in Accounting Estimates and Errors”, and therefore the corresponding figures remain misstated on the financial statements of the Company for the year ended December 31, 2020.

iii. **Non-compliance with IAS 29 – “Financial Reporting in Hyperinflationary Economies”**

The Company has applied the IAS 29 - “Financial Reporting in Hyperinflationary Economies” with effect from January 1, 2019 to December 31, 2021. However, its application was based on prior year financial information which was not in compliance with IAS 21- “The Effects of Changes in Foreign Exchange Rates” as described above. Had the correct base numbers been used, majority elements of the financial statements would have been materially different. Effect of the departure from the requirements of these standards is considered material to the financial statements.

iv. **Non-compliance with IFRS 3 – “Business Combinations”**

The Company has been making payments for the establishment of NHS CC Namibia from 2019. IFRS 3 – “Business Combinations” outlines that transaction or other event in which an acquirer obtains control of one or more businesses such transactions define business combinations. Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. This has not been applied in the preparation of these inflation adjusted financial statements. Effects of the departure from the requirements of these standards is considered material to the financial statements.

v. **Non-compliance with IFRS 10 – “Consolidated Financial Statements”**

The Company has been making payments for the establishment of NHS CC Namibia from 2019. These payments fall within the definitions of business combination. IFRS 10 - “Consolidated Financial Statements” requires entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. This has however not been effected to the preparation of these inflation adjusted financial statements as no financial statements were prepared by NHS CC Namibia. The effect of the departure from the requirements of these standards is considered material to the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 NHS CC Namibian Walvis Bay Dry Port

Finding

The Company did not consolidate into the financial statements the financial results of its subsidiary NHS CC which operated a Dry Port at the Namibian Walvis Bay. The audited financial statements of the subsidiary were not availed. This was in contravention of International Financial Reporting Standard (IFRS) 10 **– "**Consolidated Financial Statements".

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should avail financial information relating to the dry port in Walvis Bay.

The Company should comply with the requirements of accounting standards in accounting for NHS CC.

Management response

The NHS CC is a project being spearheaded by NHS and is also still work in progress. In this regard, the project has been classified as an investment in our financial statements. The investment could not be consolidated in our financial statements as the station is still yet to be audited.

Background Information

The National Oil Infrastructure Company of Zimbabwe (Private) Limited was incorporated in terms of the Companies and other Businesses Entities Act *[Chapter 24.31].* The Company is responsible for the transportation, storage and handling of petroleum products for oil companies. I have audited the consolidated financial statements of National Oil Infrastructure Company of Zimbabwe (Private) limited for the year ended December 31, 2021, and I issued an unmodified / clean opinion.

Opinion on the Consolidated Financial Statements

In my opinion, the consolidated financial statements present fairly, in all material respects, consolidated financial position of National Oil Infrastructure Company of Zimbabwe (Private) Limited as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion on the Company Financial Statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Oil Infrastructure Company of Zimbabwe (Private) Limited as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Board payments

Finding

The Company paid Christmas vouchers to board members amounting to ZWL540 000. However, the payment of the vouchers was not supported by relevant approval from the parent Ministry. This was contrary to the provisions of the Public Entities Corporate Governance Act [*Chapter 10:31*], Section 12.

Risk / Implication

Financial loss due to unauthorised payments.

Recommendation

Board payments should be approved at the appropriate level.

Management response

A board resolution authorizing once off Christmas shopping voucher was sent to the Ministry.

1.2 Transport service contract

Finding

The Company had no service level agreement for the transportation services received during the year amounting to ZWL7,2 million. This was contrary to the provisions of Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Risk / Implication

Financial loss in the event of non-delivery by the transporter.

Recommendation

The Company should regularise the provision of transport services with the supplier.

Management response

Genesis is a subsidiary and trading arm of NOIC. Generally, all contracts of moving fuel are done by Genesis. A service level agreement on moving of fuel will be drawn between the Parent and Subsidiary during the second half of 2023.

Background Information

Net*One, is a private company wholly owned by government, was established under the Companies and Business Entities Act *[Chapter 24:31]*. Its main focus and objective was to introduce and offer mobile cellular telecommunications to complement the fixed line telecommunication services offered by PTC.

I have audited the financial statements of Net*One (Private) Limited for the year ended December 31, 2021 and I issued an Adverse Opinion.

Adverse Opinion

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Net*One Cellular (Private) Limited as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

i. Non-compliance with International Accounting Standard (IAS) 21 – “The Effects of Changes in Foreign Exchange Rates”

During the prior and current financial years, the foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21– “The Effect of Changes in Foreign Exchange Rates”. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended 31 December 2021.Had the financial statements been prepared in accordance with the requirements of IAS 21 – “The Effects of Changes in Foreign Exchange Rates”, many elements of the statements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 – “The Effects of Changes in Foreign Exchange Rates” have been considered to be material and pervasive to the financial statements as a whole.

ii. Non-compliance with International Accounting Standard (IAS) 29 – “Financial Reporting in Hyperinflationary Economies”

Although IAS 29 – “Financial Reporting in Hyperinflationary Economies” has been applied correctly, its application was based on prior period and current year financial information which was not in compliance with IAS 21– “The Effects of Changes in Foreign Exchange Rates” as described above. Had the correct base numbers been used, most elements of the financial statements (including monetary gain) would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the financial statements for the year ended December 31, 2021.

iii. Valuation of property and equipment

The determination of fair values for property and equipment presented in the financial statements ~~is~~ was affected by the prevailing economic environment. These financial statements include property and equipment that was last revalued by management as at December 31, 2020. The property and equipment valuations were determined in USD and then translated to ZWL at the interbank foreign exchange rate as at December 31, 2020.

Although the determined USD values as at December 31, 2020 reflected the fair value of the property and equipment in USD as at that date, the converted ZWL fair values were not in compliance with IFRS 13 as they did not reflect the assumptions that market participants would apply in valuing similar items of property and equipment in ZWL. The opinion for the year ended December 31, 2020 was modified in respect of this matter and no subsequent revaluations of property and equipment were done in the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. System user profiles

Finding

The Company was not updating user profiles in the SAGE 1000. As a result, there were employees who left the company but remained active in the system.

Risk / Implication

User accounts for terminated employees may be used to commit fraud.

Recommendation

Management should remove terminated employees immediately from the system.

Management response

The Observation has been noted. A process has been put in place to deactivate user accounts upon termination. Further, a formal user review exercise is carried out at the end of each quarter to ensure only current employees have access to company systems. The planned new ERP will address the locking of user accounts that will be inactive for more than 3 months.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMANTATION OF RECOMMENDATIONS

The Company made progress in addressing audit findings raised in my 2019 and 2020 annual reports. I raised two (2) audit findings. One (1) finding was addressed and one (1) was partially addressed as indicated below;

2.1. Chirundu Base station

The finding was addressed. The security issues are being looked at on a case by case as the type of security to be put on a site is determined.

2.2. Residential property

The finding was partially addressed. The matter is before the courts.

Background Information

New Ziana (Private) Limited was incorporated in terms of Companies and Other Business Entities Act [*Chapter 24:31*]. It is wholly owned by the Government of Zimbabwe. New Ziana runs a news agency and provincial newspapers that fall under the ambit of the Community Newspaper Group stable.

I have audited the financial statements of New Ziana (Private) Limited for the year ended December 31, 2019 and I issued an adverse opinion and a report on material uncertainty related to going concern.

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, the financial position of New Ziana (Private) Limited, as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

i. Non-compliance with International Accounting Standard 21 (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates'

During the period January 1, 2019 to February 22, 2019, the Company operated in an environment where suppliers were applying multi-tier pricing, where a single product had different prices depending on the mode of payment, whether USD cash, electronic payment, mobile money or bond notes. Due to the economic environment the company operated in, the company ended up experiencing premiums on the official foreign exchange rate of 1:1 prescribed by statutory instrument 133 of 2016, between the RTGS FCA, Bond Notes and the Nostro FCA. This resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates" would apply.

The transactions and balances presented in the period January 1, 2019 to February 22, 2019 were converted from USD to ZWL at an official rate of 1:1 except for Nostro FCA denominated balances which were converted at 1:2.5 in line with the requirements of Statutory Instrument 33 of 2019. International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates" requires the use of a single market exchange rate when converting balances and transactions upon change in functional currency. Consequently, using a rate of 1:1 for translating transactions during the period January 1, 2019 to February 22, 2019 to ZWL and use of different exchange rates when converting balances and transactions upon change in functional currency resulted in distortion of the ZWL values presented on the financial statements.

This resulted in a material and pervasive departure from the requirements of International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates". Some of the transactions presented in the period February 23, 2019 to December 31, 2019, were converted to the local reporting currency (ZWL) using the official exchange rate which was derived from interbank forex exchange market. International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates" requires firms to use market exchange rates from official sites which reflect currencies' long-term exchangeability.

It appears that for the company, the Zimbabwean Dollar is subject to a longer-term lack of exchangeability on the interbank forex exchange market since the Company could not access the foreign currency from this market during the year. The rates used by the company to convert its Nostro FCA balances do not take into account the company's specific risks and inflation movements, hence the rates are not in line with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates". The financial impact of using inappropriate exchange rates could not be quantified.

The comparative figures were converted to the local reporting currency (ZWL) from the previous reporting currency (USD) at a rate of 1:1. The exchange rate used do not represent the true market exchange rate which existed in comparative year in terms of IAS 21 - "The Effects of Changes in Foreign Exchange Rates". The use of an exchange rate of 1:1 was not in line with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates" when applying a change in functional and reporting currency retrospectively. This resulted in distortion of comparative figures reported in the financial statements.

ii. Land and buildings

I could not obtain adequate evidence to ascertain whether the Land and buildings amounting to ZWL8 217 685, is owned by the Company, since the title deeds of the properties were in the name of Mass Media (Private) Limited. There is no any other agreement in place as evidence that New Ziana (Private) Limited is entitled to use the properties and the rental income earned from leasing the properties thereof.

iii. Valuation of assets

The total property and equipment amounting to ZWL9 007 291 recognized in the financial statements include various significant assets which have zero Net Book Values despite the assets being in good working conditions. The review of useful lives of these assets were not being done annually in terms of IAS 16 — "Property, Plant and Equipment", resulting in over depreciation of the assets. I could not find any other alternative means of determining the correct values of the assets at year end except through revaluation.

Report on going concern

The Company incurred an operating loss of ZWL3 203 057 (2018: ZWL7 946 732) during the year ended December 31, 2019. As at December 31, 2019, the Company's current liabilities exceeded its current assets by ZWL1 318 358 (2018: ZWL9 200 675). Further to this, the Company has been failing to sell the necessary volume of newspapers and securing adequate adverts which generate enough funds for the Company to be operational. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. My opinion is not modified in respect of this matter.

Below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Alignment of accounting processes to reporting framework

Finding

The Company's accounting processes were not aligned to the requirements of the accounting framework. For instance, the Company did not conduct an impairment review on its assets although there were clear indications of impairment. This was in contravention the International Accounting Standard (IAS) 36- "Impairment of assets".

In addition, some of the assets were fully depreciated but were still in use and their useful life and residual values had not been reviewed in accordance with International Accounting Standard (IAS)16- "Property, Plant and Equipment" (PPE).

Risk / Implication

Material misstatements of the financial statements.

Recommendation

The Company should perform impairment review in line with International Accounting Standards (IAS) 36.

Review of useful life and residual values of the assets should be carried out in line with International Accounting Standards (IAS) 16.

Management response

Noted.

1.2 Alignment to corporate governance framework.

Finding

The Company had not aligned its governance processes to good corporate governance as it did not have a Board in place. As a result, key policy documents to govern the Company's operations such as the human resources policy were in draft form. In addition, committees to oversee operations of the Company were not in place such as the audit, finance, remuneration/human resources and risk management committees.

Risk / Implication

The strategic direction of the company might be compromised.

Recommendation

The Company should follow up with the parent Ministry on the appointment of the board.

Management response

The final outcome of the parent Ministry's deliberations over the Company's restructuring will determine whether a board is to be appointed or not.

1.3 Internal Audit function

Finding

The Company's internal controls were not subject to frequent reviews as the Company did not have internal audit arrangements in place.

Risk / Implication

Material irregularities and fraud may go undetected.

Recommendation

Internal audit arrangements should be considered for the Company.

Management response

Agreed. Recruiting new staff has been put on hold until a final decision on the re - organization of New Ziana is completed.

Background Information

The Company is incorporated in terms of the incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. The Company's business is 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, 2021 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of matters described in the Basis for Qualified Opinion section of my report, the financial statements of Petrotrade (Private) Limited presents fairly, in all material respects, the financial position as at December 31, 2021 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

Valuation of Property, plant and equipment

The Company engaged an external valuer to value its Property, plant and equipment as at December 31, 2021. The valuations were performed in USD, subject to certain caveats and using the market approach. The Company converted the USD values to ZWL using the Reserve Bank of Zimbabwe auction exchange rate. In my considered view, this was non-compliance with International Financial Reporting Standard (IFRS) 13 - "Fair Value Measurement". IFRS 13 - "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In the current environment, it is not likely that the ZWL price derived from translating the USD value at the Reserve Bank of Zimbabwe auction exchange rate would be the price at which a ZWL denominated transaction would occur.

Accordingly, I was unable to determine whether adjustments to the carrying amounts of property, plant and equipment and revaluation surplus were appropriate in these circumstances. The effects on the financial statements of the non-compliance with IFRS 13 - "Fair Value Measurement", are considered significant.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Board Composition

Finding

The Board did not have members with accounting or auditing expertise. As a result, the audit committee did not have members with relevant qualifications, skills and expertise in accounting and audit. This was in contrary to the provisions of the Public Entities Corporate Governance Act [*Chapter 10:31*], Section 79.

Risk / Implication

The oversight role of the Board may be compromised.

Recommendation

The Board should continuously engage the appointing Authority for the appointment of members with requisite skills.

Management response

The recommendations have been noted. The composition of the current Board Committees is limited in numbers to adequately address the issue. Upon appointment of the additional four Board members by the Shareholder, the Committees shall be reconstituted in line with the recommendation.

1.2. Recruitment of Senior Posts

Finding

The Company filled the post of Chief Executive Officer during the year under review. However, I noted that a candidate who was ranked 5th position was recommended for the post. The first and second runner ups were appointed to the posts of Chief Operations Officer and Business Development Director although these were not on the approved organogram. This was contrary to Company's Human Resources procedures manual. In addition, I was not availed with documentary evidence in support of the selection of the 5th ranked candidate.

Risk / Implication

Financial loss due to irregular appointments.

Recommendation

Provisions of the Human Resources policies should be complied with on all recruitments.

Management response

The Board of Directors terminated the employment contracts for the Chief Operations Officer and the Business Development Director.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company has made progress in addressing audit findings raised in my 2021 annual report. I raised two (2) audit findings and one (1) finding was addressed while the other was not addressed as indicated below;

2.1 Directors

The finding was addressed. The Board was appointed for the Company.

2.2 Ownership of properties

The audit finding has not been addressed. The Company has not yet regularized the ownership of this property.

Background Information

The Company is incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. It owns and operates the 208 kilometer multi-product fuel pipeline between Feruka and Harare.

I have audited the financial statements of Petrozim Line (Private) Limited for the year ended December 31, 2021 and I issued an unmodified/clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Petrozim Line (Private) Limited as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

I made a follow up audit and below is an update;

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company made progress in addressing audit findings raised in my 2020 annual report. I raised three (3) audit findings, two (2) findings were partially addressed and one (1) finding was not addressed as indicated below;

2.1 Board composition

The finding was not addressed. The matter is still being attended to by the shareholder, National Oil Infrastructure Company (NOIC).

2.2 Outstanding loans

The finding was partially addressed. The Company has taken steps to settle the loans and is awaiting response on settlement the proposal.

2.3 Prepayments to suppliers

The finding was partially addressed. For the outstanding amount, in April 2022 the supplier surrendered its residential property title deeds to the Company. A meeting was then held with the director in August 2022 whereupon the debtor advised that they would raise funds to partially settle the debt. The promise was not honoured and the Company is proceeding to dispose of the ceded residential property (valued at around US$20,000) to reduce the debt before further engagements.

Regarding spares, the supplier advised that the outstanding spares order was being prepared for independent delivery after being taken out of a consolidated batch with that of another Zimbabwean company. We await firm delivery dates from the supplier.

The supplier of the alignment kit. still owes the Company US$34,397 for an outstanding The supplier advised that they were facing financial difficulties but would continue sourcing for funds to clear the outstanding amount. The legal route is now being pursued.

The supplier of the laptop owes the Company $10,632 for a laptop paid for in August 2019. A report was made to the police, and there were no new developments on the matter. The supplier for bookings did not refund the Company and indicated that we should have notified them of the booking cancellation. Matter to be cleared in 2022.

Background information

Powertel Communications (Private) Limited was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. 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, 2021 and I issued a qualified opinion and a report on material uncertainty related to going concern.

Qualified Opinion

In my opinion, except for the possible effects 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 the Powertel Communications (Private) Limited as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards(IFRSs).

Basis for Qualified Opinion

i. **Non-compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors"**

During the prior financial years, the foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21- "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended December 31, 2021. As the non-compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" is from prior financial years and there have been no restatements to the prior year financial statements in accordance with IAS 8- "Accounting Policies, Changes in Accounting Estimates and errors", some comparative numbers in the financial statements may be misstated. My opinion on the current year financial statements is modified because of the possible effects of the above matters on the comparability of the current year's figures to corresponding figures of the comparative period. As a result of the residual effects of the non-compliance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates" and the non-restatement of the comparative figures in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", the accumulated loss may contain misstatements. The effects of the above non-compliance with International Financial Reporting Standards were considered to be material but not pervasive to the financial statements.

ii. **Non-compliance with International Accounting Standard (IAS) 29 - "Financial Reporting in Hyperinflationary Economies"**

Although IAS 29 - "Financial Reporting in Hyperinflationary Economies" has been applied correctly, its application was based on prior period financial information which was not in compliance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates" as described above. Had the correct base numbers been used, some elements of the financial statements (including monetary gain/loss) would have been materially different. The impact of the departure from the requirements of these standards is considered material but not pervasive to the financial statements for the year ended December 31, 2021.

iii. Revaluation of property, plant and equipment

The determination of fair values for assets presented in the financial statements is affected by the prevailing economic environment. These financial statements include property, plant and equipment that were carried at fair value in-accordance with IFRS 13 - "Fair Value Measurement".

The valuation of the property, plant and equipment was performed by Directors as at December 31, 2021. The property, plant and equipment valuations were determined in USD and then translated to ZWL using the auction rate of the Reserve Bank of Zimbabwe as at December 31, 2021. Although the determined USD values reflected the fair value of the property, plant and equipment in USD, the converted ZWL fair values were not in compliance with IFRS 13 - "Fair Value Measurement" as they may not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL.

Report on Going Concern

The Company incurred an operating loss before tax for the year ended December 31, 2021 ZWL 144 774 046 (2020: ZWL1 011 398 654). The Company's current liabilities exceeded its current assets by ZWL 183 320 509 as at December 31,2021 (2020: ZWL 622 595 273). The Company defaulted on repayments of its foreign loans which have not been rescheduled. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Below are other material issues noted during the audit;

1. REVENUE COLLECTION AND DEBT RECOVERY

1.1 Data revenue usage reports

Finding

The Computer Information System Company (CISCO) system used for revenue management was not upgraded to the latest version. Aa a result, it was not producing data usage reports for customers. The actual data usage for each customer could not be quantified, resulting in the Company not being able to determine if dormant links are transmitting data or not.

Risk / Implication

Financial loss as some revenues may not be collected.

Recommendation

Management should upgrade the CISCO System so that it generates usage reports.

Management response

Noted. The Company uses licensed Solar Winds software to manage links and trace usage. This software is licensed by ZESA holdings IT for the group. Currently the licensing of this is at the renewal stage. In the meantime, the organisation is using CACTI open source software as a stop gap measure.

Management has already put to tender for a new automation system which will be able to perform various activities including report generation, link tracing and usage analysis. The tendering process will be closing on the 16th June 2022.

1.2 Billing system

Finding

The operations and the billing systems of the Company were not interfaced to enable real time billing of customers. As a result, customer bills amounting to ZWL 130 629 354 which had accrued over the course of the year were invoiced on 31 December 2021 and could not be traced to the to the manual bill-run system. In addition, there were also active links of customers which could not be traced to the bill run. The table below refer;

Month	Amount (ZWL)	Period Accrued	Billing / Invoice Date
January 2021	10 551 522	January 2021	December 31, 2021
February 2021	10 571 421	February 2021	December 31, 2021
March 2021	11 782 301	March 2021	December 31, 2021
April 2021	10 189 919	April 2021	December 31, 2021
May 2021	10 512 684	May 2021	December 31, 2021
June 2021	11 153 871	June 2021	December 31, 2021
July 2021	11 054 783	July 2021	December 31, 2021
August 2021	12 326 491	August 2021	December 31, 2021
September 2021	11 515 863	September 2021	December 31, 2021
October 2021	11 174 772	October 2021	December 31, 2021
November 2021	11 274 047	November 2021	December 31, 2021
December 2021	8 485 675	December 2021	December 31, 2021
Total	**130 629 354**		

Risk / Implication

Financial statements may be materially misstated.

Loss of revenue as some customers may not be billed.

Recommendation

The operations and billing systems should be interfaced.

Management response

Noted, Management has already flighted a tender to procure an automated system that will link between operations and billing system and ensure real-time billing of clients. Management having realized this gap, went on to perform a reconciliation exercise, much similar to the one carried out in 2020 with the aim of identifying all these clients not billed in the respective months of 2021.

Technical data from all switches and routers for the period under review was collected, and all clients and links that had not been included in the bills runs for the respective months were subsequently billed resulting in the $130 million which is not appearing on the excel bill runs. The ledger accounts in SAP used to prepare Financial statements were updated using journals. It is expected that once the automation system that is currently at the tender stage to interface the various platforms has been procured and implemented, there will be timeously billing with no manual intervention.

During the revenue assurance of 2020 some links were discovered to be active on the switch but not being used by the customer. Management took a decision to clean all the switches but the approach involves engaging the customer before the link is completely removed from the switch. The exercise to clean the switches is currently underway, and management targets that the exercise will be completed before the end of the year 2022.

2. PROGRESS TOWARDS ADDRESSSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company made progress in addressing audit findings that I raised in my 2020 annual report. I raised two (2) audit findings. One (1) was addressed and the other one was partially addressed as indicated below;

2.1 Taxation of allowances

The finding was addressed. Tax was now being charged on allowances.

2.2 Billing of decommission links

The finding was partially addressed. Management is still in the process to acquire an automation system which will interface the various platforms to enable timeous billing.

Background Information

Printflow (Private) Limited is a Company incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. 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, 2021 and I issued an unmodified/clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Printflow (Private) Limited as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Inventory Loss

Finding

The Company delivered goods worth USD64 282 to a new customer without having received the money in its bank account. This was contrary to the Company's policy that requires goods to be delivered to a customer only when the payment has been confirmed with the bank. There was no evidence to support that `know your customer` and due diligence procedures were conducted prior to acceptance of the order and delivery of the goods. In addition, there were similar instances where the company was selling goods on credit to new customers without following the company`s credit policy requirements. The policy required that prior to granting credit, customer reference checks are done as part credit worthiness assessment, but this was not done for a number of clients that were noted during the audit. As a result, the company lost goods worth USD64 282 that were delivered to the intended customer. When Printflow later followed up for payment, both the recipient and the company which placed this order were no longer at that premises and could not be located.

Risk / Implication

Financial loss due to fraud.

Recommendation

Management should comply with its policies and any deviations should be approved at the right level.

Management response

Observation noted. Stocks were issued to Global Partnership for Education based on the receipt of their Telegraphic transfer copy, although the copy of the telegraphic transfer later on turned out to be fake and the customer none existent. Management could not wait for confirmation of receipt of the money transferred through the telegraphic transfer since the customer had pointed out that they needed the goods for a donation function which was scheduled to be held in a day's time. Nevertheless, management had to dispatch the goods with the Stores controller, as an additional safeguard measure, so that she could participate in the donation ceremony, the customer had advised our organization was going to be conducted the following day.

Management would carry out the necessary due diligence procedures when contracting with new customers and dispatch of goods would be made after receipt payment.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Prepayments

Finding

There was no evidence to support that the Company's advance payment system was watertight. As a result, a contractor who was paid USD1 912 for borehole drilling in 2018 had not delivered these services as at December 31, 2021.

Risk / Implication

Financial loss due to uncollectible debts.

Recommendation

Management should carry out due diligence procedures when awarding contracts to suppliers.

Management should make follow-ups with the supplier to ensure that the service paid for is delivered.

Management response

The supplier failed to provide the service and issued out numerous excuses citing breakdown of his drilling machine. Management made several follow up for specific performance or refund of the paid up deposit. The supplier refunded part of the money.

3. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS.

The Company made progress in addressing audit findings that I raised in my 2019 and 2020 annual reports. I raised five (5) audit findings, four (4) were addressed and one (1) was partially addressed as indicated below;

3.1 Fuel Issue

This was addressed. Fuel register is being updated timeously and issues are being monitored strictly as per the fuel management policy.

3.2 Branch sales inventory

The finding was addressed. Inventory is being delivered to the branches timeously.

3.3 Employment Contracts

The audit finding was partially addressed. Authority to fill key positions is now in place and most of the key positions were filled.

3.4 Budget

The audit finding was addressed. The company's budget was approved by the Parent Ministry.

3.5 Safety Health and Environment (SHE)

This was attended to. The position was subsequently filled.

Background Information

The Silo Food Industries Limited is incorporated under the Companies and Other Business Entities Act [*Chapter 24:31*]. Its core business is producing and distributing value-added agricultural products to achieve market stabilisation.

I have audited the financial statements of Silo Food Industries Limited for the year ended March 2021 and I issued a qualified opinion.

Qualified Opinion

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 Silo Food Industries Limited as at March 31, 2021 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

Non-compliance with International Financial Reporting Standard (IFRS) 16 - "Leases"

The Company entered into a lease agreement with Grain Marketing Board on February 14, 2020 for a period beginning April 1, 2019 to March 31, 2020 and the arrangement was originally treated as a short-term lease. The Company was still occupying the premises for the period April 01, 2020 to March 31, 2021 however, they did not account for the leases in line with the requirements of IFRS 16 - "Leases". Had the Company accounted for the lease arrangement in line with IFRS 16, a right of use asset, finance cost and lease liability would have been recognized in the financial statements. I was therefore unable to determine the extent of adjustments necessary to the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Lease arrangement

Finding

The Company entered into a lease agreement with Grain Marketing Board on February 14, 2020 for a period beginning April 1, 2019 to March 31, 2020 and the arrangement was originally treated as a short-term lease. The Company was still occupying the premises for the period April 01, 2020 to March 31, 2021 however, they did not account for the leases in line with the requirements of IFRS 16 – "Leases".

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should consider engaging Grain Marketing Board on the finalization of the lease agreements negotiation.

Management response

We did not manage to resolve the issues with regards to the lease addendums and new agreements during the period under audit. However, GMB and SFI managed to sign lease agreements with effect from December 01, 2021. We are working at ensuring that that all occupied premises will have lease agreements for each financial year going forward.

1.2 Annual budget

Finding

The Company was operating without an approved budget for the year ended March 31, 2021. The Public Finance Management Act [*Chapter 22:19*] section 47 (1) requires public entities to prepare and submit their budgets to the parent Ministry for approval.

Risk / Implication

The Company's expenditure may not be in line with the Government policy direction.

Recommendation

The Company should ensure that its annual budget is approved every year in line with Public Finance Management Act [*Chapter 22:19*].

Management response

Noted submissions were done in subsequent years.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS.

The Company made progress in addressing audit findings raised in my 2020 annual report. I raised two (2) audit findings, one (1) of which has been partially addressed and the other one (1) has not been addressed as indicated below;

2.1. Toll Millers

The finding was partially addressed. One miller has written to SILO proposing a payment plan. Two other millers are yet to pay and the issue is with the Loss Control and Corporate services

2.2. Capacity utilization

The finding was not addressed. The capacity utilisation was still low during the year under review. GMB suspended maize sales to stock feeds unit.

Background Information

TelOne (Private) Limited was established 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 TelOne (Private) Limited for the year ended December 31, 2022 and I issued an unmodified / clean opinion with a Material Uncertainty Related to Going Concern paragraph.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of TelOne (Private) Limited as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Material uncertainty related to going concern

I draw attention to the fact that the Company incurred losses amounting to ZWL 112 billion (2021: ZWL 53.3 billion) in the 2022 financial year. The entity has significant legacy loans and borrowings amounting to ZWL 335.05 billion (2021: ZWL 194.2 billion) principal plus interest accruals. These conditions, along with other matters set out in the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Foreign legacy loans

Finding

The Company had not been able to secure foreign currency to service foreign legacy loans. As a result, finance costs were now more than the capital amount due to non-servicing of the loans. The amounts that were owed as at December 31, 2022 was USD 393. 8 million (2021: USD 413. 3 million).

Risk / Implication

The Company's credit rating may be compromised.

Financial loss due to accumulation of interest.

Recommendation

The Company should continue to pursue legacy loans settlement strategies.

Management response

Engagement is continuously being done with Ministry of Finance and Economic Development and Parent Ministry to facilitate warehousing of legacy loans.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Copper cables

Finding

The Company had not upgraded its internet and communication infrastructure as it was still using copper cables. As a result, there were significant instances of copper cables vandalism during the year ended December 31, 2022 which affected over fifty thousand (50 000) customers. Attending to these faults on time was putting pressure on the Company's resources.

Risk / Implication

Service delivery may be compromised resulting in loss of revenue.

Recommendation

The Company should continue to look for ways to raise funds to expedite the migration from copper to modern technologies.

Management response

TelOne is pursuing various funding strategies to raise capital for quick migration from copper to modern technologies.

3. MANAGEMENT OF ASSETS

3.1. Motor vehicles

Finding

The Company had an aged fleet of motor vehicles, with some vehicles having been bought as far back as 1992 and were still in use. As a result, the Company was incurring high cost of repairs and maintenance on the vehicles. A total of ZWL3.5 billion (Historical ZWL2.66 billion) was incurred during the year while ZWL2.58 billion (Historical ZWL612 million was incurred in 2021, an increase by 37% (335% historical).

Risk / Implication

Service delivery may be compromised.

Repairs and maintenance costs incurred may exceed the costs of acquiring new vehicles.

Recommendation

The Company should consider recapitalizing its transport department.

Management response

Management has plans in place to recapitalise Transport fleet and dispose the aged fleet. However, the business continues to be affected by cash flow constraints to fund the procurement.

3.2. Maintenance of buildings

Finding

The Company was experiencing cash flow constraints, as a result, the Company was not maintaining its buildings as per plan. For instance, houses in Masvingo, Mashava and Mwenezi had non-functional sewer system, and had roof leaks and cracked walls that were due for repairs. Tenants were resorting to repairing the buildings using their own funds.

Risk / Implication

Financial loss as the properties may deteriorate and cost more to maintain.

Recommendation

Management should continuously seek for funding to refurbish its old buildings.

Management response

Maintenance plans are in place; however, the business continues to be affected by cashflow constraints to fund the whole TelOne properties at once. Management will continue to maintain properties in a phased approach.

4. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company did not make progress in addressing audit findings that I raised in my 2021 annual report. I raised two (2) audit findings in 2021 report and there were three (3) unresolved 2020 findings. Out of the five (5) findings, two (2) findings have been partially addressed while three (3) findings were not addressed as indicated below;

4.1. Debtors

The finding was not addressed. The debts were still outstanding. However, the Government has committed to pay at least $6billion towards the debt in the Second quarter of 2023.

4.2. Service provision

The finding was not addressed. The Company requires a lot of capital injection to upgrade system in those specific areas.

4.3. Investment in joint arrangement

The finding was not addressed. The other partners are studying the agreement.

4.4. Motor vehicles fleet

The finding was partially addressed. The Company has purchased and delivered 40 vehicles in 2022 but still has vehicles in use for over 20 years.

4.5. Foreign creditors

The finding was partially addressed. The Company has managed to reduce the debt by paying USD11,05 million in 2021 financial year.

Background Information

Transmedia Corporation (Private) Limited was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. The main objective of the Corporation is to provide broadcasting signal transmission and telecommunication services.

I have audited the financial statements of Transmedia Corporation (Private) Limited for the year ended December 31, 2022 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects 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 Transmedia Corporation (Private) Limited as at December 31, 2022, 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

i. Non- compliance with International Accounting Standard (IAS) 21 - "Effects of Changes in Foreign Exchange Rates"

The opening balances for 2019 financial period were reported as USD end of 2018 financial year and translated to ZWL on the rate of 1:1 at the beginning of 2019. Additionally, transactions between January 1, 2019 and February 21, 2019 were recorded at the rate of 1:1 in compliance with SI 33/19. Although the evidence in the market suggested that there was no longer parity between the USD and "local currency" up to 21 February 2019, the Directors maintained an exchange rate of 1:1 in compliance with SI 33/19. This constituted a departure from the requirements of IAS 21-"Effects of Changes in Foreign Exchange Rates". As a result, the misstatements on the prior years' income statement are still carried forward in the current retained earnings balance.

ii. Non- compliance with International Accounting Standard (IAS) 29 - "Financial Reporting in Hyperinflationary Economies".

Although IAS 29 - "Effects of Changes in Foreign Exchange Rates". has been applied appropriately, its application was based on current and prior period financial information which is not in compliance with IAS 21 - "Effects of Changes in Foreign Exchange Rates". as described above. Had the correct base numbers been used, most elements of the financial statements (including monetary gain/loss) would have been materially different. The impact of the departure from the requirements of these standards is considered material to the financial statements for the year ended December 31, 2022.

iii. Investment in associate

The Corporation had a 20% interest in an associate of ZWL50.8 million as at December 31, 2022. The Corporation availed a set of unaudited financial statements of the associate for me to place reliance on as to the value of the investment in the Corporation's financial statements. However, I could not place reliance on the financial statements of the associate as there was no assurance provided by an independent auditor. Consequently, I was not able to determine whether the investment figure in the Corporation's financial statements is free from material misstatements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Accounting for associate

Finding

The Corporation had a 20% interest in an associate of ZWL50.8 million as at December 31, 2022. The Corporation availed a set of unaudited financial statements of the associate for me to place reliance on as to the value of the investment in the Corporation's financial statements. However, I could not place reliance on the financial statements of the associate as there was no assurance provided by an independent auditor.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Corporation should ensure that all its interests in other entities are audited.

Management response

The Corporation will endeavour to ensure that the outstanding issues with the Associate are resolved.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company made progress in addressing audit findings raised in my 2021 annual report. The finding that I raised was addressed as indicated below.

2.1. Accounting for transactions

All transactions are being accounted timeously and are checked for accuracy before being posted.

Background Information

Willowvale Motor Industries was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. The principal activities of the company are to manufacture and assemble motor vehicles.

I have audited the financial statements of Willowvale Motor Industries (Private) Limited for the year ended December 31, 2021 and I issued an adverse opinion with a material uncertainty report related to going concern.

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 the financial position of Willowvale Motor Industries (Private) Limited as at December 31, 2021, 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

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

The Company complied with Statutory Instrument 33 of 2019 ("SI 33/19") issued by the Government of Zimbabwe and consequently did not comply with IAS 21 - "The Effects of Changes in Foreign Exchange Rates" in 2019. SI 33/19 introduced the RTGS dollar as legal tender in Zimbabwe and prescribed that the opening balances in RTGS dollars as the effective date shall be deemed to be at par with the United States dollar ("USD") and that, for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in US$ (other than assets and liabilities referred to in section 44C (2) of the principal 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 USD.

IAS 21- "The Effects of changes in foreign exchange rates" stipulates the procedures that should be followed when translating monetary and non-monetary items from one currency to another and, the prescription of the exchange rate in SI 33/19 was at variance with the requirements of IAS 21 - "The Effects of changes in foreign exchange rates". Had the Company performed the assessment required by IAS 21 - "The Effects of Changes in Foreign Exchange Rates" in the prior period, the adjustments that were recognized in the comparative period's financial statements would have been materially different. Therefore, the departure from the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates" were pervasive in the prior period. The misstatements in the historical comparative information consequently impacted the determination of the inflation adjusted amounts as is required in the application of IAS 29- "Financial Reporting in Hyperinflationary Economies" in prior years. The financial effects on the inflation adjusted financial statements of this departure cannot be determined. In addition, the effects of the matter on the restatement of prior period as well as current period equity balances cannot be readily determined. As such, the current period's financial statements may not be readily comparable with those of prior periods.

The Company also transacted significant business in USD during the year and, had significant foreign currency denominated account balances at year end. The USD denominated transactions entered into during the year and the USD denominated account balances were translated to the Zimbabwean dollar ("ZWL") using the Reserve Bank of Zimbabwe auction exchange rate ("RBZ auction exchange rate") as the spot exchange rate and closing exchange rate, respectively.

I was unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD RBZ auction exchange rate as the spot exchange rate or closing exchange rate in accordance with IAS 21-"The Effects of Changes in Foreign Exchange Rates". The effects of this non-compliance on the financial statements cannot be readily determined.

Report on going concern

The Company incurred successive operating losses over the last two financial years and, in addition, the Company is finding it difficult to source adequate foreign currency to import inventories for assembly and resale. These conditions 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.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Key vacant posts

Finding

The Company did not have a substantive Managing Director and Financial Controller for the whole of the 2021 financial year. Upon inquiry, management indicated that the delay in the process of recruiting the Managing Director was due to the Board changes that occurred in 2021.

Risk / Implication

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

The Company`s operations may be disrupted due to absence of critical skills.

Recommendation

The Company should fill all vacant posts.

Management response

The recruitment of the Managing Director was affected by Board changes that occurred in 2021. The process has been re-started and advertisements were made. The newly recruited Managing Director would then be responsible for filling the financial controller/Company secretary position.

1.2 Sustainability of Operations

Finding

The Company experienced cash flow challenges as it did not have foreign currency to fund imports of motor vehicle assembling. As a result, it did not assemble any motor vehicles, but resorted to importing completely built up units on behalf of its customers who would have made prepayments for the motor vehicles.

Risk / Implication

Service delivery may be compromised.

Recommendation

The Company should come up with strategies to improve its cash flows.

Management response

The Company underwent a huge re-organisation after two of its then shareholders left, leaving it with no products to assemble, no working capital and a significant amount of debt.

1.3 Cash and bank balances

Finding

Bank reconciliations for the Company were not being prepared timeously. In addition, the bank reconciliations were not being prepared by an accounting personnel. As a result, there were numerous errors in the recording of cash and bank balances in the accounting system.

Risk / Implication

Misstatement of financial statements.

Fraud and errors may go undetected.

Recommendation

All bank reconciliations should be prepared in time.

Management response

Audit recommendations noted. The IT administrator is currently being used to prepare bank reconciliations to ensure segregation of duties in the finance department. This is in order to control employment costs to affordable levels and also as part of a multi skilling tactical plan. WMI will going forward utilise finance graduate trainees to further improve efficiency in these tasks.

1.4 Inventory

Finding

Controls over the Company's inventory management were not watertight. As a result, inventory purchases were not being posted timeously into the accounting system. Record keeping was not up to date as details for bin locations in the accounting system were not corresponding with the physical stock items on the respective bin locations. The transfer or acquisition of parts from the Parts Warehouse were not captured into the system. Some parts inventory items identified on the warehouse floor could not be traced to the accounting system.

In addition, parts issued to the workshops were not being invoiced on time and some parts issues dating back to the 2020 financial year were not invoiced.

Risk / Implication

Financial loss due to loss of inventory.

Recommendation

Management should put in place adequate controls over the inventory management system.

Management response

Audit recommendations are noted. Management and staff held a post stock take meeting on 1st April 2022 to review and find solutions to the problems that were encountered during the year end stock take. A number of corrective steps were agreed upon which amongst them is the holding quarterly stock takes.

Background Information

Zimbabwe Academic and Research Network (Private) Limited **(**ZARNet) is incorporated in terms of the Research Act [*Chapter 10:22*] and the Companies and Other Business Act [*Chapter 24:31*]. The Company's functions are to provide reliable and sustainable Internet Connectivity and other converged ICT solutions to the Academic, Research and Education Institutions, plus any other Government establishments in Zimbabwe.

I have audited the financial statements of the Zimbabwe Academic and Research Network (Private) Limited for the years ended December 31, 2018 and 2019 and I issued an adverse opinion for both years.

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 financial statements do not present fairly, the financial position of the Zimbabwe Academic and Research Network (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

Non-compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates"

Zimbabwe Academic and Research Network (Private) Limited did not comply with the provisions of International Accounting Standards (IAS) 21- "The Effects of Changes in Foreign Exchange Rates" as Statutory Instrument 33 of 2019 (SI 33/2019) 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 changes emanated from the multi-tier pricing environment that was prevailing during the year, where settlement of transactions was depended on the mode of payment, whether USD cash, RTGS, bond notes/coins and mobile money. Premiums and discounts were experienced on the official foreign exchange rate of 1:1 between the USD and RTGS, mobile money, bond notes/coins. This pricing structure, 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 Company has maintained its functional currency as the USD and has presented the financial statements in USD using the exchange rate of 1:1, in compliance with SI 33/2019. This constitutes a departure from the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", and therefore the financial statements have not been prepared in conformity with IFRS. Had the Company applied the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", many of the elements of the financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates" is considered to be pervasive. The financial effects on the financial statements of this departure have not been determined.

Adverse Opinion 2019

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position as at December 31, 2019, statement of profit or loss and 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 (IAS) 21- "The Effects of Changes in Foreign Exchange Rates"

The Company translated its comparative financial statements and transactions for the period up to February 22, 2019 using an exchange rate of 1:1 for United State dollar to RTGS Dollar as prescribed to entities through Statutory Instrument (S.I.) 33 of 2019. In order to comply with S.I 33 of 2019 issued on February 22, 2019 the Company changed its functional currency with effect from this date. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and USD amounts. The exchange rates applied met the legal requirements but however did not meet the criteria for appropriate exchange rates in terms of IFRS as defined in IAS 21- "The Effects of Changes in Foreign Exchange Rates". The Financial statements of the Company include balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its values required by IFRSs (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates". which requires entities to use an appropriate exchange rate.

The official interbank exchange rate came into existence through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe in February 22, 2019 and was initially pegged at a starting rate of 2.5. Transactions and balances from February 22, 2019 were now translated using the interbank rates.

No assessment was carried out to show appropriateness of the interbank rate to the existing economic environment. The interbank rate did not represent the price that could be received for foreign currency as many were unable to access foreign currency through the interbank market and immediate delivery of foreign currency could not be guaranteed. As a result, the impact of the Company's inability to comply with IAS 21- "The Effects of Changes in Foreign Exchange Rates" on the financial statements had been considered material and pervasive to the financial statements as a whole. Had the Company applied the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", many elements of the financial statements would have been materially adjusted. The financial effects on the financial statements of this departure have not been determined.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Board of Directors

Finding

The Company had no Board of Directors for the years ended December 31, 2018 and 2019 contrary to the provisions of the Public Entities and Corporate Governance Act [*Chapter 10:*31].

Risk / Implication

Oversight role may be compromised.

Recommendation

The Company should follow up with the appointing authority to ensure that the Board is appointed in time.

Management response

The observation has been noted. A new Board was subsequently appointed in 2021.

Background Information

The Zimbabwe Broadcasting Corporation (Private) Limited was established in terms of the Broadcasting Services Act *[Chapter 12:06]*. 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 Zimbabwe Broadcasting Corporation for the year ended December 31, 2018 and 2019 and I issued an adverse opinion for both the years.

Adverse opinion 2018

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Zimbabwe Broadcasting Corporation 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

Non-compliance with International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates"

The Corporation has not applied the requirements of IAS 21- "Effects of Changes in Foreign Exchange Rates" in the financial statements for the year ended December 31, 2018 because of the unavailability of exchange rates as at that date. Transactions in Zimbabwe during the year had a three (3) tier pricing structure where a single product had different prices depending on the mode of payment, namely the United States Dollar Cash, Bond Notes, Electronic Money or Mobile Money. This resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS21- "Effects of Changes in Foreign Exchange Rates" would apply. Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and Monetary Policy statements of February 22, 2018, October 1, 2018 and February 20, 2019 all confirmed the parity of 1:1 between the United States Dollar Cash, Bond Notes, Mobile Money and Electronic Money. This presented difficulties in ascertaining the fair value of the Corporation's material assets and liabilities at the reporting date. IAS 21- "Effects of Changes in Foreign Exchange Rates" requires the use of spot rate in accounting for transactions. During the year, premiums and discounts were offered on the official exchange rate of 1:1 between the RTGS balances, Bond Notes and United States Dollar Cash.

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

Adverse opinion 2019

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Zimbabwe Broadcasting Corporation as at December 31, 2019 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

Non-compliance with International Accounting Standard (IAS) 21- “The effects of changes in foreign exchange rates”

The Corporation has not applied the requirements of IAS 21, “Effects of Changes in Foreign Exchange Rates” in the financial statements for the year ended December 31, 2019 because of the unavailability of exchange rates as at that date. The Corporation translated its comparative financial statements including transactions and balances for the period up to February 22, 2019 denominated in US$ at a rate of 1:1 to the Zimbabwean Dollar (RTGS or ZWL). The transactions during this period were not converted to RTGS or ZWL using an appropriate exchange rate that reflects the economic substance of its value as provided for by International Accounting Standard (IAS) 21 - “The Effects of Changes in Foreign Exchange Rates”. The Corporation applied the legal exchange rate of 1:1 as pronounced through Statutory Instrument 33 of 2019.

Subsequent to February 22, 2019 the Corporation applied interbank exchange rates which came into existence, through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe (RBZ) and was initially pegged at a rate of 2.5. This was after a period of foreign currency scarcity and constrained exchangeability of bond notes, coins and electronic money to other foreign currencies. No assessment was carried out to show appropriateness of the interbank rate to the existing economic environment. The interbank rate and the exchange rate of 1:1 applied on comparative amounts did not represent the price that could be received for foreign currency as many were unable to access foreign currency through the interbank market and immediate delivery of foreign currency could not be guaranteed. Therefore, use of the interbank exchange rate alone fails to meet the criteria for appropriate exchange rate and to achieve fair presentation of the financial statements. As a result, the impact of the Corporation’s inability to comply with IAS 21- “The Effects of Changes in Foreign Exchange Rates” has been determined as significant. The effects on the financial statements are considered material and pervasive to the financial statements as a whole.

Below are other material issues noted during the audit;

1. **GOVERNANCE ISSUES**

1.1. Statutory obligations

Finding

The Corporation experienced cash flow challenges during the period under review. As a result, it was not remitting Value Added Tax and Income Tax. The Corporation was then charged penalties amounting to US$15 452 in 2018 and ZWL 69 074 in 2019 for non-compliance. The tax liability had accumulated to ZWL 20.2 million as at December 31, 2019.

Risk / Implication

Financial loss due to penalties that may be levied.

Recommendation

Management should come up with a revenue generation strategy to address the cash flow challenges.

Management response

Management has entered into a payment arrangement with the tax authorities for weekly garnish payments to be made at source from licensing revenues as well as lump sum payments towards the legacy debt and the arrangement has yielded positive results as plans are at advanced stages to obtain a tax clearance for the Corporation.

1.2. ICT Steering Committee

Finding

The Corporation's Information Technology (IT) policy did not give guidance in relation to IT Governance. As a result, the Corporation did not have an ICT Steering Committee to give strategic direction and oversight over the Corporation's IT operations.

Risk / Implication

Oversight over IT processes may be compromised.

Recommendation

Management should consider reviewing the IT policy to include guidance on IT governance.

Management response

Management is working on the modifications of the policy before being presented to the board. The matter is to be tabled in the board technical committee with the draft policies already being worked on.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Receivables

Finding

The Corporation had receivables amounting to US$22.5 million as at December 31, 2018 and ZWL29.3million as at December 31, 2019 which were aged 90 days and above. Upon inquiry, management indicated that the majority of the debtors were government Ministries and State owned enterprises that were not paying the Corporation for services rendered. The Ministries and State owned enterprises owed the Corporation ZWL16.6million as at December 31, 2019 (2018: US$12.2million).

Risk / Implication

Compromised service delivery as financial resources were tied up in receivables.

Recommendation

Management should implement a robust debt management system.

Management response

Most of the debtors in 90 days and over are government ministries and parastatals who are related parties. As part of the recovery process we have engaged our parent ministry to help us collect from these debtors with various letters having been written by our Permanent secretary to these Ministries. Discussions have also been done in the parliament through the portfolio committees and efforts to help in pushing collections.

2.2. Trade and other payables

Finding

The Corporation had overdue payments to its suppliers that had reached the 120 days mark as at December 31, 2018 and 2019. The overdue payables amounted to USD$14.7million as at December 31, 2018 and ZWL 19 million as at December 31, 2019. Upon inquiry management indicated that the Corporation struggled to make payments within the payment terms mainly because of financial constraints.

Risk / Implication

Financial loss due to interests charged by suppliers.

Recommendation

Management should continuously engage the Corporation's debtors and collect sufficient funds to settle their obligations.

Management response

Depressed revenues affected the payments to suppliers however as the financial situation improved prioritization of supplier's payments was considered and payment plans with suppliers have been agreed and adhered to.

Background information

Zimbabwe Consolidated Diamond Company (Private) Limited was established in terms of the Companies and other Business Entities Act [*Chapter 24:31*]. The Company is involved in the mining of diamonds and alluvial gold.

I have audited the financial statements for the Zimbabwe Consolidated Diamond Company for the year ended December 31, 2021 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 financial statements do not present fairly the financial position of the Company as at December 31, 2021, 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 (IAS) 21- "The Effects of Changes in Foreign Exchange Rates"

ZCDC changed its functional currency from USD to ZWL following the promulgation of statutory instrument 33 of 2019. This was not consistent with IAS 21 - "The Effects of Changes in Foreign Exchange Rates", in which compliance would have resulted in the reassessment of the functional currency at a date earlier than February 22, 2019. In addition, during the period under review, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for transactions as required by IAS 21 - "The Effects of Changes in Foreign Exchange Rates".

In 2021, management presented the financial statements in the Zimbabwean Dollars (ZWL) although the functional currency of the Company's is the United States Dollars (USD). The Company's sales, cost of sales, expenses are predominantly in the United States Dollars. The financial statements which are denominated in the United States Dollars (USD) which would have required presentation of the financial statements in that currency. As a result of this matter, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements making up the statement of profit or loss, statement of cash flows and statement of financial position. My opinion was modified in respect of this matter.

Below is an update on prior year audit findings;

1. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company did not make progress in addressing my audit findings that I raised in my 2020 annual report. I raised three (3) audit findings in 2020 and followed up two (2) findings raised in 2019. All three (3) findings from my 2020 annual report were not addressed and all the two (2) findings raised in 2019 were addressed as indicated below;

1.1. Mining areas

The finding was not addressed. The issue is still outstanding.

1.2. Debt management

The finding was not addressed. Creditor's reconciliations were not prepared for all reconciliations and long outstanding reconciling items were encountered during the audit some dating as far as 2017.

1.3. Related party debts

The finding was not addressed. No progress made in recovering the outstanding owing from the related parties.

1.4. Composition of the Board

The finding was addressed. Board was reconstituted in 2022.

1.5. Prepayments

The finding was addressed. The whole amount of USD352 068 was reimbursed in ZWL.

Background Information

The Zimbabwe Electricity Transmission and Distribution Company (Private) Limited is incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. Its business is the distribution and retail of electricity to final users.

I have audited the financial statements of the Zimbabwe Electricity Transmission and Distribution Company (Private) Limited for the year ended December 31, 2021 and I issued a qualified opinion with a material uncertainty related to going concern paragraph.

Qualified Opinion

In my opinion, except for the effects 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 the Zimbabwe Electricity Transmission and Distribution Company (Private) Limited as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

i. Non-compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors"

During the prior financial years, the foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21– "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended December 31, 2021.

As the non-compliance with IAS 21– "The Effects of Changes in Foreign Exchange Rates" is from prior financial years and there have been no restatements to the prior year financial statements in accordance with IAS 8- "Accounting Policies, Changes in Accounting Estimates and Errors", some comparative figures in the financial statements may be materially misstated.

ii. Valuation of property, plant and equipment

The valuation of the property, plant and equipment was performed by Directors as at December 31, 2021. The property, plant and equipment valuations were determined in USD and then translated to ZWL using the auction rate as at December 31, 2021. Although the determined USD values reflected the fair value of the property, plant and equipment in USD, the converted ZWL value were not in compliance with IFRS 13 "Fair Value Measurement" as they may not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL.

Material Uncertainty Related to Going Concern

The Company incurred an operating loss before tax for the year ended December 31, 2021 of ZWL 816.02 million (2020: ZWL25.9 billion). The Company's current liabilities exceeded its current assets by ZWL 24.5 billion (2020: ZWL 47.5 billion) as at December 31, 2021. The Company defaulted on repayments of its foreign loans which have not been rescheduled. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the

Company's ability to continue as a going concern.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Allocated funds in the cash account

Finding

The Company did not have a client payments system that was interfaced with the banks. As a result, there were payments amounting to ZWL 793.4 million processed by the bank that were not allocated to the respective customer accounts for which payments were made. In addition, there were variances noted between some customer accounts and the ageing analysis.

Risk / Implication

Misstatement of customer accounts.

Recommendation

Management should encourage customers to provide sufficient information when making payments.

The Company should consider coming up with a payment system that can be interfaced with banks.

Management response

Payments processed by the bank but not allocated to the respective accounts normally arise from direct deposits which do not have useful supporting information e.g. account number, client name or contact details.

It is anticipated that the challenge will be resolved once the project to implement a financial switch to interface the banks with the ZETDC client payments system is implemented, which is targeted by the 3rd quarter, 2022.

1.2. Remittance of rural electrification levy

Finding

The Company was not remitting the rural electrification levy to the Rural Electrification Fund (REF). REF levy outstanding as at December 31, 2021 amounted to ZWL 4.3 billion (2020: ZWL 1.8 billion).

Risk / Implication

Rural Electrification Fund may fail to discharge its mandate.

Recommendation

The Company should ensure that rural electrification levy is remitted timeously.

Management response

REF levy owing is still high due to cash flow challenges. The REF levy is now being remitted based on collections. When cash flows improve the outstanding balance will be reduced to bring it to current. However, there has been an improvement in the REA levy remittances i.e. ZWL96 million in 2019, ZWL431 million in 2020 and ZWL1.9 billion as at December 31, 2021.

1.3. Operational vehicles

Finding

The Company had an ageing fleet of motor vehicles that were experiencing frequent breakdowns. As a result, there was a shortage of operational vehicles to enable staff to perform their duties. For instance, some meters were not read for a period more than twelve (12) months. This was contrary to the Company policy which requires meter readings to be done every three (3) months as the clients are billed using estimates.

Risk / Implication

Service delivery may be comprised.

Financial loss due to under billing of customers.

Recommendation

Management should consider procuring more vehicles in order to replace the ageing fleet.

Management response

The Company is still failing to take meter readings as per Company policy due to shortage of operational vehicles. The Company has secured funding through a bank loan facility for the installation of prepaid meters to the remaining approximately 103 000 clients and the installation of smart meters to the large users of electricity. Once the projects are completed, in 2022 and every customer is either on prepaid meter or smart meter the issue of meter reading will be a thing of the past. The project is still pending. The meters are expected to be received by end of June 2022 and to complete the installations by the end of the fourth quarter 2022.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Transmission losses

Finding

The Company was incurring transmission losses ranging from 1% to 5% above the stipulated limit of 14% on units of electricity sold versus the units of electricity purchased. There was no evidence to support that management investigated these variances.

Risk / Implication

Financial loss due to possible leakages and irregular connections.

Recommendation

Transmission losses should be investigated and appropriate action taken.

Management response

The observation is acknowledged.
Work to reduce losses is ongoing. This includes regular inspection of client meters and power consumption patterns as well as regular maintenance of the distribution network equipment.

3. EMPLOYMENT ISSUES

3.1. Fuel and electricity allowance

Finding

The Company was not reviewing pay slips and payroll summaries. As a result, the Company processed both fuel and electricity allowances to employees contrary to its human resources policy, which stipulates that, an employee is entitled to one of these benefits, not both.

Risk / Implication

Financial loss due to double claims.

Recommendation

Management should review pay slips and payroll summaries before payments are made.

Recoveries of overpayments should be made.

Management response

The Issue has been noted.
It has been observed that the error happens when an employee applies for electricity benefit without communicating to Salaries department for the employee to cease receiving the fuel allowance.

Management has taken corrective action to immediately cease fuel allowances for all the employees that have been identified and recover fuel allowances paid to the employees to date. Management also seek to improve the system by introducing additional checking mechanism by Human Resources and salaries departments for all electricity benefits before processing. Management to implement these changes by the third quarter, 2022.

4. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company made progress in addressing audit findings raised in my 2019 annual report. I raised three (3) audit findings. One (1) finding was addressed and two (2) findings were not addressed as indicated below;

4.1. Statutory and other obligations

The finding has not been addressed. The Company cited that delays have been caused by cash flow constraints, however, payments to the cited institutions would be made when cash flows improve.

4.2. Electricity fringe benefits

The finding has not been addressed. Management indicated that IT staff were overwhelmed due to shortage of manpower. However, with the recruitment now completed, the resolution of this case is now expected in the third quarter of 2022.

4.3. Attendance register

The finding was addressed. All registers for wayleave clearance are now standardized to include a signature column and are being signed by all casual contract staff on site.

Background information

Zimbabwe Mining Development Corporation (ZMDC) was established through the ZMDC Act [*Chapter 21:08*]. 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, 2021 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 section of my report, the consolidated financial statements do not present fairly the financial position of the Corporation as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in a manner required by the Companies and Other Business Entities Act [*Chapter 24:31*].

Basis for Adverse Opinion

i. Non-compliance to International Accounting Standards 21 (IAS 21) – "Effects of Changes in Foreign Exchange Rates''

ZMDC changed its functional currency from USD to ZWL following the promulgation of statutory instrument 33 of 2019. This was not consistent with IAS 21– "Effects of Changes in Foreign Exchange Rates'', in which compliance would have resulted in the reassessment of the functional currency at a date earlier than 22 February 2019. In addition, during the period under review, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for transactions as required by IAS 21– "Effects of Changes in Foreign Exchange Rates''.

In 2021, management presented the financial statements in the Zimbabwean Dollars (ZWL) although the functional currency of the Corporation is the United States Dollars (USD). The Corporation's sales, cost of sales, expenses are predominantly in the United States Dollars. The financial statements which are denominated in the United States Dollars (USD) which would have required presentation of the financial statements in that currency. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements making up the statement of profit or loss, statement of cash flows and statement of financial position.

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

IAS 28- "Investments in Associates" and IFRS 11- "Joint Arrangements" required the Corporation to recognize interests in joint ventures and associates in its financial statements at cost or at fair value. The Corporation did not recognize its shareholding in Todal Mining (Private) Limited, Golden Kopje (Private) Limited, Global Platinum Resources (Private) Limited and Northridge Platinum. I was also unable to obtain audited financial statements for Sandawana Mines (Private) Limited, Mineral Development (Private) Limited (Evington Gold Mine) and Jena Mines (Private) Limited. I was unable to determine the financial effects of non-compliance on the financial statements.

iii. **Non-compliance to International Accounting Standard (IAS) 8– "Accounting Polices, Changes in Accounting Estimates and Errors", prior period errors in the accounting for investment in Joint Ventures and Associates.**

Management has not made retrospective adjustments in terms of IAS 8 – "Accounting Polices, Changes in Accounting Estimates and Errors" to correct the above matters. Consequently, many corresponding amounts on the consolidated financial statements are misstated, impacting comparability of the current period numbers Therefore, the matters continue to impact the consolidated statement of financial position. My opinion is modified appropriately.

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 elements making up the statement of profit or loss, statement of cash flows and statement of financial position.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Payables

Finding

The Corporation was experiencing cash flow challenges. As a result, it was not able to settle its short term obligation leading to payables worth ZWL13 733 288 which were over 121 days old.

Risk / Implication

Failure to acquire more goods and services on credit thereby worsening the cash flow position of the Corporation.

Recommendation

Management should devise plans to improve the Corporation's cash flows.

Management response

ZMDC has adopted partial privatisation strategy in line with NDS1, this move is meant to improve the cash flow challenges faced by ZMDC.

1.2 Service level agreement

Finding

The Corporation entered into a contract with a supplier for archiving services in 2011. I was not availed with a signed Service Level Agreement (SLA) for this contract. In addition, there was no evidence to support that the contract was reviewed.

Risk / Implication

Financial loss in case of a dispute.

Recommendation

Management should regularise the arrangement.

Management response

ZMDC could not locate the signed contract; however, going forward ZMDC will improve its filing procedures to ensure documents can be accessed. All terms of ZMDC contracts will be adhered to going forward.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Corporation made progress in addressing audit findings that I raised in my 2020 annual report. I raised three (3) audit findings, two (2) findings were addressed and one (1) finding was partially addressed as indicated below;

2.1 Going concern

The finding was addressed. The Company was in a net asset position ZWL 5. 2 billion and managed to clear its Zimbabwe Revenue Authority debt in 2021.

2.2 Motoring benefits

The finding was addressed. The issue was fully resolved; All employees using company vehicles (with the motoring benefits) are now being taxed in accordance with the Act.

2.3 Performance of subsidiaries and joint ventures

The finding was partially addressed. Partial privatization of its subsidiaries were not completed.

Background Information

Zimbabwe Power Company (ZPC) was incorporated in terms of the Companies and Other Business Entities Act *[Chapter 24:31]* and the Electricity Act *[Chapter 13:19].* The Company's core business is the generation of electricity.

I have audited the financial statements of the Zimbabwe Power Company for the year ended December 31, 2021 and I issued a qualified opinion with a report on going concern.

Qualified Opinion

In my opinion, except for the possible effects 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 the Zimbabwe Power Company (Private) Limited as at December 31, 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

i. Non-compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors"

During the prior financial years, the foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21- "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended December 31, 2021.

As the non-compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" is from prior financial years and there have been no restatements to the prior year financial statements in accordance with IAS 8- "Accounting Policies, Changes in Accounting Estimates and Errors", some comparative numbers in the financial statements may be misstated. My opinion on the current year financial statements is modified because of the possible effects of the above matters on the comparability of the current year's figures to corresponding figures of the comparative period. As a result of the residual effects of the non-compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" and the non-restatement of the comparative figures in accordance with IAS 8- "Accounting Policies, Changes in Accounting Estimates and Errors", the accumulated loss may contain misstatements.

The effects of the above non-compliance with International Financial Reporting Standards were considered to be material but not pervasive to the financial statements.

ii. Non-compliance with International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies"

Although IAS 29- "Financial Reporting in Hyperinflationary Economies" has been applied correctly, its application was based on prior period financial information which was not in compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" as described above. Had the correct base numbers been used, some elements of the financial statements (including monetary gain/loss) would have been materially different. The impact of the departure from the requirements of these standards is considered material but not pervasive to the financial statements for the year ended December 31, 2021.

iii. Valuation of property, plant and equipment

The determination of fair values for assets presented in the financial statements is affected by the prevailing economic environment. These consolidated financial statements include property, plant and equipment that were carried at fair value in-accordance with International Financial Reporting Standard (IFRS) 13 - “Fair value measurement”.

The valuation of the property, plant and equipment was performed by Directors as at December 31, 2021. The property, plant and equipment valuations were determined in USD and then translated to ZWL using the auction rate of the Reserve Bank of Zimbabwe as at December 31, 2021. Although the determined USD values reflected the fair value of the property, plant and equipment in USD, the converted ZWL fair values were not in compliance with IFRS 13 – “Fair Value Measurement” as they may not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL.

Material Uncertainty Related to Going Concern

The Group recorded a loss before tax of ZWL24.4 billion for the year ended December 2021. As at December 31, 2021, the Group’s current liabilities exceeded its current assets by ZWL 36.9 billion. The Group also defaulted on repayments of its foreign legacy loans, which have not been rescheduled, accordingly these loans have been classified as current liabilities. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. My opinion is not modified in respect of this matter.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Insurance premiums

Finding

The Company was not paying insurance premiums on time. As a result, some insurers were declining to settle insurance claims. In addition, proceeds from claims were being received after a long period of time.

Risk / Implication

Financial loss due to non-payment of insurance claims by insurers.

Recommendation

Management should settle the insurance premiums on time.

Management response

Noted. The company is reeling from the effects of the sub economic tariff thereby negatively affecting the ability to timeously service payables. And also affected by foreign currency shortages.

1.2. Procurement orders

Finding

The Company was splitting procurement orders. Different invoices for similar products from the same supplier were delivered on the same day. Upon review of the related procurement documents, I also noted that the request for quotations for some of the orders were sent out on the same day. This was in contravention of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] which prohibits a procuring entity from splitting a procurement order in order to avoid financial thresholds prescribed for the purposes of determining the appropriate procurement method, whether such division is by way of splitting a quantity of a single procurement requirement or splitting of a generic procurement requirement into several lots.

The table below shows examples of such orders where the total value of the orders would exceed the procurement thresholds for request for quotation:

Invoice date	Product description	Order number	nvoice value (ZWL)
2021-12-07	LED tubes - 500 units	5500096263	1 087 750
2021-12-07	Fitting LED tubes - 400 units	5500096518	1 127 825
2021-12-07	Lamp LED tubes - 400 units	5500092265	1 095 536
2021-12-07	Lamp LED tubes - 500 units	5500096264	1 092 330
2021-12-07	Fitting LED tubes - 400 units	5500096516	1 110 650
2021-12-08	Fitting LED tubes - 400 units	5500096268	1 064 850
2021-12-08	Fitting LED tubes - 400 units	5500096517	1 099 200

While the individual orders fall under the request for quotation method threshold, the aggregate amount for the related orders exceeded the threshold of ZWL 1 080 000 (USD 10 000) as at that date and competitive bidding would have been more appropriate.

Risk / Implication

Financial loss as fraud or errors may go undetected.

Recommendation

Management should ensure compliance with the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

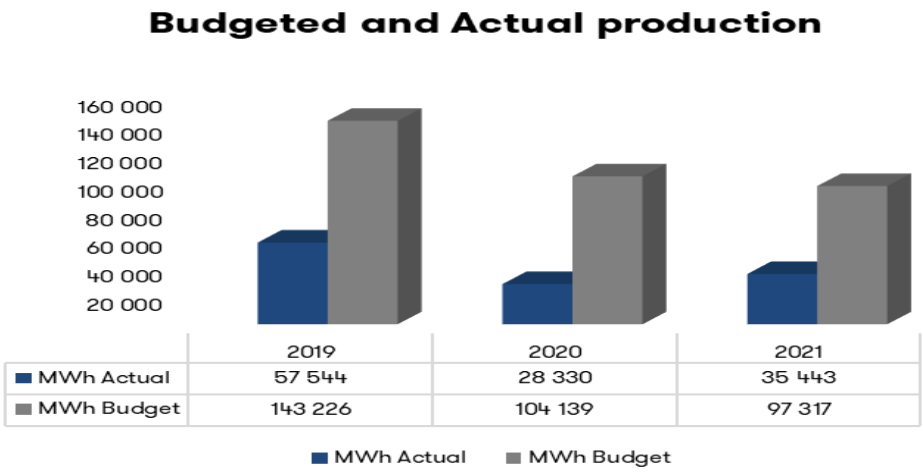
Management response

Noted. The procurement was as a result of failed tender processes and a response to compliance required by the regulator. Recommendations have been noted and measures are in place to correct the anomaly. Procurement mandated to continuously checking on Purchase Requisition raised to make sure that like items are raised on one order.

1.3. Capacity utilization

Finding

Production at Bulawayo power station was operating at an actual capacity utilization of 35 443 MWH against a budgeted output of 97 317 MWH. The low output is attributable to aged equipment. The graph below shows a comparison between budgeted power output and actual output for the years 2019, 2020 and 2021.



Risk / Implication

Loss of potential revenue due to low capacity utilization.

Service delivery maybe compromised.

Recommendation

Management should consider measures to restore plant capacity and reduce plan down time.

Management response

The station has not met budgeted production levels in the past 3 years due to age-related plant failures, particularly tube leaks, refractory failure and grate failures.

To increase production levels in the short term, the station has replaced generating tubes on boilers 6 and 7, as well as super heater tubes on boiler 10. ZPC is currently finalizing contracts for replacement of boiler 6 super heater tubes. Other refractory and grate overhauls on identified boilers are work in progress. In the medium term, the station is going to carry out a US$153,8 million repowering project to restore plant capacity to 90MW as well as increase plant life by 25 years.

Background Information

Zimbabwe United Passenger Company was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*] with the mandate to provide rural, urban and regional passenger travel services.

I have audited the financial statements of the Zimbabwe United Passenger Company for the year ended December 31, 2020 and I issued an adverse opinion and a material uncertainty related to going concern paragraph.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Zimbabwe United Passenger Company Limited as at December 31, 2020, 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

i. Non-compliance with International Accounting Standards (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates"

During the prior financial year, the foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21 – "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended December 31, 2020. As the non-compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" is from the prior financial year and there have been no restatement to the prior year financial statements in accordance with IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors", some comparative figures in the financial statements may be misstated. My opinion on the current year financial statements is modified because of the possible effects of the above matters on the comparability of the current year's figures to corresponding figures of the comparative period. As a result of the residual effects of the non-compliance with IAS 21- The Effects of Changes in Foreign Exchange Rates" and the non-restatement of the comparative figures in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", the accumulated loss may contain misstatements.

The effects of the above non-compliance with International Financial Reporting Standards were considered to be material but not pervasive to the financial statements.

ii. Non-compliance with International Accounting Standard (IAS) 24 – "Related Party Disclosures"

A Service Agreement between ZUPCO and Harare Institute of Technology (HIT) and a software developer technology company was signed in August 2020. Under the agreement, HIT and the technology company provided management of transport; vehicle tracking systems; and deployed a tap card payment system. ZUPCO agreed to pay fees equivalent to 5% of its gross revenue generated from transportation of passengers. The major shareholder in the technology company was also Head of HIT and a committee member to the ZUPCO transport company during the year, hence a related party. Zimbabwe United Passenger Company Limited did not account for its transactions with this party as required by IAS 24 – "Related Party Disclosures".

As a result, I was therefore unable to verify related party transactions and balances of the Company due to the unavailability related-party information.

iii. **Non-compliance with International Accounting Standard (IAS) 40- "Investment Property"**

The Company had properties that it was leasing out to other parties during the year. However, these properties were classified as part of property and equipment in the Company's financial statements. In so doing, the Company did not comply with International Accounting Standard (IAS) 40 – "Investment Property".

iv. **Revenue**

I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for urban revenue amounting to ZWL3.4 billion due to the non-submission of information to support the reported figures. I was therefore unable to confirm the accuracy and completeness of the revenue recorded through other alternative means.

v. **Cost of sales**

Included in cost of sales is diesel amounting to ZWL3.4 billion and operator fees ZWL 2.6 billion. The system of control over the recording of diesel and expenses of mini-buses operators' fees was not effective. I was unable to verify these expenses due to the state of the accounting records and non-submission of information by management in support of these expenditures. I was unable to perform other alternative procedure in order to confirm that cost of sales had been accurately recorded.

vi. **Trade and other payables**

There were no accounts payable sub-ledgers for bus operators who were leasing out mini-buses to ZUPCO. As a result, management did not provide a list of individual creditors and supporting third-party documents. There were no reconciliations of individual creditor balances to creditor' statements. I was therefore not able to verify the trade and other payables balance of ZWL749.5 million.

vii. **Cash and cash equivalents**

I was unable to obtain sufficient appropriate audit evidence on cash and cash equivalents balances totalling ZWL36 million due to non-submission of information in support of these balances. I was unable to confirm these cash and bank balances by alternative means.

Material uncertainty related to going concern

I draw attention to the fact that the Company had a net liability position (current liabilities exceeded current assets) of ZWL 312.8 million (2019: ZWL368.1 million) as at December 31, 2020. In addition, the Company incurred an operating loss of ZWL 3.8 billion (2019: ZWL2.7 billion). These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Accounting for Investment property

Finding

The Company was earning some rental income from properties it was leasing out during the year. However, these properties were classified as part of property and equipment in the Company's financial statements. This was contrary to the provisions of IAS 40 – "Investment Property", which requires assets to be accounted for as investment property.

Risk / Implication

Fraud and errors may go undetected.

Misstatement of financial statements.

Recommendation

Management should account for all investment properties in line with IAS 40 – "Investment Property"

Management response

The Investment property has since been separated, but the majority of the properties are now being used by ZUPCO.

1.2 Trade payables

Finding

The Company was not maintaining proper accounts payable records for bus operators who were leasing out buses to ZUPCO. In addition, payments made to bus operators during the year were not supported by invoices and supplier statements. I also noted that management was processing payments using manual records maintained by the depot managers which were not adequately supported. As a result, there were variances amounting to ZWL 241.9 million between balances disclosed in the financial statements and balances in the company records.

Risk / Implication

Misstatement of financial statements.

Fraud and errors may go undetected.

Recommendation

Management should put in place adequate controls over the management of payables.

Management response

Most of the creditors were bus operators from whom we requested statements but they failed to submit their statements. Some of the payables which were created after take-on were not integrating with the payables listing. The challenge has been resolved.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1 Revenue

Finding

The controls around the Company's revenue collection systems were inadequate. There were no reconciliations being done on the banking summary to the revenue posted into the system. As a result, there were variances of ZWL 26.48 million from cash collected to the cash deposits / banking.

Risk / Implication

Misstatement of financial statements.

Fraud and errors may go undetected.

Recommendation

Management should put in place adequate controls over the management of revenue.

Details of banking summaries prepared at each revenue centre be reviewed and authorised.

Management response

The banking summary sheet is not the final posting for revenue but to show a synopsis of the revenue as at that date. The figures are captured before analysis of the waybills. Northern Division Accountant has been tasked to compile and reconcile the revenues.

2.2 Way bills

Finding

There were no adequate controls over billing for bus hire customers as waybills which are used as primary source document for billing were not properly completed by the customers. As a result, some waybills did not show key details important for accurate billing such as the route and the distance covered.

Risk / Implication

Loss of revenue due to under billing of customers.

Fraud and error may go undetected.

Recommendation

Management should ensure that adequate controls over billing are put in place.

Management response

The Hiring Officers have been tasked to ensure that all contracts and hire waybills are signed by clients to confirm that services have been rendered starting from now. All drivers dispatched for hires and contracts have to make sure that the clients have signed their waybills. The Hiring Officers have to ensure that all contracts and hire waybills have all the relevant information before the dispatch of buses.

3. PROCUREMENT OF GOODS AND SERVICES

3.1 Procurement of fuel

Finding

The Company's controls over procurement of fuel were inadequate. As a result, there were no documents to support expenditure for procurement of diesel amounting to ZWL290 million.
In addition, there were variances between the quantities of diesel invoiced by suppliers and the quantities of diesel received. The table below shows a sample of the variances;

Transaction Date	Diesel quantity invoiced (litres)	Diesel quantity received (litres)	Variance (litres)
27.02.2020	320 000	310 373	9 627
25.03.2020	560 000	505 507	54 493
03.07.2020	400 000	356 180	43 820
04.08.2020	500 000	467 615	32 385
14.09.2020	560 000	505 507	54 493
30.09.2020	500 000	469 031	30 969
13.11.2020	300 000	295 907	4 093
03.12.2020	700 000	687 640	12 360
14.12.2020	370 000	374 438	(4 438)

Risk / Implication

Misstatement of financial statements.

Fraud and material errors may go undetected.

Recommendation

The Company should investigate and take corrective action on missing documents.

The Company should put in place sufficient internal controls over procurement and receipt of fuel.

All variances should be investigated.

Management response

The Company has since moved from the bulk invoice (one invoice per week) to the invoicing of single transactions due to difficulties in movement of documents from depots.

4 PROGRESS TOWARDS ADDRESSING OF PRIOR YEAR FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Company did not make progress in addressing audit findings and recommendations raised in my 2020 annual report. I raised eight (8) audit findings, one (1) finding was addressed, three (3) findings were partially addressed and four (4) findings have not been addressed as indicated below;

4.1 Tap card

The finding has been partially addressed. The tap card system is being rolled out on more buses and its operational efficiency is improving. However, the system is still to be installed on most buses.

4.2 Information Technology (IT) Governance Framework

The finding has been partially addressed. The company is currently facing master budget constraints and little progress has been made.

4.3 ZUPCO Board

The finding has not been addressed. The company is still under the direction of the same management committee.

4.4 Transactions with related parties

The finding has not been addressed. No evidence of any safeguards to address conflict of interest was availed.

4.5 Asset register

The finding has not been addressed. The company went through a piecemeal adoption of the new accounting package and inspection of the asset register revealed that the weaknesses still exist.

4.6 FAW buses parts

The finding has been partially addressed. Seventeen (17) buses have been refurnished and registered. Ten (10) buses were still work in progress.

4.7 Control of waybills

The finding has not been addressed. The incidences are still occurring.

4.8 Immovable properties

The finding was addressed. The property was sold.

PUBLIC ENTITIES UNDER THE CATEGORY OF COUNCILS

Background information

The Allied Health Practitioners Council of Zimbabwe was established in terms of the Health Professions Act *[Chapter 27:19]*. The functions are to regulate, control and supervise all matters affecting the training of persons in, and the manner of the exercise of, the professions and callings specified as Allied Health Practitioners.

I have audited the financial statements of Allied Health Practitioners Council of Zimbabwe 2019 and 2020 and I issued an adverse opinion for 2019 and a qualified opinion for 2020.

Adverse Opinion 2019

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 the financial position of the Allied Health Practitioners' Council of Zimbabwe as at December 31, 2019, 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

Non- compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates"

The Council translated its comparative financial statements including transactions and balances for the period up to February 22, 2019 denominated in USD at a rate of 1: 1 to the Zimbabwean dollars (ZWL) as prescribed to entities through SI 33/2019. In order to comply with Statutory Instrument 33 of 2019, issued on February 22, 2019, the Council changed its functional currency with effect from this date. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between ZWL and USD amounts. The exchange rates applied complied with the legal requirements, but did not meet the criteria for appropriate exchange rates in terms of IFRSs, as defined in IAS 21- "The Effects of Changes in Foreign Exchange Rates". The financial statements of the Council include balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its values required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates", which requires entities to use an appropriate exchange rate.

The official interbank exchange rate came into existence, through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe (RBZ) in February 2019 and was initially pegged at a rate of 1: 2.5. Transactions and balances from February 22, 2019 were now translated using the interbank rates. This was after a period of foreign currency scarcity and constrained exchangeability of bond notes, coins and electronic money to other foreign currencies. No assessment was carried out to show appropriateness of the interbank rate to the existing economic environment. The interbank rate did not represent the price that could be received for foreign currency as many were unable to access foreign currency through the interbank market and immediate delivery of foreign currency could not be guaranteed. The financial statements of the Council include balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its values.

Had the Council applied the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", many elements of the financial statements would have been materially affected. The financial effects on the financial statements of this departure have not been determined.

Qualified Opinion 2020

In my opinion, except for the effects 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 Health Practitioners' Council of Zimbabwe as at December 31, 2020, 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

Non- compliance with International Accounting Standard (IAS) 21-"The Effects of Changes in Foreign Exchange Rates"

Opening balances

The prior year financial statements did not comply with the requirements of IAS 21-"The Effects of Changes in Foreign Exchange Rates", as the Council was unable to use an appropriate exchange rate on change of functional currency to translate the opening USD denominated balances. The Council translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Council used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 as per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in USD before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Council's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. The financial effects of this departure on the 2019 financial statements are considered material to the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Bank reconciliations

Finding

The Pastel accounting software of the Council was not functional. As a result, bank reconciliations were not being prepared during the year ended December 31, 2019. This was contrary to the Council`s accounting procedures manual which provides that bank reconciliation statements shall be prepared monthly.

Risk/ Implication

Fraud and errors may go undetected.

Recommendation

Management should perform monthly bank reconciliations.

Management response

The observation is noted. Our Pastel system was not yet updated and there was high staff turnover making it difficult to put our systems in order during that time. Our Pastel system only became fully functional in 2021 and that is when we were now performing monthly bank reconciliations.

Background Information

The Consumer Council of Zimbabwe is established in terms of the Consumer Protection Act [*Chapter 14:14*]. The main business of the Consumer Council of Zimbabwe is to defend consumer interest, initiating pro-consumer legislation, empowering consumers and monitoring product quality.

I have audited the financial statements for Consumer Council of Zimbabwe for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effect 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 the Consumer Council of Zimbabwe as at December 31, 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Non- compliance with International Accounting Standard (IAS) 21-"The Effects of Changes in Foreign Exchange Rates"

The prior year financial statements for the year ended December 31, 2020 included a modified opinion for non-compliance with International Accounting Standard (IAS) 21- ''The Effects of Changes in Foreign Exchange Rates''. The Council did not apply the requirements of IAS 21- ''The Effects of Changes in Foreign Exchange Rates'', in the year 2019 financial statements because of the unavailability of exchange rates in the period October 2018 to February 22, 2019. Transactions in Zimbabwe during that period had a three-tier pricing structure where a single product had different prices depending on the mode of payment, namely the United States Dollar cash, Bond Notes, electronic money or mobile money. This resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS21- ''The Effects of Changes in Foreign Exchange Rates'', would apply. Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and monetary policy statement of February 20, 2019 all confirmed the parity of 1:1 between the United States dollar cash, Bond Notes, mobile money and electronic money. This presented difficulties in ascertaining the fair values of the Council's material assets and liabilities as at the reporting date. IAS21- ''The Effects of Changes in Foreign Exchange Rates'', requires the use of spot rate in accounting for transactions. During the period, premiums and discounts were offered on the official exchange rate of 1:1 between the RTGS balances, Bond Notes and United States dollar cash. Under International Financial Reporting Standards, the Council should have converted all transactions at spot rate.

Had the entity applied the requirements of IAS21- ''The Effects of Changes in Foreign Exchange Rates'', all expense items in the statement of income and expenditure and all current assets, current liabilities and non-current liabilities stated on the statement of financial position along with the consequential impacts to retained earnings of the prior year financial statements, which is presented as comparative information, would have been materially impacted. In the current year, the entity has not restated the opening balances to resolve the matters which resulted in the modified audit opinion in the prior period and therefore the matter is continuing.

Below are other material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Lease agreement

Finding

The Council did not have valid lease agreements for the office premises which it is leasing from other parties.

Risk / Implication

Financial loss in case of a dispute.

Recommendation

All premises being rented should have proper lease agreements in place.

Management response
The Council is in the process of making sure that the property owners provide updated lease agreements.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Council did not address the audit finding I raised in my 2020 annual report. I raised an audit finding that have not been addressed as indicated below;

2.1 Risk management policy

The finding was not addressed. The policy is still in draft form.

Background Information

Environmental Health Practitioners Council of Zimbabwe was established in terms of the Health Professions Act *[Chapter 27:19].* The function of the Council is to uphold and promote high standards for environmental health care in Zimbabwe through the co-ordination and regulation of all environmental health practitioners in an ethical, efficient and professional manner.

I have audited the financial statements of Environmental Health Practitioners of Zimbabwe for the years ended December 31, 2019 and 2020 and I issued an adverse opinion for 2019 and a qualified opinion for 2020.

Adverse Opinion 2019

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of the Environmental Health Practitioners Council of Zimbabwe as at December 31, 2019 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

Non-compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates"

The Council translated its comparative financial statements including transactions and balances for the period up to February 22, 2019 denominated in United States Dollar (USD) at a rate of 1: 1 to the Zimbabwean dollars (ZWL) as prescribed to entities through SI 33/2019. In order to comply with Statutory Instrument 33 of 2019, issued on February 22, 2019, the Council changed its functional currency with effect from this date. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between ZWL and USD amounts. The exchange rates applied complied with the legal requirements, but did not meet the criteria for appropriate exchange rates in terms of International Financial Reporting Standards (IFRSs) as defined in IAS 21– "The Effects of Changes in Foreign Exchange Rates". The financial statements of the Council include balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its values required by International Accounting Standard (IAS) 21– "The Effects of Changes in Foreign Exchange Rates", which requires entities to use an appropriate exchange rate. The official interbank exchange rate came into existence, through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe (RBZ) in February 2019 and was initially pegged at a rate of 1: 2.5.

Transactions and balances from February 22, 2019 were now translated using the interbank rates. This was after a period of foreign currency scarcity and constrained exchangeability of bond notes, coins and electronic money to other foreign currencies. No assessment was carried out to show appropriateness of the interbank rate to the existing economic environment. The interbank rate did not represent the price that could be received for foreign currency as many were unable to access foreign currency through the interbank market and immediate delivery of foreign currency could not be guaranteed. The financial statements of the Council include balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its values. Had the Council applied the requirements of IAS 21– "The Effects of Changes in Foreign Exchange Rates", many elements of the financial statements would have been materially affected. The financial effects on the financial statements of this departure have not been determined.

Qualified Opinion 2020

In my opinion, except for the effects 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 Environmental Health Practitioners of Council of Zimbabwe as at December 31, 2020, 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

Non- compliance with International Accounting Standard (IAS 21) - "The Effects of Changes in Foreign Exchange Rates"

Opening balances

The prior year financial statements did not comply with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", as the Council was unable to use an appropriate exchange rate on change of functional currency to translate the opening USD denominated balances. The Council translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Council used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 as per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in USD before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Council's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. In that regard the Council's 2020 opening balances have an impact on the current financial statements.

Below are other material issues noted during the audit;

1. **PROCUREMENT OF GOODS AND SERVICES**

1.1. Sourcing of quotations

Finding

The Council had no procurement Management Unit hence there was no procurement expertise. As a result, the Council was not soliciting for at least three (3) quotations while sourcing for goods and services that required competitive quotes, contrary to the provisions of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*]. There was no evidence to support that the Council sought alternative ways to address its lack of expertise by applying section 17 (4) of the Act, which allows procuring entities to appoint procurement unit of other entities to procure goods and services on their behalf

Risk / Implication

Financial loss due to uncompetitive procurements that may result in inflated prices.

Recommendation

The Council should seek procurement expertise by also consider the provisions of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Management response

The observation has been noted and we will follow Statutory Procurement Procedures.

Background Information

Food and Nutrition Council is established in terms of the Research Act [*Chapter 10:22*]. The function of the Council is to facilitate and promote a participatory and inclusive multi sectoral response to household food insecurity and malnutrition in a professional, ethical and diligent manner.

I have audited the financial statements for Food and Nutrition Council for the year ended December 31, 2022 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Food and Nutrition Council as at December 31, 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below is a material issue noted during the audit:

1. GOVERNANCE ISSUES

1.1. Internal Audit

Finding

The Council had no internal audit arrangement during the year ended December 31, 2022. As a result, internal controls were not subjected to review during the year. This was contrary to the provisions of Public Entities and Corporate Governance Act [*Chapter 10:31*], Section 223.

Risk / Implication

Fraud and errors may go undetected.

Recommendation

The Council should make internal audit arrangements.

Management response

Noted. An internal Audit is planned for the month of July 2023.

Background information

The Medical Laboratory and Clinical Scientists Council of Zimbabwe was established in terms of the Health Professions Act *[Chapter 27:19]*. Its core function is to uphold and promote high standards for laboratory and clinical science in Zimbabwe through the co-ordination and regulation of all medical laboratory and clinical scientists in an ethical, efficient and professional manner.

I have audited the financial statements of Medical Laboratory and Clinical Scientists' Council of Zimbabwe for the years ended December 31, 2019, 2020 and 2021 and I have issued an adverse opinion for all the three years.

Adverse Opinion 2019

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 the financial position of the Medical Laboratory and Clinical Scientists' Council of Zimbabwe as at December 31, 2019, 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

i. Non- compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates"

The Council did not comply with the provisions of IAS 21- "The Effects of Changes in Foreign Exchange Rates" as Statutory Instrument 33 of 2019 (SI 33) precluded the Council 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 changes emanated from the multi-tier pricing environment that was prevailing during the year, where a product or service had different prices depending on the mode of payment, whether USD, RTGS, bond notes/coins and mobile money. Premiums and discounts were experienced on the official exchange rate of 1:1 between the USD and RTGS, Mobile Money, Bond notes/coins. This pricing structure 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 Council used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in USD before 22 February 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Council's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. In that regard the Council's 2019 opening balances misstatements have an impact on the current year financial statements.

ii. Revaluation of property, plant and equipment.

The International Accounting Standard (IAS 16) - “Property, Plant and Equipment” requires that the revaluation of assets should be carried out regularly so that the carrying amount of an asset does not differ materially from its fair value at the date of financial statements. Contrary to the above, the Council did not comply with the requirements of the IAS 16- “Property, Plant and Equipment”. There was no evidence that the Council performed a revaluation assessment exercise either by engaging an independent valuer or carry out a management valuation. As a result, I could not substantiate the extent of understatement in the financial statements. Had the Property, plant and equipment been revalued the amount disclosed in the financial statements would be materially different from the figure disclosed.

Adverse Opinion 2020

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 the financial position of the Medical Laboratory and Clinical Scientists’ Council of Zimbabwe as at December 31, 2020, 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

i. Non- compliance with International Accounting Standard (IAS) 21- ‘‘The Effects of Changes in Foreign Exchange Rates”

The prior year financial statements did not comply with the requirements of IAS 21 “The Effects of Changes in Foreign Currency Exchange Rates”, as the Council was unable to use an appropriate exchange rate on change of functional currency to translate the opening USD denominated balances. The Council translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Council used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 as per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in USD before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Council’s inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. The financial effects of this departure on the 2019 financial statements have a material impact on the current financial statements.

ii Non- compliance with International Accounting Standard (IAS)16 – “Property, Plant and Equipment”.

The International Accounting Standard (IAS 16), - “Property, Plant and Equipment” requires that the revaluation of assets should be carried out regularly so that the carrying amount of an asset does not differ materially from its fair value at the date of financial statements. Contrary to the above, the Council did not comply with the requirements of the International Accounting Standard (IAS 16)- “Property, Plant and Equipment”. There was no evidence that the Council performed a revaluation assessment exercise either by engaging an independent valuer or carry out a management valuation.

In addition, the Council did not carry out an assessment of the residual values and the useful lives of assets as there were assets with nil values that were still being used. As a result, I could not substantiate the extent of understatement in the financial statements. Had the property, plant and equipment been revalued the amount disclosed in the financial statements would be materially different from the figure disclosed.

Adverse Opinion 2021

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of Medical Laboratory and Clinical Scientists Council as at December 31, 2021, and the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Adverse Opinion

i Non-compliance with International Accounting Standard (IAS) 21 – "The Effect of Changes in Foreign Exchange Rates"

During the prior and current financial year, foreign currency denominated transactions and balances of the Council were translated into Zimbabwe dollars (ZWL) using the foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21- "The Effect of Changes in Foreign Exchange Rates**"** because foreign currency was not available for immediate delivery at these rates to the Council. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended 31 December 2021.

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

ii Non-compliance with International Accounting Standard 29 (IAS 29) – "Financial Reporting in Hyperinflationary Economies"

Although IAS 29 – "Financial Reporting in Hyperinflationary Economies" has been applied appropriately, its application was based on current and prior period financial information which is not in compliance with IAS 21- "The Effects of Changes in Foreign Exchanges Rates" as described above. Had the correct base numbers been used, most elements of the financial statements (including monetary gain/loss) would have been materially different.

The impact of the departure from the requirements of this standard is considered material and pervasive to the financial statements for the year ended December 31, 2021.

iii Non-compliance with International Financial Reporting Standard (IFRS) 9 – "Financial Instruments".

The Council calculated its allowance for credit losses based on 5% of accounts receivable at year end. This is not in compliance with International Financial Reporting Standard 9- "Financial Instruments" which requires that the Council comes up with an IFRS 9 – "Financial Instruments" Model for allowance for credit losses. The impact of the departure was considered material to the financial statements for the year ended December 31, 2021.

Below are other material issues noted during the audits;

1. **Governance issues**

1.1. Legal services by a board member

Finding

The Council engaged one of the Audit Committee members to provide legal services in the eviction of their tenant. This was against the provisions of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Risk / Implication

Conflict of interest on the part of the board member.

Recommendation

The Board should engage its legal counsel to assist in such matters.

Management should ensure that invoices support all payments made to suppliers.

Management response

The observation is noted. Council has taken heed of your recommendation and a separate law firm has been engaged to deal with Council legal issues.

1.2. Alignment of accounting processes to the reporting framework

Finding

The Council's accounting processes were not aligned to the requirements of the accounting framework. As a result, there were key accounting processes that were not performed. For instance, the Council did not perform a revaluation exercise to establish the fair values of its assets. In addition, the assessment of the residual values and the useful lives of assets was not carried out as there were assets with nil values that were still being used. This was contrary to the requirements of International Accounting Standard (IAS)16- "Property, Plant and Equipment".

Risk / Implication

Material misstatements of the financial statements.

Recommendation

The Council should align its accounting processes with the requirements of the reporting framework.

Management response

Recommendations is noted. Council will put in place a well-defined revaluation policy and carry the revaluation exercise to reflect the current market values of Council's assets. The reassessment of the assets will be carried out before year-end and appropriate adjustments/ revaluations would be made.

Background Information

The National Aids Council is a public entity under the Ministry of Health and Child Care. The Council derives its mandate from the National AIDS Council Act [*Chapter 15:14*] of 2000. The function of the Council is to provide measures to combat the spread of Human Immuno Deficiency Virus (HIV) and management, coordination and implementation of programmes that reduce the impact of HIV and AIDS.

I have audited the financial statements of National Aids Council for the year ended December 31,2021 and I issued an unmodified/clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Aids Council as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below is an update on prior year audit findings;

1. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Council did not address the audit finding that I raised in my 2021 annual report as indicated below;

1.1. Constitution of the Board

The finding was not addressed. The Ministry is still working on the issue following re-engagement by management.

Background Information

Nurses Council of Zimbabwe was established in terms of the Health Professions Act [*Chapter 27:19*]. Its core function is to assist in the promotion of health by regulating, controlling and supervising all matters affecting the training of nurses, and of the manner of the exercise of, the professions.

I have audited the financial statements of Nurses Council of Zimbabwe for the years ended December 31, 2019 and 2020 and I issued an adverse opinion for 2019 and a qualified opinion for 2020.

Adverse Opinion 2019

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Nurses Council of Zimbabwe as at December 31, 2019 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

Non-compliance with International Accounting Standards (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates".

The Council translated its comparative financial statements including transactions and balances for the period up to February 22, 2019 denominated in USD at a rate of 1:1 to the Zimbabwean dollars (ZWL) as prescribed to entities through SI 33/2019. In order to comply with Statutory Instrument 33 of 2019, issued on February 22, 2019, the Council changed its functional currency with effect from this date. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between ZWL and USD amounts. The exchange rates applied complied with the legal requirements, but did not meet the criteria for appropriate exchange rates in terms of IFRSs, as defined in IAS 21-"The Effects of Changes in Foreign Exchange Rates". The financial statements of the Council include balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its values required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates", which requires entities to use an appropriate exchange rate. The official interbank exchange rate came into existence, through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe (RBZ) in February 2019 and was initially pegged at a rate of 1: 2.5. Transactions and balances from February 22, 2019 were now translated using the interbank rates. This was after a period of foreign currency scarcity and constrained exchangeability of bond notes, coins and electronic money to other foreign currencies. No assessment was carried out to show appropriateness of the interbank rate to the existing economic environment. The interbank rate did not represent the price that could be received for foreign currency as many were unable to access foreign currency through the interbank market and immediate delivery of foreign currency could not be guaranteed.

The financial statements of the Council include balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its values. Had the Council applied the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", many elements of the accompanying financial statements would have been materially affected. The financial effects on the inflation adjusted financial statements of this departure have not been determined.

Qualified Opinion 2020

In my opinion, except for the effects 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 Nurses Council of Zimbabwe as at December 31, 2020, 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

i. **Non-compliance with International Accounting Standard (IAS) 21 - ''The Effects of Changes in Foreign Currency Exchange Rates''**

Opening balances

The prior year financial statements did not comply with the requirements of IAS 21 - "The Effects of Changes in Foreign Currency Rates", as the Council had been unable to apply an appropriate exchange rate on change of functional currency in February 2019. The Council translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Council used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in USD before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Council's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. In that regard the Council's 2020 opening balances misstatements have an impact on the current year financial statements.

ii. **Trade receivables**

The Council had not receipted and classified bank deposits from clients amounting to ZWL8.8 million as at December 31, 2020. These deposits were not allocated to the relevant individual trade receivable accounts due to insufficient payment details. This amount has been disclosed as payables in the financial statements. The accounts payables and receivables have not been adjusted in respect of these unclassified deposits.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Board appointment

Finding

The Council had no Board of Directors for a period of seven (7) months (June 2020 to December 2020) during the year, contrary to Section 11 of the Public Entities Corporate Governance Act [*Chapter 10.31*].

Risk / Implication

Oversight role may be compromised.

Recommendation

Management should follow up with the appointing authority on the appointment of board.

Management response

The Health Professions Authority Act Section 64 (5) allows the Chairman of the previous board to continue making decisions until he/she hands over to the Chairman of the new Board.

1.2 Policy and procedures manual

Finding

The Council's policy and procedures manual had not been updated to reflect and guide staff on new developments. As a result, the policy was now lagging behind as it did not have guidance on recording transactions using online platforms such as swipes, electronic transfers and mobile transactions.

Risk / Implication

Misstatement of financial statements due to inconsistent treatment of financial transactions.

Recommendation

Policies should be updated regularly to address changes in the economic environment.

Management response

The Accounting Policies and the Procedures Manual was updated with the assistance of the then internal Auditors and it went to the final stages of Council approval. Council did not make a final decision on the policy and left the decision to be taken by the incoming Council. The policy is being updated.

1.3 Internal audit function

Finding

The Council's internal controls were not subject to frequent reviews as the Council did not have internal audit arrangements in place. This was contrary to the requirements of Public Entities Corporate Governance Act [Chapter 10:31].

Risk / Implication

Material errors and irregularities may prevail due to weak internal control environment.

Recommendation

Internal audit arrangements should be considered for the Council.

Management response

It is management's view that it will be beneficial to have adequate staffing in the accounts department and outsource the internal audit services from the Ministry of Health and Child care.

1.4 Key vacant posts

Finding

The Council was failing to retain staff. The position of the accountant, accounts clerk and senior data capture were frequently falling vacant. As a result, there were no bank reconciliations for the whole year, follow up on unallocated deposit were not being done and preparation of financial statements was lagging behind.

Risk / Implication

Errors and fraudulent activities may go undetected.

Recommendation

Management should consider staff retention strategies.

Management should consider outsourcing the accounting personnel.

Management response

Noted and agree with the recommendation. Council has engaged an Accounting Firm to assist with the clearing of the backlog in the preparation of the financial statements. More over Nurses Council of Zimbabwe is in the process of filling the vacant posts in the department and this will allow the Nurses Council of Zimbabwe to be in a position to do bank reconciliations

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1 Trade receivables

Finding

The Council had not receipted and classified bank deposits from clients amounting to ZWL8.8 million as at December 31, 2020. These deposits were not allocated to the relevant individual trade receivable accounts due to insufficient payment details. This amount has been disclosed as payables in the financial statements.

Risk / Implication

Misstatement of revenue and receivables.

Recommendation

The Council should encourage its members to provide sufficient details when making payments.

Management response

Noted and agree with the recommendation. Council has engaged more clerks on a temporary basis to assist with the receipting of Council funds. This will significantly reduce the level of unclassified deposits as some of these deposits were awaiting receipting.

Background Information

The Pharmacists Council of Zimbabwe is a statutory body established in terms of the Health Professions Act *[Chapter 27:19]*. The functions of the Council is to regulate the practice of pharmacists, pharmacy technicians, optometrists, dispensing opticians, hearing aid specialists and orthoptists in Zimbabwe.

I have audited the financial statements of Pharmacist Council of Zimbabwe for the year ended December 31, 2021 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 the financial position of the Pharmacists Council of Zimbabwe as at December 31, 2021, 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

i. Non-compliance with International Accounting Standard (IAS) 21– "The Effects of Changes in Foreign Exchange Rates"

During the financial year, the foreign currency denominated transactions and balances were translated into ZWL using the interbank exchange rates or current auction rates. The interbank exchange rates did not meet the definition of a spot exchange rate as per IAS 21– "The Effects of Changes in Foreign Exchange Rates". This impacts the revenue amounting to ZWL 67.8 million, fair value losses of ZWL 79.8million and operating expenses of ZWL 54.8 million on the statement of surplus or deficit, and retained earnings of ZWL 67.3 million on the statement of financial position. Had the financial statements been prepared in accordance with the requirements of IAS 21– "The Effects of Changes in Foreign Exchange Rates", some elements would have been materially different. The effects of non-compliance with the requirements of IAS 21– "The Effects of Changes in Foreign Exchange Rates" have been considered to be material to the financial statements as a whole.

ii. Suspense account

The Council's financial statements include unreconciled items amounting to ZWL18 .1 million for the year ended December 31, 2021. This amount has been disclosed in the Statement of Changes in Equity and does not have a listing of the specific accounting entries constituting it. No general ledger was provided for me to reconcile the amount. As a result, I was unable to satisfy myself as to the nature and existence of this reconciling amount. Consequently, the retained earnings may be misstated by ZWL18.1 million.

iii. Trade and other payables

Included in the Council's trade and other payables valued at ZWL 48.7 million are other prepayments amounting to ZWL 21.5million as at December 31, 2021. The other prepayments amount is made up of debtor accounts with credit opening balances and unreconciled amounts. No opening balance adjustments were made, nor accurate debtor listings of the specific entities or individuals nor explanations given by the Council to enable me to verify the other prepayments amount of ZWL 21.5 million. Accordingly, trade and other payables might be misstated. As a result, I was unable to satisfy myself as to the existence of the trade and other payables as at December 31, 2021.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Suspense account

Finding

The Council's accounting records were partially computerised. As a result, accounting adjustments were being made outside the system. The Council's general ledger balances were not reconciled to the underlining records. This resulted into a suspense balance of ZWL18.1 million as at December 31, 2021. This imbalance was recorded in the Statement of Changes in Equity under a title "unreconciled amount".

Risk / Implication

Misstatement of financial statements.

Recommendation

Books of accounts should be reconciled and variances investigated.

Management response

Observation noted and the system to be cleaned to be the primary source of information. Since a partially computerised system has been in use, balance in the system differed from the presented trial balance as adjustments were made outside the system. Efforts are underway to clean the system.

1.2. Billing system

Finding

The Council was not reconciling bills raised to payments received. As a result, receipts from other prepayments exceeded billed amounts by ZWL 21.5 million. This amount was not reconciled to any underlying records. The "other prepayments" amount comprised of debtor accounts with credit opening balances and incorrect billing. No adjustments were made, nor accurate debtor listings of the specific entities or individuals was availed to verify receipts amounting to ZWL21. 5 million.

Risk / Implication

Misstatement of financial statements.

Recommendation

Debtor reconciliations should be prepared monthly.

Management response

Observations noted and to be implemented in the year 2022.

2. PROCUREMENT OF GOODS AND SERVICES

2.1. Delivery of goods and services.

Finding

The Council was not acknowledging receipt of goods procured, as they were not raising goods received vouchers. This was in contravention of the Council's Accounting and Procedures Manual that requires goods received vouchers to be raised to acknowledge receipt of goods.

Risk / Implication

Financial loss due to under-delivery or non-delivery of goods and services.

Recommendation

Goods received vouchers should be raised to acknowledge receipt of goods.

Management response

Observation noted. With immediate effect, good received vouchers will be raised for goods received.

3. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Council made progress in addressing audit findings that I raised in my 2020 annual report. I raised two (2) audit findings, and they were all addressed as indicated below;

3.1. Accounting for transactions

The finding was addressed as the Council managed to clean up the accounting system and the trial balance.

3.2. Submission of VAT returns

The finding was addressed as the Council is now submitting its VAT returns.

Background Information

Traffic Safety Council of Zimbabwe was established in the terms of the Traffic Safety Council Act [*Chapter 13:17*]. The Council's function is to promote safety on roads, disseminate information on road safety, publish the highway code, establish standards of practice to be observed by driving schools.

I have audited the financial statements of Traffic Safety Council of Zimbabwe for the years ended December 31, 2021 and 2022. I issued a qualified opinion for 2021 and an unmodified / clean opinion for 2022.

Qualified Opinion 2021

In my opinion, because of the significance of the matters discussed in the Basis for Qualified Opinion section of my report, the Council's financial statements do not present fairly the financial position of the Council as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, (IFRSs).

Basis of Qualified Opinion

Impact of incorrect date of application of International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates" on comparative financial information.

The Council did not comply with IAS 21- "The Effects of Changes in Foreign Exchange Rates" as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19") only from 22 February 2019.

Prior to 20 February 2019, the transacting and functional currency of the Zimbabwean economy was the United States dollar ("USD"). On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 20 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the United States Dollar ("USD") at a rate of 1:1 for the period up to this effective date. The rate of 1:1 was consistent with the rate mandated by the RBZ at the time it issued the bond notes and coins into the basket of multi currencies. The events below were indicative of economic fundamentals that would require a reassessment of the functional currency as required by IAS 21- "The Effects of Changes in Foreign Exchange Rates":

The Council transacted using a combination of USD, electronic cash, bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the 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, and RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency. In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS 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.

For the period up to 22 February 2019, the Council maintained its functional currency as the USD, with transactions and balances reflected using an exchange rate of 1:1 in compliance with SI 33/19. From 22 February 2019, balances and transactions were retranslated at the legislated inaugural exchange rate of 1:2.5 between the USD and the RTGS$ in compliance with the requirements of SI 33/19. Whilst the timing of this conversion was in line with the dictates of SI 33/19, it constituted a departure from the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates", and therefore the 2019 financial statements were not prepared in conformity with IFRSs.

My opinion on the current year's inflation adjusted statement of financial position is modified because of the possible effects of the matter on the comparability of the current year's inflation adjusted financial statements with that of the prior year.

Non-compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates"

The Council financial statements, for the year ended 31 December 2021, the Council translated foreign denominated transactions and balances using exchange rates determined from the interbank market and trading arrangements. In view of the continued distortions in the foreign exchange market during the year, the Council indicated that it could not establish observable and consistent market wide spot exchange rates that meet the requirements of IAS 21 -"The Effects of Changes in Foreign Exchange Rates" , the same pattern contributed to the Adverse Opinion in prior year on this matter.

Opinion 2022

In my opinion, the financial statements present fairly in all material respects, the financial position of Traffic Safety Council of Zimbabwe as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, (IFRSs).

Below are other issues that were noted during the audit.

1. GOVERNANCE ISSUES

1.1. Road Accident Fund

Finding

The Council planned to establish a Road Accident Fund as per its 2019 budget for purposes of compensating road accident victims. However, the Council had not yet established the fund.

Risk / Implication

Service delivery may be compromised.

Recommendation

The Council should follow up on the establishment of the Road Accident Fund with the parent Ministry.

Management response

The Council did its part as assigned/tasked from the 2020 AGM. The paperwork, the procurement process, and all that needed to be done were submitted to the Ministry of Transport and we are awaiting response and feedback.

2 PROGRESS TOWARDS ADDRESSSING AND IMPLEMENTATION OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

The Council made progress in addressing audit findings and recommendations raised in my 2020 annual report. The finding was addressed as indicated below;

2.1 Key vacant posts

The issue was fully addressed as the Council has now a substantive managing director and operations director.

Background Information

The Zimbabwe Council for Higher Education was established in terms of the Zimbabwe Council for Higher Education Act [*Chapter 25:27*] to promote and co-ordinate education provided by institutions of higher education and to act as a regulator in the determination and maintenance of standards of teaching, examinations, academic qualifications and research in institutions of higher education.

I have audited the financial statements of Zimbabwe Council for Higher Education for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

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 Council for Higher Education, as at December 31, 2021, 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

i. Non-compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS) 8 – "Accounting Polices, Changes in Accounting Estimates and Errors"

The Council`s prior year financial statements did not comply with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", as the Council was unable to use an appropriate exchange rate on change of functional currency to translate the opening USD denominated balances. The non-compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" on prior years' financial statements constitutes prior period errors. However, the Council did not correct the prior period errors as required by International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and errors".

Had the Council applied the requirements of IAS 8 - "Accounting Policies, Changes in Accounting Estimates and errors" to restate the prior years' financial statements, the opening balances and comparative figures in the financial statements could have been materially affected. I was not able to determine the extent by which the financial statements could have been misstated and any adjustments that could have been necessary.

ii. Valuation of property and equipment

The Council disclosed property and equipment of ZWL70.4 million as at December 31, 2021. The Council did not conduct an annual review of the residual values and useful life of its assets at year-end as required by International Accounting Standard (IAS) 16- "Property, plant and equipment". As a result, there were assets with nil values that were still being used by the Council. Had the annual review of residual values and useful lives of the assets been conducted, the assets recorded at nil value could have been fairly stated and the financial statements could have been materially affected.

iii. Land and buildings

The Council disclosed a combined value for land and buildings of ZWL 47.5 million as at December 31, 2021. This was after charging depreciation on the combined cost of land and buildings. This was contrary to provisions of International Accounting Standard (IAS) 16- "Property, Plant and Equipment" that stipulates that land is not depreciated. I was therefore not able to perform any other alternative procedures to determine the extent of misstatement arising from charging depreciation on land and the adjustments that could have been made.

Below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1 Council charter

Finding

The Council Charter which was in use during the year ended December 31, 2021 was not approved by the line Minister. This was contrary to the Public Entities Corporate Governance Act [*Chapter 10:31*], *Section 28,* which requires the Council Charter to be approved by the line Ministry and sent for evaluation to the Corporate Governance Unit.

Risk / Implication

The provisions of the Council Charter may not be in line with Government policy or public interest.

Recommendation

Management should expedite the process of approval of Council Charter by the line Ministry.

Management response

The observation is noted. The Council Charter was submitted to the line ministry and feedback was received from the Ministry with a few adjustments. We are currently waiting for the signed document from the line Ministry.

1.2 Accounting procedures manual

Finding

The Council's accounting procedures manual had not been updated since 2013. As a result, there were inconsistencies on asset classification and depreciation rates used in the approved finance policy and the policy notes disclosed on the financial statements. In addition, land and buildings had not been separately disclosed. As a result, land was depreciated contrary to the provision of International Accounting Standard (IAS)16.

Risk / Implication

Financial statements may be materially misstated.

Recommendation

The Council should review its accounting procedure manual regularly.

Management response

The finding and recommendation is noted. All ZIMCHE policies are currently under review to align them with the current requirements of the organisation.

2. MANAGEMENT OF ASSETS

2.1 Asset register

Finding

The asset register maintained by the finance department and administration department were not being reconciled. As a result, some assets that were physically verified during audit did not appear on the administration department asset register. In addition, the Council did not carry out an annual asset verification exercise as required by Finance Policy. As a result, assets that were disposed still appeared in both the administration department and finance department asset register.

Risk / Implication

Misappropriation of assets.

Recommendation

Management should ensure a proper master asset register is maintained and reconciled to departmental registers.

Management response

The observation and recommendation is noted. The comprehensive asset register for the Council is currently being finalised based on the two draft registers from Finance and Administration department. The asset verification exercise has now been completed and asset listings are now displayed in each office.

2.2 Asset valuation

Finding

The Council did not conduct an annual review of the residual values and useful life of its assets at year-end as required by International Accounting Standard (IAS) 16- “Property, plant and equipment”. As a result, there were assets with nil values that were still being used by the Council.

Risk / Implication

Financial statements may be materially misstated.

Recommendation

The Should Council should revalue its assets and allocate a new life to the nil value assets that are still in use.

Management response

The observation is noted. Valuation of land and buildings will be done when the new building is completed as the old office buildings will be demolished. The other assets revaluation will be done when funds are available.

3. PROCUREMENT OF GOODS AND SERVICES

3.1 Procurement of motor vehicles

Finding

The Council awarded a tender to supply seven (7) vehicles [(5) Toyota Hilux GD6 double cabin and two (2) Toyota Fortuner GD6] on November 16, 2021 to a supplier who modified the contract price three (3) days later after the contract had been signed. The Council accepted the supplier to put a condition that indicates that "contractor does not have control over the approval and allocation of the funds, delivery period will be subject to allocation of funds from the Central Bank". This clause then required the Council to assist with the supporting documents needed to source foreign currency, a provision which was not originally stated. The Council made an advance payment of ZWL60.6 million to the supplier on the December 2, 2021 however, the vehicles had not been delivered as of July 2022.

Risk / Implication

Financial loss due non delivery.

Recommendation

The Council should adhere to PRAZ guidelines when modifying contracts.

The Council should engage the supplier to deliver the vehicles as per the original signed contract.

Management response

The finding is noted. At the time of signing the contract, not many suppliers were accepting payments in Zimbabwe dollars. Of the few that were still accepting payments in local currency, their prices were unreasonably high. The option to allow the supplier to obtain foreign currency by participating on the RBZ auction system for the foreign component was the best as the exchange rate was still below ZWL100. The supplier was successfully awarded foreign currency on two bids but due to unavailability of US$ on the auction, the allocated amount was still not credited to the supplier's bank account.

The supplier has consistently been engaged on the progress of the transaction and regular updates have been received. However, the delivery of the vehicles is depended on the availability of the full foreign component of the purchase price that is expected to be obtained from the RBZ foreign currency auction system.

4. PROGRESS TOWARDS ADDRESSIND PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Council made progress in addressing the audit finding that I raised in my 2021 annual report. I raised three (3) audit findings and all the three (3) findings were addressed as indicated below;

4.1 Alignment of processes to the Public Entities Corporate Governance Act

The finding has been addressed. Separate departments for Internal Audit and Risk have been established.

4.2 Engagement for specialist audit services

The finding was addressed. Contracts for all service providers are now in place and all supporting documents are being attached.

4.3 Council files

The finding was addressed. Handover procedures are now in place.

Background Information

The Zimbabwe National Family Planning Council was established in terms of the Zimbabwe National Family Planning Council Act *[Chapter 15:11]*. The objectives of the Council are; to provide subsidized contraception to the nation, to provide teaching and training aides in family planning to members of the community, to provide family planning awareness to the community, to provide safe and effective family planning services to the community using a wide range of techniques and technologies.

I have audited the financial statements of Zimbabwe National Family Planning Council for the year ended December 31, 2021 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 my report, the financial statements present fairly, in all material respects, the financial position of Zimbabwe National Family Planning Council as at December 31, 2021 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

Non-compliance with International Accounting Standard (IAS 21) - “The Effects of changes in Foreign Exchange Rates”

The prior year financial statements for the year ended December 31, 2020 included a modified opinion for non-compliance with IAS 21-“The Effects of Changes in Foreign Exchange Rates”. The Council did not apply the requirements of IAS 21-“The Effects of Changes in Foreign Exchange Rates” in the 2019 financial statements because of unavailability of exchange rates in the period October 2018 to February 22, 2019. Transactions in Zimbabwe during that period had a three-tier pricing structure where a single product had different prices depending on the mode of payment namely the United States Dollar cash, Bond notes, electronic money or mobile money. This resulted in transanctio9ns 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”, the Instrument 33 of 2019 and monetary policy statement of February 20, 2019 all confirmed the parity 1:1 between the United States dollar cash, bond notes, mobile money and electronic money. This presented difficulties in ascertaining the fair values of the Council’s material assets and liabilities as at the reporting for transactions. During the period, premiums and discounts were offered on official exchange rate of 1:1 between the RTGS balances, bond notes and United States Dollars cash. Under IFRSs, the Council should have converted all transactions at spot rate.

Had the Council applied the requirements of IAS 21-“The Effects of Changes in Foreign Exchange Rates”, all expense items in the statement of profit or loss and other comprehensive income and all current assets, current liabilities and non-current liabilities stated on the statement of financial statements which is presented as comparative information, would have been materially impacted. In the current year, the entity has not restated the opening balances to resolve the matters which resulted in the modified audit report in the prior period and therefore the matter is continuing.

Below are other material issues noted during the audit;

1. **GOVERNANCE ISSUES**

1.1. Board composition

Finding

The Council had not aligned its processes with corporate governance regulations. The Board had five (5) members of which none of them had public health and reproductive health qualifications. This was contrary to the requirements of the Zimbabwe National Family Planning Council Act *[Chapter 155:11]*.

Risk/Implication

The board's oversight role maybe compromised.

Recommendation

The Council should follow up with the appointing Authorities.

Management response

The Council is working closely with the Appointing Authority to replace resigned board members and this process should at the same time address the skills gap.
The Council notes the observation accordingly.

1.2. Restructuring exercise

Finding

The Council has been going through a restructuring exercise since 2017 and the exercise has not been completed and implemented. As a result, key posts have remained vacant while other management posts are being manned by staff members in acting capacity.

Risk / Implication

The prolonged restructuring exercise may create anxiety in employees and this may cause high labour turnover.

Recommendation

Management should expedite the restructuring exercise.

Management response

Management concurs with the recommendation. However, the restructuring exercise has been put on hold pending appointment of a substantive Executive Director.

2. **PROGRESS TOWARDS ADDRESSSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS**

The Council has not made progress in addressing audit findings and recommendations raised in my 2021 annual report. I raised three (3) audit findings and all have not been addressed as indicated below;

2.1. Accounting procedures manual

The Council has not yet addressed the finding; the Accounting procedures manual is still work in progress.

2.2. Alignment of governance processes

The Council has not yet addressed the finding, the Board Charter is still work in progress pending approval by the Ministry of Health and Child Care.

2.3. Vacant posts

The Council has not yet addressed the finding. The implementation of the new structure is still on hold pending appointment of substantive Executive director. The Board has made a resolution to fill vacant posts that are not directly affected by restructuring after seeking treasury concurrence.

Background information

The Council was established in terms of the Zimbabwe School Examinations Council Act [*Chapter 25:18*]. Its core mandate is to organise 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 years ended December 31, 2019 and 2020. I issued an adverse opinion for 2019 and a qualified opinion for 2020.

Adverse opinion 2019

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 no present fairly, the financial position of Zimbabwe School Examination Council as at December 31, 2019 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

Non- compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates"

During the period January 1 to February 21, 2019 the financial statements of the Council included balances and transactions denominated in US$ that were converted to local currency (ZWL) using an exchange of 1:1 stipulated by statutory Instrument 33 of 2019. I believe that the economic substance of transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 (ZWL: USD) exchange rate. The use of the 1:1 exchange rate thereby constitutes a departure from the requirements of International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates".

On February 22, 2019, the entity changed its functional currency from USD to local currency, all balances that were previously denominated in USD were translated into local currency using an exchange of 1:1 stipulated by SI 33/19. This constitutes a material departure from the requirements of International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates" which requires the use of market exchange rates when translating figures from one currency to another.

The comparative figures were converted to the local reporting currency (ZWL) from the previous reporting currency (USD) at a rate of 1:1. The exchange rate used do not represent the true market exchange rate that existed in comparative year in terms of International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates".

Qualified Opinion 2020

In my opinion, except for the effects of matters discussed in the Basis for Qualified Opinion section of my report, the financial statements fairly present the financial position of Zimbabwe School Examinations Council as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Non - compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates"

Opening balances

The Council had not complied with the requirements of IAS 21 – "The Effect of Changes in Foreign Exchange Rates" in the prior year. Non - compliance with IAS 21 – "The Effect of Changes in Foreign Exchange Rates" arose from the fact that Statutory Instrument 33 of 2019 was inconsistent with IAS 21 – "The Effect of Changes in Foreign Exchange Rates". Zimbabwe School Examinations Council elected to comply with the requirements of Statutory Instrument 33 of 2019 which was issued on February 20, 2019. The Council was guided by Statutory Instrument 41 of 2019 which states that in the case of inconsistency between local pronouncement and any international standard, the local pronouncement shall take precedence. The opening balances for the December 31, 2020 financial year had a co-mingling of currencies and were affected by the following prior period events:

- During the period January 1, 2019 to February 21, 2019 the financial statements of the Council included balances and transactions denominated in USD that were converted to local currency (ZWL) using an exchange of 1:1 in compliance with Statutory Instrument 33 of 2019. I believe that the economic substance of transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 ZWL: USD exchange rate. The use of the 1:1 exchange rate thereby constitutes a departure from the requirements of IAS 21 – "The Effect of Changes in Foreign Exchange Rates".
- On February 22, 2019, the Council changed its functional currency from USD to local currency, all balances that were previously denominated in USD were translated into local currency using an exchange of 1:1 in compliance with SI 33 of 2019. This constitutes a material departure from the requirements of IAS 21 – "The Effect of Changes in Foreign Exchange Rates" which requires the use of market exchange rates when translating figures from one currency to another.
- Amounts that were previously reported as USD prior to January 1, 2019 were converted to the local reporting currency (ZWL) from the previous reporting currency (USD) at a rate of 1:1. The exchange rate used do not represent the true market exchange rate that existed in comparative year in terms of IAS 21 – "The Effect of Changes in Foreign Exchange Rates".

The effects of misstatements due to non-compliance with IAS 21 – "The Effect of Changes in Foreign Exchange Rates" on prior year financial statements and opening balances have not been quantified.

Below is an update on prior year audit findings;

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS.

The Council has made progress in addressing the audit findings that I raised in my 2019 annual report. I raised four (4) audit findings and three (3) findings has been addressed and one (1) finding has been partially addressed as indicated below;

2.1. Purchase of motor vehicles

The finding was addressed. The vehicle was delivered.

2.2. Acting appointments

The finding was addressed. Substantive officers were appointed.

2.3. Security compensation

The finding was addressed. The issue was resolved after a board resolution was availed which approved continued deployment of security personnel.

2.4. Procurement process

The finding was partially addressed. Effort is being made to ensure that measures to secure required services are commenced well ahead of time to avoid receiving services before finalisation of relevant documentation.

PUBLIC ENTITIES UNDER THE CATEGORY OF FINANCIAL INSTITUTIONS

Background Information

AFC Commercial Bank Limited, was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*] and is registered as a commercial bank in terms of the Zimbabwe Banking Act [*Chapter 24:20*]. The Bank's main business is provision of agricultural related loans, retail banking services, discounting bills, treasury services and provision of treasury finance.

I have audited the financial statements of AFC Commercial Bank for the year ended December 31, 2022 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the effects 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 AFC Commercial Bank Limited as at December 31, 2022 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

Processing of financial data using information technology systems and impact on suspense accounts

The Bank's core banking and financial reporting system experienced system challenges which resulted in trial balance mismatches in 2022. Included in the 2021 other liabilities, is an amount of ZWL 11.6 million which relates to a net difference of material unresolved trial balance mismatches. The mismatches in the prior year were not resolved retrospectively and therefore comparative figures were not adjusted. The mismatches were a result of outstanding reconciling items in the Bank's suspense and corresponding customer accounts. The effects of the mismatches on the financial statements comparative figures has not been determined and my opinion has therefore been qualified in this respect.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Suspense Account

Finding

The Bank's core banking and financial reporting system experienced system challenges which resulted in trial balance mismatches in 2022.The mismatches in the prior year were not resolved retrospectively and therefore comparative figures were not adjusted. Included in the 2021 other liabilities, is an amount of ZWL 11.6 million which relates to a net difference of material unresolved trial balance mismatches. The mismatches were a result of outstanding reconciling items in the Bank's suspense and corresponding customer accounts.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Bank should consider investigating system variances on a month-on-month basis, follow up and clear such.

Management response

We lodged the issue with the vendor who assisted the bank to clear the mismatch balance post year end. Management to monitor mismatches and engage consultants to clear them on an ongoing basis to avoid accumulation.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Bank made progress in addressing the audit findings raised in my 2021 annual report. I raised four (4) audit findings, two (2) were addressed, one (1) was partially addressed while one(1) finding was not addressed as indicated below:

2.1 Suspense account

The finding was not addressed. The mismatch has not been cleared.

2.2 Ownership of property

The finding was addressed, cessions for the property were provided.

2.3 Alignment with Banking Act regulations

The finding was addressed, the board member no longer sits in the Board.

2.4 Tax remittance

The finding was partially addressed. The Finance and ICT departments of the Bank are working to have a report which accurately tracks the USD income.

Background Information

The Deposit Protection Corporation is governed by the Deposit Protection Act, [*Chapter 24:29]*. The functions of the Corporation are to protect depositors in the event of a deposit-taking institution becoming insolvent, enhance public confidence, competition and stability in the financial sector.

I have audited the financial statements for Deposit Protection Corporation for the years ended December 31, 2021 and 2022 and I have issued a qualified opinion for both years.

Qualified Opinion 2021

In my opinion, except for the effects 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 Deposit Protection Corporation as at December 31, 2021, 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

Non-compliance with International Financial Reporting Standards (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates"

The Corporation had not adjusted the misstatements contained in the opening balance for retained earnings. The opening balances for 2019 financial period were reported as USD end of 2018 financial year and translated to ZWL on the rate of 1:1 at the beginning of 2019. Additionally, transactions between January 1, 2019 and February 21, 2019 were recorded at the rate of 1:1 in compliance with Statutory Instrument (SI) 33 of 2019. Although the evidence in the market suggested that there was no longer parity between the USD and "local currency" up to February 21, 2019, the directors maintained an exchange rate of 1:1 in compliance with SI 33 of 2019. This constituted a departure from the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates". As a result, the misstatements on the prior years' income statement is still carried forward in the current retained earnings balance.

Qualified opinion 2022

In my opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Deposit Protection Corporation as at December 31, 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Deposit Protection Corporation Act [*Chapter 24:29*].

Basis for qualified opinion

Non-compliance with International Accounting Standard (IAS) 21 – "The Effect of Changes in Foreign Exchange Rates."

Foreign denominated transactions and balances

The financial statements of the Deposit Protection Corporation were presented in Zimbabwe Dollars (ZWL), as the Corporation predominantly traded in Zimbabwean Dollars. The Corporation, however, had material transactions and balances that were in foreign currency The foreign currency transactions were recorded during the year using the respective spot rates and balances at the year-end recorded at the closing spot rate as determined by the Reserve Bank of Zimbabwe (RBZ) currency auction rate. These rates, however, were not in compliance with International Accounting Standard (IAS) 21- "Effects of Changes in Foreign Exchange Rates" as they were not the exchange rates for immediate delivery because of the shortage of foreign currency on the market. The prior year financial statements were qualified for similar reasons and the impact on the current year, if any, has not been adjusted for, for reasons set out above.

In addition, notwithstanding the fact that International Accounting Standard (IAS) 29- "Financial Accounting in Hyperinflationary Economies" has been applied correctly, its application was based on current periods' financial information which was not in compliance with IAS 21- "Effects of Changes in Foreign Exchange Rates". Consequently, the line item "monetary gain" on the inflation adjusted statement of profit and other comprehensive income was impacted.

Below are other material issues noted during the audit;

1. **GOVERNANCE ISSUE**

1.1. Rental income

Finding

There was no role clarity between the legal and finance departments. As a result, there were lease agreements that contain interest and late payment penalty charges stipulated at 10% of amount outstanding that were not accrued amounting to ZWL474 382.

In addition, the Corporation did not collect rent deposits of USD1,200 and USD700 for properties in Norton and Msasa respectively contrary, to the terms of the signed lease agreements.

Risk / Implication

Misstatement of financial statements.

Financial loss due to tenants defaulting on payments.

Recommendation

The Corporation should ensure that there is role clarity in the functions of the Corporation.

Deposits should be collected according to the terms of the signed lease agreements.

Management response

Observation noted. Going forward strict enforcement of penalties. Enhanced role clarity among departments. Professional consultants have been engaged to manage the property portfolio. Management will ensure strict enforcement on deposits on new leases.

Background Information

EmpowerBank Limited is a registered microfinance bank in terms of the Microfinance Act [*Chapter 24:29*]. The Bank`s mandate is 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, 2022 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for 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 Empower bank Limited as at December 31, 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

Non-compliance with International Accounting Standard (IAS) 21 – "The Effect of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors"

During the prior financial years, the foreign currency denominated transactions and balances of the Bank were translated into ZWL using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21– "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year annual financial statements was modified in respect of this matter and the misstatements have not been corrected in the annual financial statements for the year ended December 31, 2022.

As the non-compliance with IAS 21– "The Effect of Changes in Foreign Exchange Rates" is from prior years and there have been no restatements to the prior year financial statements in accordance with IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors", some comparative amounts in the financial statements may be misstated. My opinion on the current year financial statements is modified because of the possible effects of the above matters on the comparability of the current year's figures to corresponding figures of the comparative period. As a result of the residual effects of the non-compliance with IAS 21– "The Effects of Changes in Foreign Exchange Rates" and the non-restatement of the comparative figures in accordance with IAS 8– "Accounting Policies, Changes in Accounting Estimates and Errors", the retained earnings may contain misstatements.

The effects of the above non-compliance with International Financial Reporting Standards were considered to be material.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Loan book

The Bank had a loan book of ZWL 577.4 million of which ZWL 234.7 million (41%) were non-performing.

Risk / Implication

Service delivery and the mandate of the Bank may not be achieved.

Recommendation

Management should strengthen its due diligence procedures/processes over issuance of loans.

Outstanding loans should be recovered.

Management response

The Bank has set up a recoveries department and heightened collection efforts through small claims court as well as bank collections undertaken by staff. Collection efforts have also increased using the bank lawyers to ensure recovery. The bank has also tightened lending assessments through strengthening the loan underwriting processes and is currently in the process of reviewing the lending procedures to plug loopholes and strengthen the on boarding process.

Background Information

The Infrastructure Development Bank of Zimbabwe (IDBZ) is a development financial institution which was incorporated in terms of the Infrastructure Development Bank of Zimbabwe (IDBZ) Act [*Chapter 24:14*]. IDBZ and its subsidiaries are primarily involved in the mobilizing and providing finance for infrastructure development activities and management of infrastructure development projects.

I have audited the consolidated financial statements for the Infrastructure Development Bank of Zimbabwe (IDBZ) for the year ended December 31, 2022 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the matters discussed in the Basis for Qualified Opinion section of my report, the consolidated financial statements present fairly, in all material respects, the financial position of Infrastructure Development Bank of Zimbabwe and Its subsidiaries as at December 31, 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

i. Valuation of investment property and property and equipment

The Bank had property and equipment and investment property with carrying amounts of ZWL3 235 006 049 and ZWL8 458 246 393 respectively, as at December 31, 2022. The Group engaged an external valuer to value its property and equipment and investment property in the current and the prior year using the market approach. The valuations were performed in United States Dollars (USD) using USD denominated inputs. The Bank translated the USD values to ZWL using the Reserve Bank of Zimbabwe auction exchange rate.

ii. Valuation of unquoted shares

The Group holds a 4.55% shareholding in a company registered in Botswana with a fair value of ZWL5 443 190 191 (2021: ZWL2 618 489 287) as at 31 December 2022. The valuation was performed in United States Dollars (USD) using USD denominated inputs. The Group translated the USD value to ZWL using the Reserve Bank of Zimbabwe auction exchange rate. In my view this may not give a reasonable indication of fair value as defined by International Financial Reporting Standard (IFRS)13 - "Fair Value Measurement". The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In the current environment, it is not likely that the ZWL price derived from translating the USD value at the Reserve Bank of Zimbabwe auction exchange rate would be the price at which a ZWL denominated transaction would occur. I was therefore unable to obtain sufficient appropriate evidence to support the appropriateness of applying the closing ZWL/USD auction exchange rate in determining the ZWL fair value of property and equipment, investment property and unquoted shares without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of property and equipment, investment property and unquoted shares in ZWL. Accordingly, I was unable to determine whether adjustments to the carrying amounts of property and equipment, investment property, revaluation surplus and unquoted shares were appropriate in these circumstances.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Registered subsidiary companies

Finding

The Bank had seven (7) subsidiary companies registered with the Registrar of Companies. These subsidiaries were not accounting for their tax separately since their incorporation.

Risk / Implication

Loss of financial resources through penalties and interest charges by ZIMRA.

Recommendation

IDBZ should regularise all its tax affairs.

Management response

The Bank is attending to this matter and is in the process of registering all incorporated companies with ZIMRA. The Bank is also reviewing its registered companies with a view to close all dormant companies.

The Bank has shareholding arrangements where it is exempted from income taxes.

1.2 Loan agreement

The Bank advanced a loan amounting to ZWL500 million to one of its joint arrangements, however there was no loan agreement in place.

Risk / Implication

The Bank may lose out in the event of a dispute with the borrower.

Recommendation

The Bank should put in place a loan agreement signed by both parties.

Management response

The Bank owns 70% in the project and is currently engaged with its partners, to have in place a signed loan agreement.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Bank made progress in addressing audit findings and recommendations raised in my 2021 annual report. I raised six (6) audit findings and five (5) audit findings had been addressed and one (1) not been addressed as indicated below;

2.1. Value added tax matters

The finding had been addressed. VAT on local sales were generally paid on time in 2022. The Bank operates through unincorporated joint ventures. In essence, Clipsham Views is a Bank project whose tax affairs are accounted for under the Bank. We observed that VAT on Imported Services was paid on time to ZIMRA. IDBZ submitted VAT 7 returns timeously to ZIMRA for the period under review.

2.2. Withholding tax

The finding had been addressed. Issue was resolved in 2022 and 10% withholding tax was withheld and remitted to tax authorities. The Bank submitted Rev 5 returns on time. IDBZ made payments for 20% WHT on NEDs timeously. This was superseded in 2022 by the amendment to the Act where all fees to the Directors are subjected to 20% withholding tax. We observed that IDBZ correctly accounted for WHT on Data using a rate of 20% in 2022.

2.3. Non-resident tax on fees (NRTF)

The finding had been addressed. The Bank noted that NRTF was paid on time to ZIMRA.

2.4. Remittances of Intermediate Money Transfer Tax (IMMT)

The finding had been addressed. The error was identified by the Bank and corrected in October 2021. There was no recurrence in 2022.This issue has been resolved.

2.5. Board composition

The finding had not been addressed. The matter has been brought to the attention of the Minister, who has undertaken to correct the non-compliance when he replaces the two (2) board members who stood down when their term of office expired.

2.6. Employment benefits

The finding had been addressed. The employee benefits are now being taxed in line with Income Tax Act [*Chapter 23:06*].

Background information

National Building Society (NBS) was incorporated in 2014 in terms of the Companies and Other Business Entities Act [*Chapter 24.31*]. The institution was registered as a Building Society in September 2015 and was authorized to commence operations on April 2016. The Society was set up with the sole mandate of contributing to the National Housing Stock.

I have audited the financial statements of the National Building Society for the year ended December 31, 2021 and I issued a qualified opinion with a material uncertainty related to going concern.

Qualified Opinion

In my opinion, except for the matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Building Society Limited as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

i. Valuation of Property and Equipment

The Society engaged an external valuer to value its property and equipment as at 31 December 2020 using the market approach. The valuations were performed in USD and were subjected to certain caveats as disclosed in the value's report. The Society converted the USD values to ZWL using the Reserve Bank of Zimbabwe auction rate as at December 31, 2021. This does not give a reasonable indication of fair value as defined by International Financial Reporting Standard (IFRS 13)- "Fair Value Measurement". IFRS 13- "Fair Value Measurement" Paragraph 2 defines fair value as the price that would be received to sell an asset or paid for transfer of liability in an orderly transaction between market participants at the measurement date (exit price).

In the current environment, it is not likely that the ZWL price derived from translating the USD value at the Reserve Bank of Zimbabwe auction exchange rate would be the price at which a ZWL denominated transaction would occur. Accordingly, I was not able to determine whether adjustments to the carrying amounts of Property and Equipment and Revaluation surplus were appropriate in these circumstances.

ii. Fair Valuation of Sale of Stands Revenue

The Society recognised revenue from stands sales in the financial statements amounting to ZWL58.2 million. Stands are sold in USD and for recording purposes converted to ZWL at the Reserve Bank of Zimbabwe auction exchange rate on the date of the transaction which may not necessarily reflect a fair value in terms of IFRS 15, paragraph 73, the objective when allocating the transaction price is for an entity to allocate the transaction price to a performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer. The Reserve Bank of Zimbabwe auction exchange rate may not reflect the fair exchange rate for a willing buyer and willing seller in the context of sales to third parties. In addition, it may not fairly present the amount that would be obtained if the stands were to be sold in ZWL.

Material Uncertainty Related to Going Concern

There was a material variation between the Society's capitalisation levels as at December 31, 2021 of ZWL454.9 million and the Reserve bank of Zimbabwe's minimum core capital requirement of ZWL2.1 billion (or US$20 million) as at December 31, 2021. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Society's ability to continue operating as a going concern. My opinion is not modified in respect of this matter.

Below are other materials noted during the audit:

1. GOVERNANCE ISSUES

1.1. Going Concern Risk

Finding

The Society was not compliant with the minimum capital requirements for Building Societies of ZWL equivalent of USD20 million (ZWL2,1 billion) effective December 31, 2020. The Society's capital as at 31 December 2021 was ZWL454.9million.

Risk / Implication

Service delivery may be compromised.

Recommendation

Management should ensure that the minimum capital requirements are met.

Management response

Management have submitted a capitalization plan which was approved by RBZ. The capital plan speaks to the full capitalization of the Society by September 30, 2022.

1.2. Grocery vouchers

Finding

The Society issued groceries to some of its employees. Groceries issue to employees are taxable fringe benefits in terms of Income Tax Act [*Chapter 23:06*]. However, I noted that the groceries were not being taxed during the year under review.

Risk / Implication

Financial loss due to fines and penalties that may be levied.

Recommendation

Management should ensure that all fringe benefits as defined by the Income Tax Act [*Chapter 23:06*] are taxed.

Management response

The grocery vouchers were paid in lieu of the Christmas party. Management will review the tax implications of these unique transaction and ensure that corrective action is implemented before June 30, 2022.

2. PROGRESS TOWARDS ADDRESSING AND IMPLEMENTATION OF PRIOR YEAR AUDIT FINDINGS AND RECOMMEDATIONS

The Society has made progress in addressing the audit finding raised in my 2020 annual report. I raised four (4) audit findings and all the four (4) findings has been partially addressed as indicated below;

2.1 Minimum capital requirements

The finding was partially addressed. The shareholder made a capital contribution of USD12.2 million. This was below the minimum capital threshold of USD20 million equivalent.

2.2 Board Committees

The finding was partially addressed. The Board Credit Committee has two board members instead of having at least three board members. The Society's principals are already in the process of regularising this anomaly. Two potential candidates were identified the processes to appoint them is ongoing. All the other Committees are however, properly constituted.

2.3 State of Newmara houses

The finding was partially addressed. There are ongoing efforts to complete the project, including necessary corrective action to the noted defects to some of the units.

2.4 Service contracts

The finding was partially addressed. The service level agreements on legal, conveyancing and IT service providers are now in place. Outstanding is services of motor vehicles, backup power solutions and jobbing services.

Background Information

The People's Own Savings Bank (POSB) was established in terms of the People's Own Savings Bank of Zimbabwe Act [*Chapter 24:22*]. Its functions are to provide savings, banking and financial services in Zimbabwe. The Bank accepts deposits that will accumulate interest for the benefit of the depositors and all deposits are Government guaranteed.

I have audited the financial statements of People's Own Savings Bank for the year ended December 31, 2022 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Peoples Own Savings Bank as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. REVENUE COLLECTION AND DEBT RECOVERY

1.1. Client Screening

Finding

There was no evidence to support that the Bank had a representative in the Loans committee as required by the Memorandum of Understanding between the Ministry of Women Affairs, Gender and Community Development and POSB which states that "upon initial consideration of loan applications by the Ministry, a loans committee shall be set up within the Ministry comprising of a representative from the bank for further consideration before approval by the Ministry's Permanent Secretary".

Risk / Implication

Loans may be issued to beneficiaries who do not meet the set criteria.

Recommendation

The Loans committee should be constituted by representatives from the Bank and the Ministry of Women Affairs, Gender and Community Development.

Management response

The Bank was neither invited nor represented in the committee. The Bank relied on a credit screening and loan application form contained on all files with signatures of the loans committee chair. The Bank acted on the official correspondence from the Permanent Secretary.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Bank made progress in addressing audit findings raised in my 2020 and 2021 annual reports. I raised four (4) audit findings. Two (2) findings were addressed, one (1) finding was partially addressed while one was not addressed as indicated below;

3.1 Alignment of board structures

The finding has not been addressed. The status has not changed. Engagements are ongoing.

3.2 Performance contract

The finding has been addressed. Performance contracts were done.

3.3 Board members' tenure

The finding was partially addressed. The shareholder has not made the appointments but assured the Board and Management that the due process for the appointment of replacements is being followed.

3.4 Budget approval

The finding was addressed. The bank's annual budgets were being sent to the Parent Ministry for approval yearly.

Background Information

The Small and Medium Enterprises Development Corporation is incorporated in terms of the Small and Medium Enterprises Act [*Chapter 24:12*]. The Corporation's purpose is to provide loan finance to upcoming and existing small to medium scale enterprises.

I have audited the Small and Medium Enterprises Development Corporation financial statements for the years ended December 31, 2020 and 2021. I issued a qualified opinion for the year ended December 31, 2020 and an unmodified / clean opinion for the year ended December 31, 2021.

Qualified Opinion 2020

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 the Small and Medium Enterprises Development Corporation as at December 31, 2020 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

Impact of Non-compliance with International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates" on opening balances

The prior year financial statements did not comply with IAS 21 -"The Effects of Changes in Foreign Exchange Rates.", as the Corporation was unable to use an appropriate exchange rate on the functional currency to translate the opening USD denominated balances. The Corporation translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through the Exchange Control Directive RU 28 of 2019 issued by the Reserve bank of Zimbabwe.

The Corporation used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 as per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in USD before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Corporation's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange rate market. In that regard the Corporation's 2020 opening balances have an impact on the current financial statements.

Opinion 2021

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Small and Medium Enterprises Development Corporation as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1. Travel and subsistence allowances

Finding

The Corporation was approving payment vouchers for travel and subsistence allowance that were not adequately supported. Supporting documents such as application for advances were not being completed. In addition, acquittal forms were not being completed to support the expenditure. As a result, these payments were being expensed at the time of payment.

Risk / Implication

Financial loss due to irregular expenditure.

Recommendation

Management should ensure that all the travelling and subsistence policy procedures are properly followed and travel acquittals are completed.

Management should adhere to the travel and subsistence allowance policy.

Management response

Observation noted. The Corporation is now using the request as an advance request. Management has put in place a register to monitor acquittals of T and S.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Rental properties

Finding

The Corporation was not effectively monitoring its properties. As a result, tenants occupying properties were subletting space in breach of the lease agreement, for instance a tenant in Masvingo was subletting space without the consent of the Corporation.

Risk / Implication

Financial loss due to accelerated depreciation of the Corporation's properties.

Recommendation

The Corporation should regularly monitor its investment properties for adherence to lease agreements.

Management response

Observations noted. Regular monitoring will be ensured. The Corporation has commenced engagement and enforcement of remedies to the breach to avoid recurrence of such incidences.

3. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Corporation made progress in addressing audit findings that I raised in my 2020 annual report. I raised three (3) audit findings, one (1) was addressed, one (1) was partly addressed while one (1) was not addressed as indicated below;

3.1. Withholding tax on board fees

The finding was addressed. Withholding tax is now being charged on all Board fees and sittings allowances.

3.2. Mkoba Artisan Hives

The audit finding was partially addressed. Progress on renovations of the premises that were scheduled for 2022 were affected by price variation by the Contractor who had been awarded the contract to renovate the complex. There are plans to engage Public Works in order to assist.

3.3. Tax on accommodation benefit

The finding was not addressed. The tax benefits were still not being taxed.

Background information

Zimbabwe Women's Microfinance Bank Limited is a deposit taking microfinance institution established in 2017. The Bank was established by the Government of Zimbabwe to be the vehicle for the empowerment of women and to address financial inclusion challenges.

I have audited the financial statements of Zimbabwe Women's Microfinance Bank Limited for the year ended December 31, 2021 and I issued an unmodified opinion with emphasis of matter on going concern.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Women's Microfinance Bank Limited as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Emphasis of Matter

Material uncertainty related to going concern

I draw your attention to the fact that the Bank incurred loss of ZWL195.1million (2020: ZWL700.1 million) for the year ended December 31, 2021. The Bank has also been operating below the prescribed capital requirement set by the Regulator (RBZ) since inception. These events or conditions indicate the existence of material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern and my opinion is not modified in respect of this matter.

Below are other material issues noted during the audit.

1. GOVERNANCE ISSUES

1.1. Management of loans

Finding

There was no evidence to support that the Bank's system was configured to accommodate all products. As a result, they continued to keep manual records of its loans and treasury department investments outside of the core banking system. It was not clear why the bank was not using its treasury module thereby underutilizing the system. This contravened the Bank's policy and banking regulations.

Risk / Implication

Exposure to risk of fraud.

Recommendation

The Bank should consider utilizing the treasury module and improve the configuration to accommodate other products.

Management response

Noted. The matter is still under review and customization of the modules is currently ongoing. To date the loan modules has been configured to accommodate value chain loans which were outside the BR.net system.

2. EMPLOYMENT ISSUES

2.1. Terminated employment contracts

Finding

There was no evidence to support that the Bank loan advances to employees was being managed in a way that facilitate recovery when members of staff leave the Bank. The Bank had nine (9) employees who left the Bank during the year 2021 who had outstanding loan amounts amounting to ZWL1 758 417. The Bank loan policy section 8 (1) states that in the event of termination of the employee's employment contract, either by resignation, discharge, death or due to any other cause, the full loan balance shall become immediately due and payable and in any event the loan must be repaid in full within 30 days from the date of termination.

Further inquiries with management revealed that staff loans for terminated employees are transferred to the recoveries department for collections and recoveries and the market interest rates would apply. However, the above mentioned loan balances from terminated employees were outstanding at year end.

Risk / Implication

Financial loss from unrecovered debts.

Recommendation

Loans from terminated employees should be recovered timeously.

The Bank should comply with provisions of section 8 (1) of the staff loan policy.

Management response

Staff loans for terminated employees were transferred to the recoveries department for collections and recoveries and the market interest rates apply. The bank reviewed the staff loan policy for the loans to be cleared within 30 days, however the recovery of the loan is dependent on the ability of the ex-staff member to honour the obligation. The recoveries department handles the recoveries for terminated employees.

3. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Bank made progress in addressing audit findings raised in 2020 annual report. I raised three (3) audit findings. One (1) of the findings was addressed and two (2) finding has been partially addressed as indicated below;

3.1 Value chain loans

The finding was addressed. Value chain financing using solidarity group lending and community banking has been incorporated in the bank's lending procedures.

3.2 Capitalisation of the Bank

The finding was partially addressed. The Shareholder made an additional capital injection of 400million in 2021 and has committed to a further 1billion injection in 2022 to ensure ZWMB meets the Capital requirements.

3.3 Castor bean loans

The finding was partially addressed. The Bank continues with recovery efforts which are still ongoing in line with the Bank's mandate and complying with the RBZ recommendation to engage eligible clients and consider restructuring of loan facilities as per Circular No.03-2020/BSD.

PUBLIC ENTITIES UNDER THE CATEGORY OF FUNDS

Background Information

The Agricultural Marketing Authority Fund (AMF) was established in terms of the Agricultural Marketing Authority Act [Chapter 18:24]. The main function of the Fund is to collect levies from agricultural produce merchants and disburse the levies towards promotion, marketing and production of agricultural products so as to foster or stimulate demand for any agricultural product as well as research into the improvement of the production, manufacture, processing, storing or marketing of any agricultural products.

I have audited the financial statements of the Agricultural Marketing Fund for the year ended December 31, 2021 and issued a Qualified Opinion.

Qualified Opinion

In my opinion, except for the possible effects 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 Agricultural Marketing Authority Fund as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

Accounts Receivables

The Fund disclosed accounts receivables of ZWL100.1million. However, the Fund was not performing accounts receivables reconciliations in order to maintain a correct balance of receivables. Upon circularisation, some balances confirmed by the Fund's clients showed material differences with those reported in the financial statements. Due to non-availability of accounts receivables reconciliations, I was not able to perform alternative procedures to confirm the accuracy of the balance reported. Had the Fund been performing reconciliations, the receivables balances could have been materially affected.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Alignment of the governance processes.

Finding

The Fund's accounting and procedure manual was not reviewed to align it to the provisions of new Acts such as Public Entities Corporate Governance Act *[Chapter 10:31*]. As a result, the Fund did not prepare budgets during the year under review. This was contrary to the Agricultural Marketing Authority Act *[Chapter 18:24]* and the Public Entities Corporate Governance Act *[Chapter 10:31*].

Risk / Implication

Irregular and wasteful expenditure may be incurred due to non –compliance with laws.

Recommendation

Management should prepare a budget for the Fund and have it approved by the Minister.

Management response

**The budget will be prepared for the year 2023 in consultation with the Minister.
To be done by 31 December 2022.**

1.2 Internal Audit

Finding

There was no evidence to support that the Fund's operations and the related internal controls were subjected to internal audit. This was in contravention of the Public Entities Corporate Governance Act *[Chapter 10:31].*

Risk / Implication

Financial loss as risks may not be identified and mitigated in time.

Recommendation

Arrangements for internal control reviews should be planned and executed.

Management response

Internal audits will be carried out in the year 2022 as planned.

1.3 Redundant assets

Finding

The Fund had no asset disposal committee, as a result, it had redundant assets (laptops) that it had not disposed in line with the provisions of the Public Procurement and Disposal of Public Assets Act *[Chapter 22:23]* which requires assets that become unserviceable, obsolete or surplus to be recommended for disposal to the committee without delay.

Risk / Implication

Financial loss due to cost incurred in safeguarding redundant assets.

Recommendation

Management should put in place an asset disposal committee.

Management response

**The Disposal of the assets will be presented to the Board for approval.
This will be done by 31 December 2022.**

2 REVENUE COLLECTION AND DEBT RECOVERY

2.1 Long outstanding receivables

Finding

The Fund did not have a policy to manage accounts receivables. As a result, receivables reconciliations were not being performed during the year. There was also no evidence to support that follow ups were being done on receivables. The Fund had long outstanding receivables dating back to 2017.In addition outstanding amounts on records were disputed by clients/ customers, hence the balances in the financial statements could not be verified.

Debtor	Balance per Fund's records (ZWL)	Balances as per response by customer (ZWL)	Variance (ZWL)
Customer 1	4 286 957	3 730 105	556 852
Customer 2	70 495	-	70 495
Customer 3	62 430 961	61 139 945	1 291 015
Customer 4	2 617 917	-	2 617 917
Customer 5	281 869	-	281 869
Customer 6	73 791	-	73 791

Risk / Implication

Financial loss due to non-recovery of outstanding amounts.

Recommendation

Management should make constant follow up on receivables and put in place a policy to manage receivables.

Management response

The variances are noted and are due to invoices for previous years, where the Fund is still to agree with the customers. The invoices were shared with the customers but its them who have legacy issues. Our records include all invoices as raised from our side.

2.2 Merchants database

Finding

The Fund had not created a complete database for beef and macadamia nuts merchants. As a result, the merchants listed were only from voluntarily registration. I was therefore not able to verify the completeness of the one hundred and seventy-four (174) beef merchants and seventeen (17) macadamia nuts merchants listed. On enquiry, no satisfactory explanation was given for the absence of reliable merchants' data.

Risk / Implication

Service delivery may be compromised.

Recommendation

Management should consider creating a reliable merchant data.

Management response

The Authority has a compliance department which will ensure that all merchants are complying with the relevant statutory instruments. Moving forward the department will undertake compliance visits for all merchants by September 2022.

3 PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IPLEMENTATION OF RECOMMENDATIONS

The Fund made progress in addressing audit findings raised in my 2020 annual report. I raised two (2) audit findings, and one (1) was addressed whilst the other one was partially addressed as indicated below.

3.1 Bank reconciliations

The finding was addressed. The Fund is now preparing bank reconciliations.

3.2 Merchants monthly returns

The finding was partially addressed. The Fund has managed to come up with a database for cotton merchants and macadamia nuts farmers. The data base for cotton merchants is complete whilst that for macadamia nuts is yet to be completed. The Fund is yet to come up with a database for beef farmers. All merchants for cotton submitted their returns whilst only four (4) out of seventeen (17) macadamia merchants already registered submitted their returns.

Background Information

The Institute was established in terms of the Public Finance Management Act [*Chapter 22:19*]. Its mandate is to foster sound development of the fishing industry and ancillary activities in the Lake Kariba area through investigations into the limn logical, technological and economic aspects of the fisheries potential and setting up of demonstrations and training programs in fishing and related activities.

I have audited the financial statements of Lake Kariba Fisheries Research Institute for the year ended December 31, 2021 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Lake Kariba Fisheries Research Institute as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Management committee composition

Finding

The composition of the management committee was not aligned to the Public Entities Corporate Governance Act [*Chapter 10:31*] as the management committee had one (1) female member and seven (7) male members.

Risk / Implication

Gender issues may not be effectively appraised at management committee level.

Recommendation

The Institute should continuously engage the appointing authority so as to align its management committee structures with relevant laws and regulations.

Management response

As the constitution of the Institute is being amended, the gender aspect will be taken into consideration so as to align the functions of the Institute to the National Development Strategy.

2. PROGRESS TOWARDS ADDRESSSING AND IMPLEMENTATION OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

The Institute made progress in addressing audit findings raised in my 2021 annual report. I raised five (4) audit findings, one (1) was addressed and two (2) were partially addressed and one (1) was not addressed as indicated below.

2.1. Statutory deductions

The finding was addressed. Statutory deductions are now being submitted and fully paid.

2.2. Asset replacement policy

The finding was partially addressed. Plans are underway to replace the ageing motor vehicles

2.3. Institute's Constitution

The finding was partially addressed. The issue was discussed by the Committee of Management and has been assigned the Legal department to look into the matter.

2.4. Research activities

The finding was not addressed Management will engage the Parent Ministry for budgetary support in order to acquire the necessary resources for ant poaching activities.

Background information

Lotteries and Gaming Fund was established in terms of the Lotteries and Gaming Act [*Chapter 10:26*]. Its core business is regulating and controlling the development and operation of all lotteries and gaming activities and granting, renewing, transferring and terminating gaming licenses. The fund is also responsible for defining areas in which casinos may be established and operated and making recommendations to the Ministry of Finance and Economic Development regarding levies and application of money in the fund, as well as approving gaming devices.

I have audited the financial statements of the Lotteries and Gaming Fund for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the Fund`s financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021, 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

Non-compliance with International Financial Reporting Standards (IAS 21) – “Effects of Changes in Foreign Exchange Rates”

For the financial year ended December 31, 2021 the fund did not comply with IAS 21 -"The Effects of Changes in Foreign Exchange Rates" as it elected to comply with Statutory Instrument 33 of 2019 (SI 33/19) from 22 February 2019.

Prior to 20 February 2019, the transacting and functional currency of the Zimbabwean economy was the United States dollar ("USD"). On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 (SI 33/19) with an effective date of 20 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the United States Dollar ("USD") at a rate of 1:1 for the period up to this effective date. The rate of 1:1 was consistent with the rate mandated by the RBZ at the time it issued the bond notes and coins into the basket of multi currencies. The below events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by IAS 21 -"The Effects of Changes in Foreign Exchange Rates":

The fund transacted using a combination of USD, electronic cash, bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the 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, and RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency. In October 2018, banks were instructed by the Reserve Bank of Zimbabwe (RBZ) to separate and create distinct bank accounts for depositors, namely, RTGS 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.

For the period up to 22 February 2019, the fund maintained its functional currency as the USD, with transactions and balances reflected using an exchange rate of 1:1 in compliance with SI 33/19. From 22 February 2019, balances and transactions were retranslated at the legislated inaugural exchange rate of 1:2.5 between the USD and the RTGS$ in compliance with the requirements of SI 33/19.

Whilst the timing of this conversion was in line with the requirements of SI 33/19, it constituted a departure from the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates", and therefore the 2019 financial statements were not prepared in conformity with IFRSs. Had the fund applied the requirements of IAS 21-"The Effects of Changes in Foreign Exchange Rates", the December 31, 2020 comparative inflation adjusted financial statements would have been materially impacted. The financial effects of this departure on the inflation adjusted financial statements have not been determined.

Below is an update on matters raised in the prior year report.

1. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Fund did not make significant progress in addressing audit findings raised in my 2021 annual report. I raised two (2) audit findings and one (1) was partially addressed whilst the other was not addressed as indicated below;

1.1 Board meetings

The finding was partially addressed. The Board composition matter is work in progress being addressed by the appointing authority.

1.2 Enterprise Risk Management Framework

The finding was not addressed. The recommendation has not been implemented. Management will attend to the matter for Board resolution considering the new “normal” operating environment paused by the Covid 19 pandemic

Background Information

Rhodes Matopos Estate Fund was incorporated in terms of Rhodes Estates Act [*Chapter 20:14*]. The functions of the Fund are to control, manage and maintain national parks, botanical reserves and gardens, sanctuaries, safari areas and recreational parks.

I have audited the financial statements of Rhodes Matopos Estate Fund for the year ended December 31, 2021 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Rhodes Matopos Estate Fund as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit:

1 GOVERNANCE ISSUES

1.1 Declaration of interests and assets

Finding

I was not availed with declaration of assets forms signed by the existing committee members as well the six (6) committee members who were appointed during the year under review. This was contrary to the provisions of the requirements of the Public Entities and Corporate Governance Act [*Chapter 10:31*], Section 37.

Risk / Implication

Decision making may be compromised should there be a conflict of interest.

Recommendation

Management committee members should sign declaration of interests and assets in line with the Public Entities Corporate Governance Act [*Chapter 10:31*].

Management response

Three (3) of the management committee members managed to sign their declaration of interests. However, there are some who are still outstanding and we are making a follow up to ensure that they sign.

2 MANAGEMENT OF ASSETS

2.1 Lease management

Finding

There was no evidence to support that the Fund had systems and guidelines in place on lease management. As a result, there were tenants subleasing from the Fund without valid lease agreements and some of the leases had not been renewed for over five (5) years after expiry. In addition, the Fund had tenants who were operating without any lease agreements. As a result, they were making arbitrary payments.

Risk / Implication

Financial loss due to irregular payments.

Recommendation

Management should consider developing a framework for managing leases.

Management response

Observation is noted. The Fund will work towards developing a framework for appropriate management of leases.

2.2 Asset replacement policy

Finding

The Fund had no asset replacement policy in place. An inspection of the vehicle status report and physical inspection of the vehicles indicated that the station was operating with motor vehicles that had exceeded their useful life. The vehicles had been in use for a period ranging from 5 to 25 years and the Fund was now incurring high repairs and maintenance costs.

Risk / Implication

Service delivery may be compromised in terms of patrols and conservation activities.

High repairs and maintenance costs being incurred.

Recommendation

The Fund should come up with an asset replacement policy.

Management response

The Fund utilizes the Zimbabwe Parks and Wildlife Management Authority policies. It is going to engage it in reviewing its relevant policies.

3. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Fund made progress in addressing audit findings and recommendations raised in my 2021 annual report. I raised three (3) audit findings, two (2) findings were addressed and one (1) finding was partially addressed as indicated below;

3.1 Risk management and oversight

The finding was addressed. The Fund appointed a committee in August 2021 and the committee met four (4) times during the year.

3.2 Statutory deductions

The finding was partially addressed. The Fund is now remitting NSSA returns within the stipulated timeframes, however, the Fund was in arrears with NSSA as at December 31, 2021.

3.3 Fleet management

The finding was addressed. The Fund conducted a board of survey in 2021 and disposed two vehicles which were no longer serviceable.

Background Information

Rhodes Nyanga Estate Fund was incorporated in Zimbabwe in terms of the Rhodes Estates Act [*Chapter 20:14*]. The functions of the Fund 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 of Rhodes Nyanga Estate Fund for the year ended December 31, 2021 and I issued a clean / unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the statement of financial position of Rhodes Nyanga Estate Fund as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1. Bank reconciliation statements

Finding

The bank reconciliation statements were not being reviewed by the Senior Area Manager during the period under review, this was contrary to the ZIMPARKS Accounting and procedures manual.
Risk / Implication

Irregular transactions and material errors may go undetected.

Recommendations

Bank reconciliations should be reviewed as prescribed by the Fund's accounting procedures manual.

Management response

Noted. The bank reconciliations statements will be availed for signing by the Senior Area Manager on monthly basis.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Fund made progress in addressing audit findings raised in my 2021 annual report. I raised two (2) audit findings and, the two (2) findings were all addressed as indicated below;

2.1. Management Committee

This finding was addressed. The Fund established a management committee during the year under review.

2.2. Conservation

The finding was addressed. The Scenic road boom gate is now working.

Background Information

The Rural Electrification Fund (REF) was established in terms of the Rural Electrification Fund Act [Chapter 13:20]. The function of the fund is to facilitate rapid and equitable electrification of all the rural areas of Zimbabwe through the conventional grid network and other renewable energy technologies such as solar and biogas.

I have audited the financial statements of Rural Electrification Fund for the year ended December 31, 2021 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 financial statements do not present fairly the financial position of Rural Electrification Fund as at December 31, 2021, and its financial performance and 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 (IAS) 21- "The Effect of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS) 8 — "Accounting Policies. Changes in Accounting Estimates and Errors."

During the prior financial years, the foreign currency denominated transactions and balances of the Fund were translated into ZWL using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21 – "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended December 31, 2021.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Alignment of governance processes

Finding

The Fund had not aligned its governance processes to the Public Entities Corporate Governance Act [*Chapter 10:31*]. There was no evidence to support that the audit committee members had a background that demonstrates experience and expertise in finance. This was contrary to the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Risk / Implication

Oversight role of the committee may be compromised.

Recommendation

The Fund should follow up with the appointing authority to ensure composition of the audit committee is aligned to the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Management response

Noted. The Minister of Energy and Power Development as shareholder is seized with the issue and currently working on alignment of the Board composition.

1.2 Handover/ takeover agreements

Finding

The Fund`s operations procedures manual states that upon completion of a project, the Network Manager from ZETDC was supposed to sign the handover forms as evidence of acceptance and transfer of constructed power lines from the REF to ZETDC. However, I noted that these handover/ takeover forms were not being signed.

Risk / Implication

There may be no legal recourse in the event of disputes.

Recommendation

Management should ensure that hand over forms are signed.

Management response

Handover / Takeover is a REF generated document hence there has been resistance by ZETDC to sign. We have since re-engaged ZETDC management with promises of improved cooperation.

1.3 Stores Transaction Forms

Finding

The carbon copies of stores transaction forms used to issue project materials were being completed separately from the original copy. As a result, in some instances, the copies were altered and the alterations were not signed for to indicate the person responsible for the alterations.

Risk/ Implication

Fraud and error may go undetected.

Recommendation

Management should ensure that carbon paper is used on Stores Transaction Forms.

Management response

Management will ensure that carbon paper is used on all Stores Transfer Forms and alterations are signed for.

1.4 Inventory reconciliations

Finding

The Fund was not performing reconciliations of materials issued by stores to projects and materials actually used at the projects. As a result, there were differences between the final Vote of Completion Certificate materials and materials list in the SAP system which were reported as having been caused by counting errors during issuing and receiving.

Risk / Implication

Fraud and error may go undetected.

Recommendation

Management should consider preparing reconciliations for materials issued from stores and material actually used at the projects.

Management response

Reconciliations will be done and comparisons done between SAP planned materials and materials used on the ground before preparing the Vote of Completion Certificate (VCC). Management will enforce the double-checking system with security for all items and in particular small items issued or received in large quantities. Some materials were posted in SAP after the VCC was done due to miscommunication between project coordinators and accounts departments.

2. MANAGEMENT OF ASSETS

2.1 Ownership of properties

Finding

The Fund could not provide evidence of ownership of some of the properties recorded in its books of accounts measuring sixty-four thousand nine hundred and ninety-three (64 993) square meters with an estimated value of twenty-nine million Zimbabwean dollars (ZWL29 000 000).

Risk / Implication

Proof of ownership may be difficult in the absence of adequate documentation.

Recommendation

The ownership of the properties should be regularized.

Management response

Noted. Management is working towards obtaining title deeds or any other documentation that proves ownership of the properties.

2.2 Project materials

Finding

Unused project materials were not being credited back to stores after project completion.

Risk / Implication

Fraud and error may go undetected.

Recommendation

Management should ensure that unused project material is credited back to stores.

Management response

Materials were taken from one project to the other using stores transfer forms and were not updated in the SAP system. Management will improve on Projects Administration especially materials accountability.

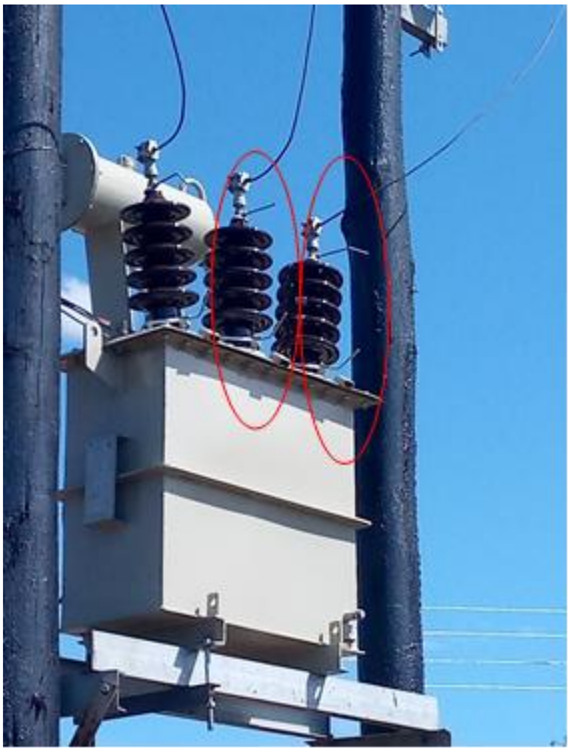
3. SERVICE DELIVERY

3.1 Arching horns

Finding

There were some arching horns which were not aligned properly on High Voltage lines. The arching horns were facing the same direction, hence reducing their effectiveness in protecting the line against over-voltage. In some instances, the arching horns were not correctly aligned.

The images below refers;



Source: Picture taken by auditors - Ndanga project (Masvingo)- June 2022

Source: Picture taken by auditors- Gonon'ono project (Mutare): June 2022

Risk / Implication

Financial loss as transformers may be damaged due to over-voltage.

Recommendation

Management should ensure that constructed power lines adhere to internally recognised standards.

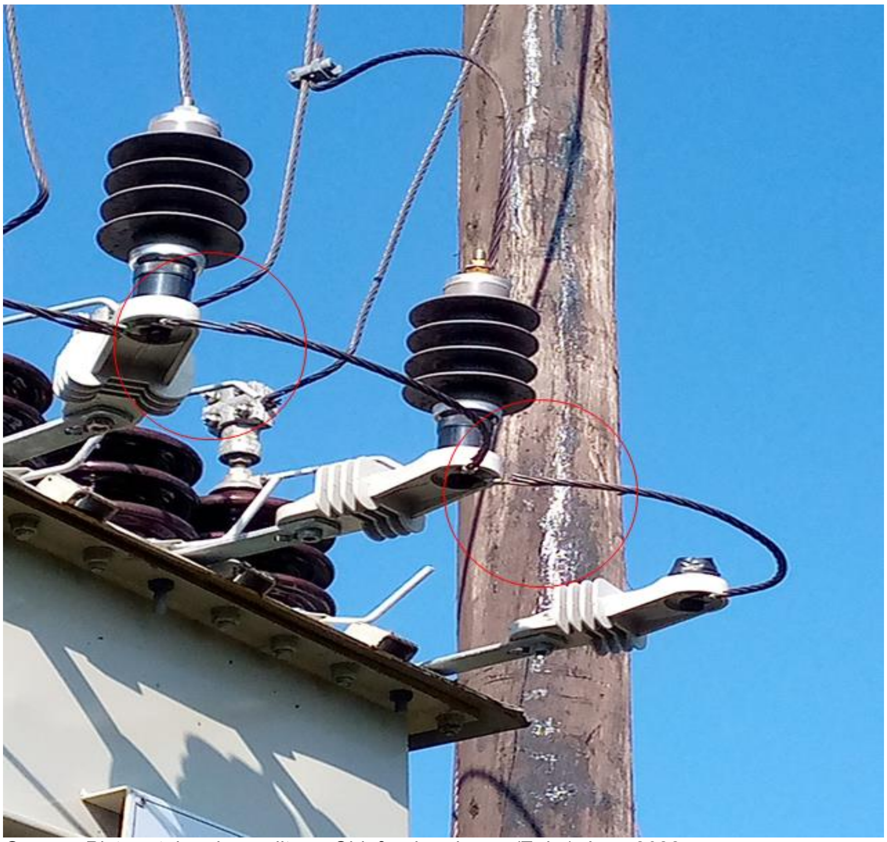
Management Response

All projects shall be internally inspected for conformity with standards. All linesmen have been and are continuously being urged to be extra vigilant when doing their work.

3.2 Transformer earthing

Finding

Transformer earthing was not adequately connected at some projects. The size of the lugs used was not appropriate to facilitate adequate earthing. The image below refers;



Source: Picture taken by auditors- Chipfunde primary (Zaka)-June 2022

Risk / Implication

Financial loss as transformers may be damaged due to over-voltage.

Recommendation

Management should use proper sizes of lugs on transformers to facilitate adequate earthing.

Management Response

Management will ensure adherence to internal standards and will also ensure proper sizes

of lugs are available in future.

3.3 Earthing/cradle guard

Finding

There were no earthing/cradle guards on a Low Transmission (LT) power lines that were passing under High Voltage (HV) power lines in locations visited. The image below refers;

Source: Picture taken by auditors- Chigwikwi project chivi-June 2022

Risk / Implication

The high voltage line may energize the low voltage line in the event of line failure.

Terminal end circuits including consumer gadgets and equipment may also be affected.

Recommendation

Management should comply with construction standards.

Management Response

Management will adhere to the construction standards.

3.4 Quality of poles

Finding

The quality of the poles used for construction of power lines was not up to standard. As a result, there were instances of high voltage power lines falling due to the quality of the poles used. The images below refer;

Source: Picture taken by auditors- Kanyati primary –June 2022

Source: Picture taken by auditors- Chikova secondary –June 2022

Source: Picture taken by auditors- Whunga project (Mat south)-June 2022

Source: Picture taken by auditors - Whunga project (Mat south)-June 2022

Risk / Implication

Financial loss due to increased costs of replacing poles.

Recommendation

Management should make use of high quality poles in the construction of power lines.

Management response

The supplier has been engaged on the quality of their poles and they have assured the fund of having now put in place a quality monitoring process.

Background information

The Universal Services Fund was established in terms of the Postal and Telecommunications Act [*Chapter 12:05*]. The Fund was vested in the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) as trustee.

I have audited the financial statements of the Universal Services Fund for the year ended December 31, 2021. I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Universal Services Fund as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit

1. MANAGEMENT OF ASSETS

1.1. Communication Information Centre (CIC) laptops

Finding

The Fund`s property and equipment at some Communication Information Centres (CICs) were not being used for the purpose of providing information to the members of the public. For instance, at Dzivarasekwa, Communication Information Centre (CIC) an HP laptop (Serial No. CND7226P9) was not available at the site. On inquiry with the Agent, it was established that the laptop was being used by the agent `s sister for her personal studies. At the Malbereign ZIMPOST communication information centre (CIC), the Postmaster and a clerk were using laptops meant for the CIC for their private purposes without authority.

In addition, the Fund did not have adequate security over its assets at the CICs. As a result, some laptops were stolen for instance two (2) laptops were stolen at Dzivarasekwa CIC while four (4) were stolen at Ruwa.

Risk / Implication

Misappropriation of the Fund`s assets.

Financial loss due to loss of assets.

Recommendation

The Fund should have a mechanism to ensure that the assets distributed to CICs are used for the intended purposes and the approved beneficiaries.

Assets security at CICs should be enhanced.

Management response

The observation is noted. However, while the Authority continues to provide an oversight role on the usage of CICs, the responsibility to ensure that all assets handed over to ZIMPOST are properly utilised and accounted for, rests with them. The Authority will, however, continue to carry out random inspections as part of its general oversight role to ensure that the objectives of the fund are met.

Background Information

The Fund was established in terms of the Manpower Planning and Development Act *[Chapter 28:02]* to finance the cost of any scheme of manpower development or such other costs in connection with vocational education or training through levy imposed on certain employers and also to finance the training and employment of apprentices in specified industries.

I have audited the financial statements of the Zimbabwe Manpower Development Fund, for the year ended December 31, 2021 and I issued an unmodified/ clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Manpower Development Fund as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Vehicles registration

Finding

The Fund procured four (4) Nissan NP200 vehicles which were delivered on March 18, 2021. However, I noted that the vehicles were still registered in the name of the supplier.

Risk/ Implication

Financial loss in the event of a dispute with the supplier.

Recommendation

Management should regularise the registration of the vehicles.

Management response

Noted. The process of registering the vehicles into ZIMDEF name is now in progress.

1.2 Investments

Finding

The Fund had USD5m investments with Metbank for which it was offered one hundred and fifteen (115) stands. However, only eighty-five (85) stands were issued with title deeds, leaving a balance of thirty (30).

Risk / Implication

Financial loss in case of a dispute with the Bank.

Recommendation

Management should continue to pursue title deeds of the remaining thirty (30) stands.

Management response

The observation is noted. Management is in the process of changing ownership of the thirty (30) stands. The file is with ZIMRA who are looking at capital gains tax issues.
Furthermore, ZIMDEF is holding on to 37 stands as collateral.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Fund made progress in addressing audit findings and recommendations raised in my 2021 annual report. I raised one (1) audit finding and it has been partially addressed as indicated below;

2.1 Delivery of motor vehicles

The finding was partially addressed. Management is still following up on the four (4) outstanding vehicles.

PUBLIC ENTITIES UNDER THE CATEGORY OF HOSPITALS

Background Information

Parirenyatwa Group of Hospitals was established in terms of the Health Service Act [*Chapter 15:16*]. The Hospital is a principal referral center situated in Harare. The Group of Hospitals consists of Mbuya Nehanda Maternity Hospital, Sekuru Kaguvi Eye Unit, Annex Hospital for the Mentally Disabled and the Main Hospital.

I have audited the financial statements of Parirenyatwa Group of Hospitals for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

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 Parirenyatwa Group of Hospitals as at December 31, 2021 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

iv. Non-compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors"

Opening balances

The prior year financial statements did not comply with IAS 21- "The Effects of Changes in Foreign Exchange Rates," as the Hospital had been unable to use an appropriate exchange rate on change of functional currency. The Hospital translated its comparative financial statements as required by Statutory Instrument 33 of 2019 and RBZ Exchange Control Directive RU 28 of 2019. These instruments prescribed that all assets and liabilities that were denominated in United States Dollars before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate.

The opinion on the prior year's financial statements were modified in respect of this matter and this misstatement have not been corrected in the financial statements for the year ended December 31, 2021. In accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", some comparative figures in the financial statements may be materially misstated. The residual effect of non-compliance with IAS 21 – "The Effects of Changes in Foreign Exchange Rates" and the non-restatement of the comparative figures in accordance with IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors", the financial statements may contain errors. The effects on the above non-compliance with International Financial Reporting Standards were considered to be material to the financial statements.

v. Non-compliance with International Accounting Standard (IAS) 16 - "Property, Plant and Equipment"

The Hospital did not comply with the requirements of the International Accounting Standard (IAS) 16 - "Property, Plant and Equipment" as there was no evidence that the Hospital performed a revaluation assessment exercise to present assets at their fair values as at December 31, 2021. The Hospital last performed a revaluation exercise in 2009. IAS 16- "Property, Plant and Equipment" requires that revaluation of assets should be carried out regularly so that the carrying amount of an asset does not differ materially from its fair value at the date of financial statements.

Given the economic changes that occurred from 2018 to the reporting date, it is likely that the carrying value of property, plant and equipment amounting to ZWL709.7 million as at year end was materially and fundamentally different from that which would have been determined through a revaluation exercise in line with IAS 16 - “Property, Plant and Equipment” as well as IFRS 13 - “Fair Value Measurement”. I therefore could not satisfy myself on the appropriateness of the value of property, plant and equipment as shown in the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Key vacant posts

Finding

The Hospital was operating without key management personnel. These posts were for the Chief executive officer, Operations director and Chief laboratory scientists and have been vacant since 2020. This was contrary to the provisions of the Health Service Act [*Chapter 15:16*].

Risk / Implication

Service delivery may be compromised.

Recommendation

The Hospital should continue to liaise with the relevant authorities to ensure that the vacant positions are filled.

Management response

Noted. The filling of the vacant positions is in progress for the junior positions. The Executive Management positions will be filled by the Health Services Board in consultation with the Ministry of Health and Child Care.

1.2 Settling of debts

Finding

The Hospital was not settling its payables as and when they fell due. The Hospital had payables amounting to ZWL113.7 million which were more than 120 days. As a result, the Hospital experienced periods of stock outs of essential medicines. This was contrary to the Essential Drugs List of Zimbabwe (EDLIZ) which requires the minimum quantities of drugs to be available at the Hospital at all times.

Risk / Implication

Service delivery may be compromised.

Recommendation

The Hospital should continue to engage Treasury for funding.

Management response

The Hospital has been issuing commitment letters as a way of managing creditors. However, the Hospital has struggled to meet its commitment due to cash flow constraints. The Hospital engages the suppliers and at times makes part payments.

Inadequate funding has affected the availability of medicines and consumables. We are engaging Treasury for the disbursement of the budget allocation.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1 Exemption grants

Finding

The Hospital was offering services to those who were exempt from paying. The cost of offering such services during the year was ZWL370.4 million and the budgetary support for these services amounted to ZWL 117.6 million leaving a funding gap of ZWL253.1 million (68%).

Risk / Implication

Service delivery may be compromised.

Recommendation

The Hospital should continue engaging government and the related public entities in a bid to recover the outstanding amounts.

Management response

Inadequate funding is adversely affecting customer service delivery. The Hospital is engaging the relevant authorities for financial support.

3. MANAGEMENT OF ASSETS

3.1 Operational fleet

Finding

The Hospital had an aged vehicle fleet, with only four (4) out of the sixteen (16) vehicles functioning. As a result, the Hospital incurred repairs and maintenance costs of ZWL 11.2 million. In addition, the Hospital had only one (1) out of four (4) ambulances which was functional.

Risk / Implication

Service delivery may be compromised.

Recommendation

Management should continue lobbying for funding to replace its aged fleet.

Management response

The Ministry of Health and Child Care advised that they would provide the utility vehicles. However, the Hospital received one ambulance during the year under review.

3.2 Residential accommodation

Finding

The Hospital's residential buildings required renovations as twenty-seven (27) rooms were inhabitable. The residential buildings' plumbing works, floors, ceilings and cardboards were damaged and needed to be repaired. As a result, some students were now sharing rooms while some of them had been on the waiting list for a long time whilst other occupants were now renovating their rooms contrary to the lease agreements. Upon enquiry, management indicated that the capital budget for 2021 was released in October 2021 and was inadequate to fund the renovations.

Risk / Implication

Service delivery may be compromised.

Recommendation

The Hospital should consider a phased approach maintenance.

Management response

Part of the Capital budget for 2021 was only disbursed on 22 October 2021 by Treasury and it was inadequate to cover all the areas.

3.3 Maintenance of Hospital facilities

Finding

The Hospital had four (4) out of twenty-one (21) functional theatres, two (2) out of eight (8) functional X-Ray machines and one (1) non-functional CT Scan as at December 31, 2021. As a result, clients were being referred elsewhere for services such as computerized tomography (CT) scans. In addition, the functional theatres were also in need of repairs as some had no proper ventilation and lighting.

Risk / Implication

Service delivery may be compromised.

Recommendation

The Hospital should continue to engage relevant Authorities for budget support.

Management response

Cash flow constraints have hampered the functionality of the theatres. However, Ministry of Health and Child Care is seized with the matter. Intensive Care Units will be prioritized when Treasury disburses funds. The Ministry of Health and Child Care is seized with the matter and is working on recapitalizing the Radiotherapy Centre.

3.4 Analysing tools

Finding

The Hospital was operating without analysing tools for the Medical equipment management services. These tools are used for the maintenance and calibration of equipment to ensure that they perform in line with the manufacturer's recommendations and are thus safe and effective for use in the diagnosis, monitoring and treatment of patients. Below is a list of analysing tools which were not in place.

Equipment	Quantity required
Biomedical Devices Electrical Safety Tester	2
Electosurgical Analyser	1
Incubator Performance Analyser	1
Intravenous (IV) Pum Analyser	1
Non-Invasive Blood Pressure Monitor Anayser	1
Pressure and temperature Measurement Device Analyser	1
Ventilator Performance Analyser	1
Bio-Signal Simulator (EEG,ECG)	2
Radiation Compliance Testing Device	1
Defibrillator Analyser	1

Risk / Implication

Service delivery may be compromised.

Recommendation

The Hospital should continue lobbing for purchase of analysing tools.

Management response

The Ministry of Health and Child Care is seized with the procurement of medical equipment including the analysing tools.

3.5 Valuation of property, plant and equipment.

Finding

The Hospital did not comply with the requirements of the International Accounting Standard (IAS) 16 - "Property, Plant and Equipment" as there was no evidence that the Hospital performed a revaluation assessment exercise to present assets at their fair values as at December 31, 2021. The Hospital last performed a revaluation exercise in 2009 International Accounting Standards (IAS) 16- "Property, Plant and Equipment" requires that revaluation of assets should be carried out regularly so that the carrying amount of an asset does not differ materially from its fair value at the date of financial statements. Given the economic changes that occurred from 2018 to the reporting date, it is likely that the carrying value of property, plant and equipment amounting to ZWL709.7 million as at year end was materially and fundamentally different from that which would have been determined through a revaluation exercise in line with I International Accounting Standards (IAS) 16 - "Property, Plant and Equipment" as well as IFRS 13 - "Fair Value Measurement".

In addition, the Hospital had assets that had reached the end of their useful life which were still in use. This was contrary to IAS16- "Property, Plant and Equipment", which require that the useful life of an asset shall be reviewed at least at each annual reporting date.

Risk / Implication

Misstatement of property, plant and equipment.

Recommendation

The Hospital should comply with the requirements of International Financial Reporting Standards.

Management response

The review could not be carried out in 2021 financial year due to the COVID 19 pandemic. Compliance with IAS16 would be carried out in 2022 financial year.

4. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Hospital made progress in addressing audit findings that I raised in my 2020 annual report. I raised two (2) audit findings, one (1) was addressed while the other one (1) was not addressed as indicated below;

4.1 Board of Directors

The finding has not been addressed. Parirenyatwa Group of Hospitals is still waiting for the appointment of the Board.

4.2 Internal controls over cash resources

The finding was addressed. The supervisory activities have been strengthened as evidenced through signatures of relevant supervisors, the segregation on the preparation and posting of journals has been strengthened. The use of the debit card is limited for emergencies only.

Background information

Sally Mugabe Central Hospital is a body corporate established in terms of section 18(1) read together with the first schedule of the Health Service Act, [*Chapter 15:16*] It is a principal referral centre which provides health care services to the residents of City of Harare and its surrounding areas.

I have audited the financial statements of Sally Mugabe Central Hospital for the years ended December 31, 2020 and 2021 and I issued an adverse opinion for both years.

Adverse Opinion 2020

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Sally Mugabe Central Hospital as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

i. **Non-compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates" on the accounting of comparatives and transactions for the period**

On October 1, 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. During the prior financial year up to February 22, 2019, the company transacted using a combination of Nostro FCA (USD) and RTGS FCA (electronic payment), including mobile money, bond notes and coins. In terms of International Accounting Standard 21 – "The Effects of Changes in Foreign Exchange Rates", these would be considered separate currencies requiring translation to the functional and presentation currency at appropriate exchange rates.

In order to comply with SI 33/2019, the RTGS transactions and balances for the prior year were accounted for on the basis of a rate of 1:1 between USD and RTGS. The Hospital changed the functional currency on February 22, 2019 in compliance with legislation. This was not consistent with International Accounting Standard 21 – "The Effects of Changes in Foreign Exchange Rates", in which compliance would have resulted in the reassessment of the functional currency at a date earlier than February 22, 2019.

In addition, during the period February 22, 2019 to December 31, 2020, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for translations as required by International Accounting Standard 21 – "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the period ended December 31, 2020.

Had the Hospital applied the requirements of International Accounting Standard 21 – "The Effects of Changes in Foreign Exchange Rates", many of the elements of the financial statements would have been materially impacted and therefore the departure from the requirements of these standards is considered to be material and pervasive to the financial statements, taken as a whole. The financial effects on the financial statements of this departure have not been determined.

ii. Non-compliance with International Accounting Standard (IAS) 29– “Financial Reporting in Hyperinflationary Economies”

For the year ended December 31, 2020, management did not comply with the requirements of International Accounting Standard 29 - “Financial Reporting in Hyperinflationary Economies” in that, the financial statements, including comparative information, were not expressed in current units of the functional currency (units as at the end of the reporting period). The preparation of financial statements by the Hospital without restatement to current units of the functional currency constitutes departure from the requirements of International Reporting Standards (IFRSs).

Had the financial statements been prepared in accordance with the requirements of IAS 29 - “Financial Reporting in Hyperinflationary Economies”, multiple elements would have been materially adjusted. As a result, the impact of the Hospital’s inability to comply with IAS29 - “Financial Reporting in Hyperinflationary Economies” has been determined as significant. The effects on the financial statements of the non-compliance with IAS 29 – “Financial reporting in hyperinflationary economies” are considered material and pervasive to the financial statements, taken as a whole.

Adverse Opinion 2021

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Sally Mugabe Central Hospital as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion 2021

i. Non-compliance with International Accounting Standard 21 – “The Effects of Changes in Foreign Exchange Rates”

During the prior and current financial years, the foreign currency denominated transactions and balances of the Hospital were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as required by International Accounting Standard 21 – “The Effects of Changes in Foreign Exchange Rates”. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended December 31, 2021.

Had the financial statements been prepared in accordance with the requirements of International Accounting Standard 21 – “The Effects of Changes in Foreign Exchange Rates”, many elements would have been materially affected. The effects of the non-compliance with the requirements of International Accounting Standard 21 – “The Effects of Changes in Foreign Exchange Rates” have been considered to be material and pervasive to the annual financial statements as a whole.

ii. Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

The Directors did not apply the IAS 29 – Financial Reporting in Hyperinflationary Economies for the year ended December 31, 2021. Had the correct base numbers been used, most elements of the consolidated financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the annual financial statements.

Below are other materials noted during the audit:

1. GOVERNANCE ISSUES

1.1 Hospital management board

Finding

The Hospital had no board since June 2021, contrary to the requirements of the Health Service Act [*Chapter 15:16*] and the Public Entities Corporate Governance Act [*Chapter 10:31*]. On enquiry, management indicated that follow ups were being made with the parent Ministry and was still awaiting a response.

Risk / Implication

Oversight role may be compromised.

Recommendation

The Hospital should continuously engage the appointing authority to appoint a Board.

Management response

Management will escalate the issue to the appointing authority responsible for the appointment of the Hospital Management Board.

1.2 Monthly bank reconciliations

Finding

The Hospital's was not reconciling its Nostro bank accounts as required by the Hospital's procedures manual.

Risk / Implication

Financial statements may be materially misstated.

Recommendation

Bank reconciliations should be prepared for all bank accounts.

Management response

The accounts have now been incorporated into the pastel system and reconciliation statements will be produced.

1.3 Key vacant posts

Finding

The Hospital did not have a substantive Chief Executive Officer, Clinical Director, Operations Director, and Deputy Director Procurement Management. These key vacant posts had not been filled since 2020. In addition, the post of the Chief Accountant had been vacant since 2017.

Risk / Implication

The Hospital's operating capability may be compromised.

Recommendation

Management should consider filling the vacant positions.

Management response

The matter shall be escalated to the Ministry of Health and Child Care and the Health Services Board for attention.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Hospital made progress in addressing audit findings raised in my 2021 annual report. I raised three (3) audit findings and one (1) was partially addressed and two (2) were not addressed as indicated below;

2.1 Monthly inventory counts

The finding was partially addressed. Management has noted the gaps in inventory counts and undertakes to enforce the policy on inventory counts.

2.2 Internal Audit

The finding was not addressed. Management is still waiting for Treasury concurrence to provide staff compliment.

2.3 Debt Collection

The finding was not addressed. The matter of debt collectors remains outstanding awaiting Board approval.

Background Information

The United Bulawayo Hospitals is a central hospital established in terms of the Health Service Act [*Chapter 15:16*], Medical Services Act [*Chapter 15:13*]. The Hospital is a principal referral center which provides high specialist health care. This Hospital consists of four (4) Hospitals that have different service lines which are, Richard Morris Eye Unit, Lady Rodwell Maternity Hospital, Robbie Gibson, an infectious diseases Hospital and the Main hospital.

I have audited the financial statements of United Bulawayo Hospitals for the year ended December 31, 2020 and I issued a disclaimer of opinion.

Disclaimer of Opinion

I do not express an opinion on the financial statements of United Bulawayo Hospitals for the year ended December 31, 2020. 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 on these financial statements.

Basis of Disclaimer of Opinion

i. Valuation of property and equipment

The Hospital carries its property and equipment on a revaluation model. The Hospital's property and equipment were last revalued on December 31, 2014. According to IAS 16 (31), revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair values at the end of each reporting period. Given the economic changes that occurred from 2014 to the reporting date, it is likely that the carrying value of property, plant and equipment amounting to ZWL976,5 million as at year end was materially and fundamentally different from that which would have been determined through a revaluation exercise in line with (IAS)16- "Property, Plant and Equipment" as well as IFRS 13-"Fair Value Measurement. I was unable to quantify the fair value of property and equipment through alternative audit procedures as at the reporting date.

ii. Completeness, accuracy, existence of property, plant and equipment

I was not provided with detailed fixed asset registers for the year ended December 31, 2020. As a result, I could not verify the completeness, accuracy, existence and valuation of the items of property, plant and equipment amounting to ZWL976,51 million as at the reporting date, through alternative audit procedures.

iii. Accuracy and measurement of work in progress and completed capital projects

The Hospital recognised work in progress amounting to ZWL221,6 million as at year end based on the determined percentage of completion. Management were unable to provide me with the basis, inputs and methods which were used to determine the percentage completion per each project, as well as the related supporting documents. In addition, appropriate project control accounts and reconciliations were not being maintained in respect of each project. Accordingly, I was unable to satisfy myself on whether amounts recognised as work in progress as well as the completed projects amounting to ZWL221.6 million and ZWL86.7 million respectively, were not materially misstated. In addition, in the absence of detailed project general ledger control accounts, I was unable to verify whether the inflation adjusted amounts had been accurately restated in accordance with IAS 29- "Financial Reporting in Hyperinflationary Economies".

iv. Completeness of retention liabilities

Retention liabilities for completed capital projects were not measured and recognised in the financial statements for the year ended December 31, 2020. Management advised that all work in progress projects (“Projects”) were being managed and paid by the Public Works Department with the Hospital being responsible for accounting the values of the Projects based on progress payments as well as the stage of completion. With this shared responsibility over the Projects, it was not clear whether the retention liabilities should have been measured and recognised in the Hospital’s financial statements or under the Public Works Department. Accordingly, the financial statements may be materially misstated by a portion of the unrecognised and undisclosed retention liabilities. I was unable to quantify the value of these retention liabilities through alternative audit procedures.

v. Valuation and existence of inventory

Pharmacy inventory items received during the year were not being accurately and timeously captured into the Trimed system. In addition, some inventory items received were being processed as stock adjustments resulting in these items being excluded by Trimed system in the determination of average cost. Further, donated inventory were being recognised at nil values during the year and this had the effect of reducing the average unit cost. Therefore, these weaknesses resulted in the distortion of the Pharmacy inventory unit values. Management were also not able to provide me with supporting documents for unit values in respect of linen and main stores which were managed outside Trimed system. Therefore, it was impractical for me to verify the accuracy as well as the valuation of inventory amounting to ZWL19.9 million through alternative audit procedures.

Management were also unable to provide me with the year-end detailed stock count sheets for linen, laboratory and main stores inventory items amounting to ZWL8.8 million as at the reporting date. I was therefore unable to verify the accuracy and existence of the related inventory quantities included in the valuation report as at year end through alternative audit procedures.

In addition to the above, the Hospital conducted a year-end inventory count as at December 28, 2020 and there was an inventory loss variance amounting ZWL48.1 million which was written off in Trimed system. This variance was caused by stock items issued and received during the year which were not being captured into the Trimed system in a timeous manner owing to Covid 19 lock downs as well as the lack of appropriate network connections to the Trimed system platform. Accordingly, this had a bearing on the completeness of revenue, accounts receivables as well as the computation of the unit costs which were used in the determination of the year-end inventory values. In addition, while the returns submitted to the Government of Zimbabwe regarding the utilisation of Covid 19 funds for medicines was based on the actual amounts paid upon the procurement of these items, this may have been inaccurate given the stock loss variance amounting to ZWL48.1 million. This stock loss was not appropriately disclosed in the Hospital’s financial statements as the write off was only done in Trimed system which is not a financial reporting system.

I was therefore unable to quantify the financial effects of this stock loss adjustment on revenue, accounts receivables as well as inventories through alternative audit procedures. I was also unable to determine the complete disclosures that should have been effected on the financial statements.

vi. **Occurrence, completeness and accuracy of medical services revenue and accounts receivable**

Management were unable to provide me with patient files for us to verify the occurrence of medical services income amounting to ZWL53 million as well as the gross carrying amount of accounts receivables amounting to ZWL36 million, due to filing challenges. In addition, patients were not being billed in a timeous manner, resulting in the recognition of revenue in incorrect accounting periods. Further, there were no appropriate internal controls to ensure that changes in billing rates in the Trimed system were being done accurately. As a result, there were errors regarding some billing rates which had been changed in the system. This was also supported by some cancellations and reversals, the majority of which were in respect of tariff billing and discharge during the year.

I was therefore unable to validate the accuracy, completeness and occurrence of the medical services income as well as the existence of the related accounts receivable balances amounting to ZWL53 million and ZWL36 million respectively.

vii. **Occurrence, completeness and accuracy of donations income**

I was not able to verify the accuracy, completeness and occurrence of donations income amounting to ZWL39.8 million due to lack of appropriate supporting documents as well as general internal control weaknesses in the management of the donations.

viii. **Accuracy, validity and completeness of deferred income**

I was unable to verify the completeness, accuracy and validity of inputs which were used in the determination of the deferred income balance amounting to ZWL350.3 million as at the reporting date.

ix. **Completeness and accuracy of accounts payables and expenses**

Due to the use of a manual accounting system which lacked appropriate general ledger control accounts as well as reconciliations, I was not able to satisfy myself on whether accounts payables as well as expenses had been accurately and completely recorded in the financial statements. As a result, I noted that the Trial Balance was not balancing by ZWL335 997.

x. **Effects of exchange rates on transactions and balances denominated in foreign currency**

During the year under audit the Hospital was using an auction rate to translate foreign currency transactions and balances into Zimbabwe Dollars. The auction exchange rate was fixed at 1USD: ZWL25 during the period March 27, 2020 to June 24, 2020. In terms of IAS 21, the Hospital should have used a spot exchange rate (rate for immediate delivery or fair market rate) to convert transactions and balances in foreign currency to Zimbabwe Dollars. As such the Hospital did not comply with paragraph 21 of IAS 21. The effects of this misstatement are likely to be material to the financial statements as a whole.

xi. **Determination of expected credit loss allowances (“ECL”)**

The Hospital adopted *IFRS 9: Financial Instruments* (IFRS 9) effective July 1, 2018. The Hospital elected to apply the simplified approach and used the provision matrix in determining the expected credit loss (“ECL”) allowances as at year end which amounted to ZWL27.8 million. The Hospital did not use relevant, reasonable and supportable forward looking information in establishing loss rates in accordance with IFRS 9. In addition, the Hospital did not apply different loss rates for accounts receivables in different cycles or buckets of default based on historical payments profiles.

Further, UBH did not make use of probability weighted expected credit loss on the different scenarios and appropriately segment the accounts receivables according to the differing credit risk profiles. The Hospital did not also make retrospective appropriate adjustment to the retained earnings and it did not define defaults consistently with the definition used for internal credit risk management purposes. UBH did not appropriately defined curing rules for staging of the accounts receivables. It was impracticable for me to quantify the financial effects on the financial statements of this non-compliance with IFRS 9.

xii. Government of Zimbabwe operational and PSIP grants

The Hospital was allocated operational grants amounting to ZWL70.3 million of which ZWL24.9 million was not recognized by the Hospital on the basis that it had not been paid as at December 31, 2020. However, the Public Finance Management System (PFMS) report revealed that ZWL6.2 million had been paid although it was not clear when this had been paid. In addition, ZWL5.3 million was not appearing on the system as it was claimed to have been paid by the Ministry of Health and Child Care to Natpharm on behalf of UBH. There were no reconciliations and correspondences between the Hospital, the HSB and the Government of Zimbabwe regarding these anomalies and how they were resolved. I was therefore unable to satisfy myself on the completeness and accuracy of the grants amounting to ZWL45.4 million, which were recognised in the financial statements. In addition, PSIP grants amounting to ZWL8.4 million were immediately recognized in the statement of profit and/or loss instead of being deferred and amortised over the useful life of the assets funded in line with UBH's grant accounting policies. The Hospital did not therefore comply with IFRS in this regard.

Emphasis of Matter

Report on going concern

I draw your attention to the fact that the Hospital incurred a deficit amounting to ZWL86.5 million during the year ended December 31, 2020 and it had accumulated losses amounting to ZWL251.3 million as at year end. These factors indicate that a material uncertainty exists that may cast doubt on the Hospital's ability to continue operating as a going concern. However, the financial statements have been prepared on a going concern basis.

Below are material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 The Hospital Board of Management

Finding

The Hospital was operating without a substantive Board from 2018 to 2022 following the expiry of the previous Board Members' term of office. This was contrary to the provision of the Health Service Act [*Chapter 15:16*] and the Public Entities Corporate Governance Act [*Chapter 10:31*].

Risk / Implication

Oversight role may be compromised.

Recommendation

Management should engage the relevant authorities to facilitate the appointment of Board members.

Management response

Management acknowledges that the Hospital has no substantive Board. The Board is appointed by the Health Services Board (HSB) in collaboration with the parent Ministry of Health and Child Care (MOHCC).

1.2 Monitoring of internal controls

Finding

The internal controls were not subject to frequent monitoring and evaluation as the Hospital had no internal audit function. This was contrary to the provisions of Public Entities and Corporate Governance Act [*Chapter 10:31*], Section 92 and the Public Finance Management Act [*Chapter 22:19*], Section 84. As a result, numerous weaknesses in the internal controls gave rise to a disclaimer of opinion on the financial statements of the Hospital.

Risk / Implication

Fraud and errors may go undetected

Recommendation

The Hospital should have an internal audit arrangement as required by the laws.

Management response

The Hospital has no Internal Audit function. Management have recently submitted a bid to HSB to have the post added on the Hospital's staff establishment.

1.3 Substantive senior management positions

Finding

The Hospital has been operating without a substantive Chief Executive Office since July 2020. This was in contravention of the provision of the Health Service Act [*Chapter 15:16*].

Risk / Implication

Service delivery maybe compromised.

Recommendation

Management should engage the responsible authorities and ensure that a substantive CEO is appointed.

Management response

Management is waiting for the appointment of a substantive CEO by HSB and MOHCC.

1.4 ICT department

Finding

The Hospital was operating without an ICT department although the Hospital was accounting and managing its revenues, debtors and inventories through Trimed system. As a result, the Hospital had manual records which could have been automated with the help of ICT department, the weaknesses noted in the billing system could have been minimized.

Risk / Implication

Integrity of data is compromised.

Recommendation

Management should expedite the establishment of an IT department.

Management response

Management is in the process of formalising the full establishment of the ICT department through conversion of the existing posts available and vacant in the establishment. Communication seeking Treasury concurrence has already been done.

1.5 Recording of Government of Zimbabwe (GOZ) funding

Finding

The Hospital was allocated operational grants amounting to ZWL70.3 million of which ZWL24.9 million was not recognized by the Hospital on the basis that it had not been paid as at December 31, 2020. However, the Public Finance Management System (PFMS) report revealed that ZWL6.2 million had been paid, although it was not clear when it was paid. In addition, ZWL5.3 million was not appearing on the system as it was claimed to have been paid by the Government of Zimbabwe to Natpharm on behalf of UBH. There were no reconciliations and correspondences between the Hospital, the HSB and the Government of Zimbabwe regarding these anomalies and how they were resolved.

Risk / Implication

Misstatements of financial statements.

Financial loss due to misappropriation of the donated financial resources.

Recommendation

Management should ensure that payments in favour of the Hospital through the PFMS system are confirmed and reconciled on a regular basis.

Management response

The processing of the ZWL5.3 million was appearing in the system as having been paid to Natpharm by the Ministry of Health and Child Care and had been deducted from the UBH Budget in the system. Hence, it was a reconciling item leading to the budget allocation not tallying with expenditure incurred. UBH relies on remittance schedules provided by Head Office as confirmation that payments have been processed.

GOZ payments made are confirmation of funding received in a particular financial year. Management will ensure that appropriate reconciliations are conducted on GOZ funds allocated from the Government on a regular basis.

1.6 Stock management

Finding

The Hospital was not conducting monthly inventory counts from January 2020 to November 2020. As a result, when the year-end count was conducted on December 28, 2020 material variances amounting to ZWL48 million were noted. In addition, there were no year-end detailed stock count sheets for linen, laboratory and main stores amounting to ZWL8.8 million as at the time of the audit. There were also cases where inventories were being received without being checked for quantities hence some of these items could not be agreed to goods received vouchers (GRVs).

Risk / Implication

Misappropriation of inventory.

Recommendation

Management should ensure that GRVs and stock sheets are filed.

Inventory items should be counted and reconciled on a monthly basis.

Management response

Management acknowledges the challenge. They will ensure that bin cards are used by departments with immediate effect. The Receiving Committee will be put in place and standard operating procedures on receiving of goods will be strengthened. Stock counts will be done on a regular basis and investigations on any irregularities will be treated with urgency.

1.7 Valuation of inventory as at year end

Finding

Pharmacy inventory items received during the year were not being accurately and timeously captured into the Trimed system. In addition, some inventory items received were being processed as stock adjustments resulting in these items being excluded by Trimed system in the determination of average cost. In addition, donated inventory were being recognised at nil values during the year and this had the effect of reducing the average unit cost. Therefore, these weaknesses resulted in the distortion of the Pharmacy inventory unit values. Further, management were also not able to provide me with supporting documents for unit values in respect of linen and main stores which were managed outside Trimed system. This affected the verification of inventory amounting to ZWL19.9 million. In addition to the above, the Hospital conducted a year-end inventory count as at December 28, 2020 and there was an inventory loss variance amounting ZWL48.1 million which was written off in Trimed system. This variance was caused by stock items issued and received during the year which were not being captured into the Trimed system in a timeous manner owing to Covid -19 lock downs as well as the lack of appropriate network connections to the Trimed system platform. Accordingly, this had a bearing on the completeness of revenue, accounts receivables as well as the computation of the unit costs which were used in the determination of the year-end inventory values.

In addition, while the returns submitted to the Government of Zimbabwe regarding the utilisation of Covid -19 funds for medicines was based on the actual amounts paid upon the procurement of these items, this may have been inaccurate given the stock loss variance amounting to ZWL48.1 million. Furthermore, this stock loss was not appropriately disclosed in the Hospital's financial statements as the write off was only done in Trimed system which is not a financial reporting system.

Risk / Implication

Misappropriation of inventories.

Inaccurate costing, classification and valuation of inventories which may result in misstated financial statements.

Recommendation

Management should ensure that inventory items issued and received during the year are accurately and appropriately captured into Trimed system.

Management response

Management acknowledge all the observations above and will take appropriate actions to address them.

Management has taken note of the variances. They were due to the non-capture or incorrect capturing of suppliers invoices on the system and members failing to do proper handover or takeover as a result of the Covid -19 lockdown restrictions. Operations have since gone back to normal and necessary training on the capturing of inventories into Trimed has been provided to staff members. Further, the billing and capturing of inventories issued and received has also been emphasised to employees concerned.

1.8 Custody of assets and impairment assets

Finding

The Hospital carries its property and equipment on a revaluation model. A number of assets in the UBH assets registers were not in a working condition. The property and equipment were last revalued on December 31, 2014 contrary to provisions of IAS 16 - "Property, Plant and Equipment", which requires revaluations to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair values at the end of each reporting period. In addition, the Hospital did not have comprehensive asset registers. This limited my ability to verify the completeness, accuracy, existence and valuation of the fixed assets amounting to $209.9 million as at the reporting date.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should adhere to their accounting policy and maintain a complete fixed assets register.

Management response

Management acknowledges the issue and confirm that physical verification of assets and capturing inventory sheets was on-going during the time of audit. A few departments had been covered and this is still an on-going exercise. A system will be put in place to periodically check condemned assets or assets waiting for disposal to verify their existence. In addition, all assets will be kept safely and securely.

Management acknowledge that while a comprehensive asset register is available, detailed columns require update of the information including valuation and depreciation of assets. This has been lagging behind because it is a shared responsibility of both the Assets Office and Finance Department. The exercise of reconciling physically verified assets and the values to accounts ledgers also needs to be conducted as it was last done for the year 2019.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1 Revenue completeness, accuracy, cut-off and occurrence

Finding

Management were unable to provide me with patient files for me to verify the occurrence of medical services income amounting to ZWL53 million as well as the gross carrying amount of accounts receivables amounting to ZWL35.8 million, due to filing challenges. In addition, patients were not being billed in a timeous manner, resulting in the recognition of revenue in incorrect accounting periods. There were no appropriate internal controls to ensure that changes in billing rates in the Trimed system were being done accurately. As a result, there were errors regarding some billing rates which had been changed in the system. This limited my ability to verify the accuracy, completeness and occurrence of the medical services income as well as the existence of the related accounts receivable balances amounting to ZWL53 million and ZWL35.8 million respectively.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should ensure that billing systems are functional.

Management response

Observations acknowledged. Challenges are encountered on discharges done outside normal working hours and over the weekend when there is limited staff as priority would be on emergencies. However, management shall ensure that during normal working hours, patients are discharged on a real time basis and that all patients would have discharge dates in the system.

2.2 Provision for expected credit losses

Finding

The Hospital elected to use the Simplified Modified Approach in the computation of expected credit losses (“ECL”) on accounts receivables as provided for in IFRS 9. However, I was not availed with the computations in order for me to verify accuracy of amounts provided for.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management estimates should be substantiated by computations.

Management response

Management acknowledges the observation. The Hospital has been using a simplified approach based on historical evidence. Efforts are being made to develop technological applications to enable quantifying and recognizing expected losses in line with IFRS 9 as this can only be made possible by the use of an accounting package.

2.3 Donations receiving register

Finding

The Hospital's standing practices and internal controls require donations to be received in the presence of three Hospital Officials who should record donations received in the register. I was not availed with supporting documents showing the date, description of items, quantities of goods received. As a result, I was not able to verify the accuracy, completeness and occurrence of donations income amounting to ZWL39.8 million.

Risk / Implication

Misappropriation of donated items.

Misstatement of financial statements.

Recommendation

Management should ensure that items donated are timeously and accurately recorded in the donations receiving register.

Management response

Observation is noted. Standard Operating Procedures for receiving donations have been created and are now being used by the Hospital.

3. PROGRESS TOWARDS IMPLEMENTATION OF PRIOR YEAR FINDINGS RECOMMENDATIONS

The Hospital made progress in addressing audit findings that I raised in my 2021 annual report. I raised five (5) audit findings one (1) finding was addressed and four (4) findings have not been addressed as indicated below;

3.1 Alignment of accounting processes to new developments

The finding has not been addressed. The Hospital will seek quotations from evaluators, this will be included in the 2023 budget.

3.2 Doctors accommodation

The finding has not been addressed. Plans are underway to build a fifty-two (52) bedroom flat using the plan that was used at Parirenyatwa Hospital. The construction will be available in the 2024 budget.

3.3 Brain drain

The finding was not addressed. The brain drain issue has not been resolved.

3.4 Procurement procedures

The finding has not been addressed. The hospital is yet to be fully implemented.

3.5 Medical Equipment

The finding has been addressed. The hospital received a donation of two (2) incubators for paediatric unit from Nedbank.

PUBLIC ENTITIES UNDER THE CATEGORY OF UNIVERSITIES AND TERTIARY INSTITUTIONS

Background information

The University was established in terms of the Bindura University of Science Education Act *[Chapter 25:22]*. 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, 2021 and issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Bindura University of Science Education as at December 31, 2021 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Use of staff bank accounts

Finding

The University transferred funds to a staff member`s bank account for the procurement of machinery. This was in violation of Treasury Instruction (2019) S1 144 of 2019 which prohibits the transfer of public funds to private bank accounts.

Risk / Implication

Misappropriation of funds.

Recommendation

The University should transact through its bank account.

Management response

Noted. All compliance levels will be adhered to going forward.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Debtor reconciliations

Finding

There was no evidence to support that accounts receivables reconciliations were being performed. As a result, some balances in the University`s records were disputed by its clients. For instance, a client with a ledger balance of ZWL 21 570 886 only confirmed that the total amount owing was ZWL 9 059 500.

Risk / Implication

Misstatement of financial statements.

Recommendation

Reconciliations should be performed for all debtors on a regular basis and investigations carried out where there are variances.

Management response

This is a legacy issues emanating from inception issues when there was no clarity of prices when Covid19 hit the world. Otherwise reconciliation was being done. The issue of a customer who only confirmed a balance of ZWL9 059 500, the University will consider writing off the difference in full.

Background information

The University was established by an Act of Parliament, The Chinhoyi University of Technology Act *(Chapter 25:23)*, on 10 August 2001. The main objectives of the University include the advancement of knowledge and the development and practice of design and technology.

I have audited the financial statements of Chinhoyi University of Technology for the year ended December 31, 2021 and I issued an adverse opinion.

Adverse opinion 2021

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the consolidated financial statements do not present fairly, the consolidated statement of financial position of Chinhoyi University of Technology as at December 31, 2021, 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 adverse opinion

i. Non – compliance with International Accounting Standard (IAS) 21 - “The Effects of Changes in Foreign Exchange Rates”

The University complied with Statutory Instrument (SI) 33 of 2019 issued by the Government of Zimbabwe and consequently did not comply with IAS 21 - “The Effects of Changes in Foreign Exchange Rates” in the preparation and presentation of the prior periods financial statements. Through SI 33, the Government prescribed an exchange rate of 1:1 between the United States dollars and the newly introduced RTGS dollars effective from February 22, 2020 for accounting and other purposes. Had the University performed the assessments required by IAS 21 - “The Effects of Changes in Foreign Exchange Rates” in the prior period, the adjustments that were recognized in the comparative period’s financial statements would have been materially different. Therefore, the departure from the requirements of IAS 21 - “The Effects of Changes in Foreign Exchange Rates” were pervasive in the prior period. The misstatements in the historical comparative information consequently impacted the determination of the inflation adjusted amounts as is required in the application of International Accounting Standard (IAS) 29 – “Financial Reporting in Hyperinflationary Economies” in prior years. The financial effects on the inflation adjusted financial statements of this departure were not determined. In addition, the effects of the matter on the restatement of prior period as well as current period equity balances cannot be readily determined. As such, the current period’s financial statements may not be readily comparable with those of prior years.

The University also transacted in foreign currencies during the year and had significant foreign currency denominated bank and cash balances (USD331 683) and accounts receivable (USD93 639) as at year end. The foreign currency denominated transactions and account balances were translated to the Zimbabwean dollar (ZWL) using the Reserve Bank of Zimbabwe (RBZ) auction exchange rate prevailing on the date of the respective transactions and at year end, respectively. IAS 21 - “The Effects of Changes in Foreign Exchange Rates” requires such account balances to be translated using the spot exchange rate. I was unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD RBZ auction exchange rate as the spot exchange rate in accordance with IAS 21 - “The Effects of Changes in Foreign Exchange Rates”. The effects of this matter on the financial statements cannot be readily determined.

ii. Non – compliance with International Financial Reporting Standard (IFRS) 13 - “Fair Value Measurements”

The University performed a revaluation of Property and equipment as at December 31, 2021. IFRS 13 - “Fair Value Measurements” defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. I was unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD RBZ auction exchange rate in the determination of the final ZWL fair valuations presented. IFRS 13 - “Fair Value Measurements” requires:

- A fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- Fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

I was therefore unable to obtain sufficient evidence to support the appropriateness of simply applying the closing ZWL/USD RBZ auction exchange rate in determining the ZWL fair value of property and equipment without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would also use in pricing those assets.

Below is an update on prior year audit findings;

1 PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The University made progress in addressing audit findings raised in my 2020 annual report. I raised two (2) audit findings. One (1) finding was addressed and the other could not be addressed as indicated below;

1.1 Kariba lodge

The finding was addressed. The lodge is now being licensed with the Zimbabwe Tourism Authority.

1.2 Cutec Microfinance

The finding was addressed. The Microfinance company was closed and there were no operations.

Background Information

Great Zimbabwe University, is an institution of higher learning established in terms of the Masvingo State University Act [Chapter 25:24]. Its purpose is to provide the advancement of knowledge through teaching, research and learning; and the nurturing of the intellectual, aesthetic, social and moral growth of the students.

I have audited the financial statements of the Great Zimbabwe University for the year ended December 31, 2021 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position of the institute as at 31 December 2021, and its inflation adjusted financial performance and its inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Bank reconciliation

Finding

There was no evidence to support that all bank reconciliations were being reviewed. The University's Procedure Manual requires bank reconciliations to be prepared for each bank account on a monthly basis and reviewed by senior management. This procedure was therefore not adhered to.

Risk / Implication

Fraud and error may go undetected.

Recommendation

All bank reconciliations should be reviewed by a senior person on a monthly basis.

Management response

The bank reconciliations were done on a monthly basis for all the university's bank accounts as stipulated in the procedures manual. The bank reconciliation are done using a computer software package to ensure accuracy and timeliness. All the cash books were reconciled to the bank statements, however there was no evidence on some of the statements to indicate that they had been reviewed as they were not signed to confirm the review. In future all the bank reconciliation statements will be signed after printing to confirm that they are reviewed by a senior official.

1.2. Tax on business activities

Finding

The University operated some profit making business ventures as part of its projects. However, these business ventures were not registered as separate entities for tax purposes as they were not part of the tax exempt core functions of the University. As a result, no taxes were being paid as required by the Income Tax Act [*Chapter 23:06*].

In addition, the University was not registered for VAT yet its project revenue had reached the Value Added Tax registration thresholds. The tax laws require that once a business`s vatable annual supplies exceed thresholds, the business should register for VAT.

Risk / Implication

Financial loss due to fines and penalties.

Recommendation

The University should consider registering as separate entities its project activities and business development ventures.

Management response

The University management has engaged ZIMRA to facilitate the process of registration. All the relevant documentation has since been submitted to ZIMRA.

Noted. The university management is exploring various options including that of registering a Trust to ring fence the business units that are currently operating as a separate unit within the university structures.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Student accounts

Finding

The books of the university had significant credit balances on student accounts (student overpayments and or advances) which were not cleared for some time. Credit balances are student overpayments or advance payments to be transferred to revenue at a future date or to be refunded to the student in the case of overpayment. The existence of uncleared overpayments for a long period of time indicates that management was not reviewing students credit balances in a timely manner

Risk / Implication

Material irregularities may go undetected.

Recommendation

Management should commit to clear credit balances.

Management response

The credit balances represent overpayments by students most of whom have completed their studies. The credit balances have been accounted for under liabilities in the financial statements as the university is obliged to refund the students as and when they request to be refunded by completing a refund claim form.

The University has opted to carry these as liabilities as opposed to writing them off and recognising the outstanding amounts as sundry revenue. The University management will, on a regular basis assess the credit balances and clear them if deemed appropriate. It is the management's view that the risk of overstatement of revenue is low given that the credit balances are classified under current liabilities in the financial statements.

3. PROCUREMENT OF GOODS AND SERVICES

3.1. Purchase of motor vehicles

Finding

The university invited suppliers to tender for the supply of a Toyota Land cruiser motor vehicle. The procurement committee shortlisted three prospective suppliers and an award given to one of the short listed suppliers. However, supporting documents availed indicated that the actual supplier of the vehicle was not the one awarded the tender and was not part of the shortlisted suppliers. My examination of the records revealed that the supplier to whom the tender was awarded instructed the University to make payment to another supplier who had not been awarded the tender. This was in contravention of the public procurement and disposal of public assets act. No satisfactory explanations were given by management for the variation.

Risk / Implication

Non-compliance with the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] and its regulations thereof.

Possible tax evasion.

Recommendation

The University should seek authorisation for any variations to procurement above set rules.

Management response

The shortlisted supplier was awarded the tender after all due processes were done and they supplied the vehicle as tendered. This supplier then requested the university in writing to make a payment into the account of their sister company and the University obliged.

In future the university management will avoid payments to related entities as recommended by the auditors in order to guide against possible breaches of the procurement regulations.

Background Information

Gwanda State University was established in terms of the Gwanda State University Act [*Chapter 25:30*]. The main objectives of the University involve specialisation in animal and veterinary sciences, irrigation engineering and management, mining engineering, environmental engineering and ecosystem restoration and the advancement of knowledge through teaching, research and learning and the nurturing of the intellectual, aesthetic, social and moral growth of the students.

I have audited the financial statements of Gwanda State University for the years ended December 31, 2020 and 2021. I issued a disclaimer of opinion for 2020 and qualified opinion for 2021.

Disclaimer of Opinion 2020

I do not express an opinion on the financial statements of Gwanda State University. 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 on these financial statements.

Basis for Disclaimer of Opinion

i. Non-compliance with International Accounting Standard 21 – "The Effects of Changes in Foreign Exchange Rates (IAS) 21" on the comparative financial information.

The University did not comply with IAS 21**–** "The Effects of Changes in Foreign Exchange Rates (IAS) 21" in the prior financial year as it elected to comply with Statutory Instrument 33 of 2019 from February 22, 2019. Had the University applied the requirements of IAS 21**–** "The Effects of Changes in Foreign Exchange Rates (IAS) 21" from October 2018, many of the elements of the prior year financial statements, which are presented as comparatives and the opening retained loss for the current year would have materially been impacted. The departure from the IAS 21"The Effects of Changes in Foreign Exchange Rates (IAS) 21" requirements was therefore considered to be material and pervasive. The financial effects on the financial statements of this departure have not been determined.

ii. Existence of biological assets

Included in biological assets on the statement of financial position is an amount of ZWL 279 710. The University did not perform a livestock count at year end and I was unable to satisfy myself by alternative means concerning the livestock quantities held at December 31, 2020. 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 biological assets, and the elements making up the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows. Therefore, I was unable to obtain sufficient, appropriate audit evidence over the existence of biological assets.

iii. Accuracy of payables

Included in current liabilities on the statement of financial position is a balance of ZWL 651 693 being funding received by the University from National University of Science and Technology. I was not provided with any evidence to support the amounts loaned to the University. As a result, I was unable to determine the accuracy of the amount and whether any adjustments could have been necessary.

iv. Completeness, accuracy and occurrence of fees income

Management could not provide me with adequate supporting evidence on fees income line items on the statement of profit or loss and other comprehensive income amounting to ZWL 4 608 006. Hence, I was unable to verify the completeness, accuracy and occurrence of this amount.

v. Occurrence and accuracy of expenditure

Included in total expenditure in the statement of profit or loss and other comprehensive income, is ZWL 8 132 546 relating to academic and administration expenses. Management could not provide me with adequate supporting invoices pertaining to this expenditure. As a result, I was unable to obtain sufficient, appropriate audit evidence over this amount.

Qualified Opinion 2021

In my opinion, except for the effects 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 the University as at December 31, 2021 and its financial performance, changes in reserves and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Valuation of property, plant and equipment

The University did not comply with the requirements of the International Accounting Standard (IAS) 16 - "Property, Plant and Equipment" as there was no evidence that the University performed a revaluation exercise to present assets at their fair values as at December 31, 2021. Instead, the University translated property plant and equipment using the rate of 1:1 as prescribed by Statutory Instrument (SI)33 of 2019. A currency called RTGS Dollar was legislated through statutory Instrument 33 of 2019 ("SI 33/19") with the effective date of February 22, 2019.This new currency was created from the RTGS FCA balances. In addition, SI33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. This introductory currency commenced trading at a rate of 2.5 RTGS Dollars to 1 USD on the interbank market.

International Accounting Standard (IAS) 16 - "Property, Plant and Equipment" requires that revaluation of assets should be carried out regularly so that the carrying amount of an asset does not differ materially from its fair value at the date of financial statements. Given the economic changes that occurred from 2018 to the reporting date, it is likely that the carrying value of property, plant and equipment amounting to ZWL104 million as at year end was materially and fundamentally different from that which would have been determined through a revaluation exercise in line with International Accounting Standards (IAS) 16 - "Property, plant and equipment" as well as IFRS 13 - "Fair Value Measurement". I therefore could not satisfy myself on the appropriateness of the value of property, plant and equipment as shown in the financial statements.

Below are other material issues noted during the audit;

1 GOVERNANCE ISSUES

1.1 Valuation of assets

Finding

The University had property and equipment valued at ZWL104 million. Management applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2019 to the property and equipment. The University did not appoint an independent valuer to determine the value of property and equipment.

Risk / Implication

Misstatement of assets.

Recommendation

The University should obtain an independent valuation of property and equipment from a qualified person, doing so periodically could improve the accuracy of measurement significantly.

Management response

Noted. Valuation of Property, plant and equipment was done and completed in October, 2022.

1.2 Asset register

Finding

The University received a donation of four (4) vehicles. However, these vehicles were not recorded in the fixed asset register.

Risk / Implication

Misstatements of financial statements.

Recommendation

The University should consider accounting for the assets.

Management response

Noted. Ownership of these assets would be formalised through the Works Department and these would be recognised in 2023.

1.3 Existence of biological assets

Finding

The University did not perform a livestock count at year end. As a result, I was unable to satisfy myself by alternative means concerning the livestock quantities held at December 31, 2020. The biological assets recognised in the financial statements amounted to ZWL 279 710.

Risk / Implication

Misstatement of financial statements as existence of biological assets may be doubtful.

Recommendation

Management should ensure that a livestock count is performed at every financial year end – as close as possible to the last day of that financial year.

Management response
Noted. The stock count would be done going forward and auditors would be invited to witness the process.

1.4 Accuracy of payables

Finding

The University included in its current liabilities an amount of ZWL 651 693 relating to a funding it received from the National University of Science and Technology. However, I was not provided with any evidence such as loan agreements to support the amounts this amount. As a result, I was unable to determine the accuracy of the amount recorded relating to this.

Risk / Implication

Misstatement of the financial statements.

Recommendation

The management should ensure that all entries entered into the accounting system are supported by documentation that is proof of transactions to avoid fraud and errors. All supporting documents should be reviewed and filed appropriately.

Management response

The liability came about as a result of intercompany transactions between the University and NUST when the University was still operating under NUST. The balance was paid off by the University in June 2022.

1.5 Completeness, accuracy and occurrence of fees income

Finding

I was not availed with enrolment forms and detailed student registers to enable me to verify the completeness and accuracy of student fees income. I was also not availed with supporting documents for other income. As a result, I could not verify the accuracy and completeness of student fee income and other income included in the statement of profit or loss and other comprehensive income amounting to ZWL 400 434 and ZWL 160 919 respectively.

Risk / Implication

Misstatement of financial statements and limitation of scope.

Recommendation

Transactions should be adequately supported.

Management response

Noted. This would be corrected going forward. All supporting documents would be availed hence forth.

1.6 Occurrence and accuracy of expenditure

Finding

Included in total expenditure in the statement of profit or loss and other comprehensive income, is ZWL1 883 911 relating to academic and administration expenses. Management could not provide me with adequate supporting invoices pertaining to this expenditure. As a result, I was unable to verify accuracy of expenditure.

Risk / Implication

Misstatement of financial statements.

Irregularities and fraud may go undetected.

Recommendation

The University should keep expenditure supporting documents.

Management response

Noted. This would be corrected going forward. All supporting documents would be availed henceforth.

1.7 Alignment with International Financial Reporting Standards (IFRSs)

Finding

The University did not review the recoverability of receivables balances in line with the requirements of IFRS 9. As a result, balances that were no longer recoverable, allowance for credit losses were not calculated. In addition, the University had no defined policy on allowance for credit losses.

Risk / Implication

Misstatement of financial statements.

Recommendation

A formal policy should be documented to appropriately account for receivables.

Management response

A formal policy would be documented to cover all areas in the Bursars department.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The University had not made progress in addressing audit findings raised in my 2021 annual report. The audit finding was not addressed as indicated below;

2.1 Supporting documentation

The finding was not addressed. The University had expenditure and revenue reported in the financial statements and did not have adequate supporting documentation.

Background Information

Harare Institute of Technology (HIT) was established in terms of the Harare Institute of Technology Act *[Chapter 25:26].* The objectives of the Institute are the advancement of knowledge and technology through the preservation, dissemination and enhancement of academic and practical knowledge as well as skills relevant to the development of the people of Zimbabwe.

I have audited the financial statements of Harare Institute of Technology for the year ended December 31, 2021 and I issued a Qualified Opinion.

Qualified Opinion

In my opinion, except for effects 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 the Harare Institute of Technology as at December 31, 2021, 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

i. Non- compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates"

The Government of Zimbabwe promulgated Statutory instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe dollar "ZWL" as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be Zimbabwe dollars at a rate which was at par with the United States Dollar ("USD").

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe to separate and create distinct bank accounts for deposits names, RTGS (Real Time Gross Settlement) FCA and Nostro FCA accounts. This resulted in separation of transactions on the local RTGS payment platform from those relating to foreign payments. This separation resulted in 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 legal framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by IAS 21– "The Effects of Changes in Foreign Exchange Rates" on comparative financial information.

The decision by the directors of the Harare Institute of Technology to change the functional currency only on February 22, 2019 in accordance with law resulted in misstatement of the financial performance and cash flows of the University, as transactions denominated in USD were not properly translated during that period.

Had the Institute applied the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates" on comparative financial information, many of the elements of the financial statements of the comparative period would have been materially impacted. The financial effects on the financial statements of this departure were not quantified.

My opinion on the current period's financial results is modified because of the possible effects of the matter on the comparability of the current year's financial results with that of the prior year.

ii. **Non-compliance with International Financial Reporting Standard (IFRS) 15- “Revenue from Contracts with Customers”**

The Institute disclosed revenue of ZWL69 425 980 (2020: ZWL323 144 099). Included in the amount is revenue from transport, fuel and tap-card payment systems provided to the Zimbabwe United Passenger Company Limited (ZUPCO) amounting to ZWL20 725 502. These systems were provided to ZUPCO by the Harare Institute of Technology joint venture company, Matsimba Technologies (Pvt) Ltd. In return ZUPCO agreed to pay 5% of its gross passenger revenue. However, management has not adopted the accruals concept for accounting for this revenue. Only payments made by ZUPCO were recognised as income.

iii. **Non-compliance with International Accounting Standard (IAS) 24 – “Related Party Disclosures”**

Because of matters raised above (non-compliance with IFRS 15-“Revenue from Contracts with Customers”), I was not able to verify that related party transactions and balances were completely and accurately recorded as required by IAS 24 – “Related Party Disclosures”. I was unable to quantify related party balances and transactions by alternative means.

Below are other material issues noted during the audit;

1 REVENUE COLLECTION AND DEBT RECOVERY

1.1 Completeness of projects revenue

Finding

As per contract, HIT and ZUPCO agreed that the later pays the former 5% of its revenue from the transportation of passengers. HIT would provide ZUPCO with tap card payment system, vehicle tracking and fuel management system. IFRS 15- “Revenue from Contracts with Customers” prescribes that revenue should be recognised when performance obligations are satisfied. HIT had performance obligations satisfied for ZUPCO as per contract which it recognised based on cash received rather than on accrual basis, hence the accuracy and completeness of the revenue from ZUPCO could not be determined by alternative means.

Risk / Implication

Misstatements of financial statements due to none compliance with accounting standards.

Recommendation

Management should ensure that ZUPCO submit relevant passenger revenue information to HIT on a monthly basis.

The Institute should recognise revenue on an accrual basis and record a receivable for amounts that would not have been received yet.

Management response

The recommendations are noted however, ZUPCO as an independent organisation which keeps its information confidential, it is difficulty for HIT to get access to ZUPCO transactions and internal reports. Reliable verification is possible when ZUPCO publishes its audited financial statements and necessary adjustments can be done if the need arises.

Secondly HIT cannot appoint an independent person to review the revenue of ZUPCO as this was not provided for in the contract. In any case that would also be an extra cost to the university.

1.2 Student caution fees

Finding

The Institute charged refundable caution fees to students upon commencement of their studies, however these fees were not being reimbursed to the students on completion of their studies as per policy. This was evidenced by an increase in Liabilities from ZWL 1.67million in 2020 to ZWL 6.1 million 2021 on student caution fees.

Risk / Implication

Fraudulent activities may be perpetrated.

Recommendation

Management should repay the caution fees to students on completion of their studies.

Management response

Students should claim their refunds after completing studies and successfully completing the clearance process. Hence, refund is not automatic.

2 PROGRESS MADE TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Institute made a slight progress in addressing audit findings raised in my 2020 and 2021 annual reports. I raised four (4) audit findings, one (1) was addressed, one (1) was partially addressed and the other two (2) were not addressed as indicated below;

2.1 Related party transactions

The finding was addressed. The Memorandum of Understanding (MOU) has been amended to gross revenue of 75% to Matsimba and 25% to HIT rather than profit sharing which was raising complications in the determination of relevant expenses of the parties.

2.2 ZUPCO revenue

The finding was partially addressed. The meeting with ZUPCO is still pending, however reconciliations can be done at the end of year with the ZUPCO audited accounts against what was remitted.

2.3 Tax on allowances

The finding was not addressed. The Management indicated that they will voluntarily disclose to ZIMRA and remit the PAYE arising from those allowances.

2.4 Internal audit

The finding was not addressed. Management highlighted that none implementation was due to the recruitment freeze by Government as several requests from the University to recruit various staff members have not been approved. Resignations have also compounded the issue. Management took note of the observation and indicated that they will capacitate the Unit.

Background Information

The Lupane State University was established in terms of Lupane State University Act [*Chapter 25:25*] to advance knowledge through teaching, research and learning; and nurturing of the intellectual, aesthetic, social and moral growth of the students.

I have audited the financial statements of Lupane State University for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the possible effects 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 the University as at December 31,2021 and its financial performance, changes in reserves and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Valuation of Property, Plant and Equipment

The statement of Financial Position as at December 31,2021 includes Property, Plant and Equipment valued at ZWL3 842 660 517 (2020: ZWL1 652 626 425) arising from a revaluation exercise conducted as at August 17,2021. The revaluation was conducted in United States Dollars. The valuation specialist performed the asset revaluation in USD and the value was translated at the auction rate to ZWL for financial reporting purposes. I have concerns over the appropriateness of using a foreign currency for the valuation and then applying a conversion rate to a USD valuation to calculate ZWL property, plant and equipment fair values as this may not be an accurate reflection of the current market dynamics, as risks associated with currency trading do not always reflect the risks associated with property, plant and equipment trading. As a result of this, there is a risk of potential misstatement with the respect to the proposed ZWL property, plant and equipment values. I was however unable to determine the extent of misstatement and therefore potential adjustments that maybe necessary to correctly account for these amounts.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Staff turnover

Finding

The University experienced high staff turnover resulting in the finance, internal audit function, procurement and stores departments being short staffed. As a result, creditors and bank reconciliations were not being prepared on time contrary to the University's Procedures manual. In addition, this affected proper segregation of duties in the stores department that resulted in uninvestigated inventory variances of ZWL1. 99 million (2020: ZWL 240 354).

Risk / Implication

Fraud and material errors may go undetected.

Recommendation

The University should consider coming up with sustainable staff retention strategies.

Management response

Delays in bank reconciliations were due to shortage of staff. We engaged six new members and there is now an improvement. To address staff shortage five positions were allocated to the Procurement Management Unit and three (3) staff members were appointed in acting capacity. Substantive appointments would be done by March 2023.

1.2 Mopane system

Finding

The University did not upgrade its Mopane management information system which was being used for students' database. As a result, the system produced inconsistent data for students and results listings.

Risk / Implication

Inaccuracies in University records as data is extracted from the Mopane system.

Recommendation

The University should consider engaging an IT expert to perform an evaluation of the Mopane system and rectify all anomalies.

Management response

We will engage an IT expert to evaluate the system by March 2023.

Background Information

Management Training Bureau was established in terms of the Manpower Planning and Development Act [*Chapter 28:02*]. The mandate is to train and produce knowledgeable and skilled human capital for the industry focusing on programmes for strategic sectors including but not limited to business, leadership and entrepreneurship development, information communication technology, innovation management, hospitality, international languages, and diplomacy.

I have audited the financial statements of the Management Training Bureau, for the year ended December 31, 2021 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Management Training Bureau as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Bank reconciliation

Finding

The Bureau was not preparing monthly bank reconciliation statements on time. Bank reconciliations were being prepared after a period ranging from three (3) to ten (10) months from the month of trading, contrary to the provisions of the Bureau's Finance and administration procedure manual and best practice.

Risk / Implication

Fraud and material errors may go undetected.

Recommendation

The Bureau should prepare monthly bank reconciliation statements on time.

Management response

We have noted the anomaly and will timeously reconcile our cash and cash equivalents adhering to the provisions of the policy.

Background Information

Manicaland State University was established in terms Manicaland State University of Applied Sciences Act [*Chapter 25:31*]. The University specialises in applied sciences, mineral sciences, forestry sciences, agricultural sciences and tourism and hospitality; the advancement of knowledge through teaching, research and learning; and the nurturing of the intellectual, aesthetic, social and moral growth of the students.

I have audited the financial statements of Manicaland State University of Applied Science for the year ended December 31, 2020 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 section of my report, the financial statements do not present fairly the financial position of Manicaland State University of Applied Sciences as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

i. Non-compliance with International Accounting Standard (IAS) 21- "The Effect of Changes in Foreign Exchange Rates"

On October 1, 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. On February 20, 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in 4 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 multicurrency system in Zimbabwe through the issuance of statutory instrument (S.I.) 33/2019, with an effective date of 22 February 2019. In order to comply with SI 33/2019, the RTGS transactions and balances for the period January 01, 2019 to February 22, 2019 were accounted for on the basis of a rate of 1:1 between USD and RTGS. The University changed the functional currency on February 22, 2019 in compliance with SI 33/2019. This was not consistent with IAS 21-"The Effect of Changes in Foreign Exchange Rates", in which compliance would have resulted in the reassessment of the functional currency at a date earlier than February 22, 2019.

In addition, foreign currency denominated transactions and balances for the year were translated into the functional and presentation currency using exchange rates which were not considered appropriate spot rates for translations as required by IAS 21.-"The Effect of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in these financial statements. Had the University applied the requirements of IAS 21 –"The Effect of Changes in Foreign Exchange Rates", many of the elements of the financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21- "The Effect of Changes in Foreign Exchange Rates" is considered to be material and pervasive to the financial statements, taken as a whole.

ii. Non-compliance with International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies"

The University has applied IAS 29 – "Financial Reporting in Hyperinflationary Economies" with effect from January 01, 2019 to December 31, 2020. However, its application was based on prior and current year's information which was not in compliance with IAS 21 as described above. Had correct base numbers been used, most elements of the financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Internal audit

Finding

The internal audit function of the University had staff establishment of four (4). However, only one person was in post to service all the departments. The staff levels were therefore low in relation to the nature of the University's operations and activities.

Risk / Implication

Timely assessment of internal controls maybe compromised.

Recommendation

Management should consider coming up with sustainable staff retention strategies.

Management response

The department had an establishment of four (4) for 2021 with two (2) in post at the beginning but unfortunately we lost one to Covid. At the time of audit only one (1) member was in post due to failure to attract alternative replacements. We however have made offers to three (3) potential replacements.

Background information

Marondera University of Agricultural Sciences and Technology was established in terms of the Marondera University of Agricultural Sciences and Technology Act *[Chapter 25:29]*. The University's objectives are; specialization in agricultural sciences and technology, the advancement of knowledge through teaching, research and learning and the nurturing of the intellectual, aesthetic, social and moral growth of the students.

I have audited the financial statements of Marondera University of Agricultural Sciences and Technology for the years ended December 31, 2020, 2021 and 2022. I issued a qualified opinion for 2020, an unmodified / clean opinion for 2021 and for 2022.

Qualified Opinion 2020

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 the University as at December 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

i. Non- compliance with International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS)8- "Accounting Polices, Changes in Accounting Estimates and Errors"

The University did not fully comply with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates" and IAS 8 - "Accounting Polices, Changes in Accounting Estimates and Errors" in the prior period financial statements in translating transactions for the University for the period 1 January to February 22, 2019. Had the University applied the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates" & IAS 8- "Accounting Polices, Changes in Accounting Estimates and Errors", the financial statements might have been materially impacted.

ii. Trade receivables and payables

Furthermore, due to the nature of record keeping at the University, I was not able to obtain sufficient appropriate audit evidence to substantiate the following account balances: Trade and Other Receivables ZWL1 224 513 and Trade and Other Payables of ZWL 6 186 426.

Opinion 2021

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Marondera University of Agricultural Sciences and Technology as at December 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion 2022

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Marondera University of Agricultural Sciences and Technology as at December 31, 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are other material issues noted during the 2020 and 2021 audit:

1. GOVERNANCE ISSUES

1.1 Manual Accounting of transactions

Finding

The University's transactions were being processed and maintained in Microsoft excel spreadsheets. However, the University invested in Pastel accounting software which was acquired in 2018, but had not been put to use.

Risk / Implication

Material errors and fraud may go undetected.

Recommendation

The University should make use of the Pastel accounting software.

Management response

The automation of the Finance function using Pastel is in motion. The 2022 audit will definitely be done using the Pastel platform.

2. PROGRESS MADE TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Institute made a slight progress in addressing audit findings raised in my 2020 and 2021 annual reports. I raised four (4) audit findings, two (2) were addressed, and the other two (2) were not addressed as indicated below;

2.1 Pastel accounting software utilization

The finding has not been addressed. Pastel is not yet being fully utilised.

2.2 Financial position of the University

The finding was addressed. Loans obtained from GMB and CBZ have been repaid. Negotiations with Seedco on set off of inputs for contract farming with delivered maize are underway.

2.3 Supporting documentation

The finding was not addressed. No subsequent source documents were availed to verify that management did manage to locate the invoices.

2.4 Scholarships

The audit finding was addressed. The University now maintains a real-time system that allows students to register and pay online. The system updates the student's account as soon as payment is done.

Background Information

Midlands State University is established in terms of the Midlands State University Act [*Chapter 25:21*]. The University's principal activities include the advancement of knowledge, the diffusion and extension of arts, science and learning, the preservation, dissemination and enhancement of knowledge.

I have audited the financial statements of Midlands State University for the years ended December 31, 2021 and 2022. I issued a qualified opinion for 2021 and an unmodified / clean opinion for 2022.

Qualified Opinion 2021

In my opinion, except for the matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the statement of financial position of Midlands State University as at December 31, 2021, 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

Impact of prior year non-compliance with International Financial Reporting Standards (IAS)21 – ''Effects of Changes in Foreign Exchange Rates''

For the financial year ended December 31, 2019 an adverse opinion was issued due to the non-compliance with the requirements of IAS 21 – The Effects of Changes in Foreign Exchange Rates. Non-compliance with IAS 21– The Effect of Changes in Foreign Exchange Rates. arose from the fact that Statutory Instrument 33 of 2019 is inconsistent with IAS 21– "The Effects of Changes in Foreign Exchange Rates". Midlands State University elected to comply with the requirements of Statutory Instrument 33 of 2019 (SI 33/99) which was issued on February 20, 2019. The entity was guided by Statutory Instrument 41 of 2019 (SI 41/19) which states that in the case of inconsistency between local pronouncement and any international standard, the local pronouncement shall take precedence. The opening balances for the December 31, 2020 and December 31, 2021 financial years were affected by the following prior period events:

During the period January 1, 2019 to February 21, 2019 the financial statements of the entity included balances and transactions denominated in USD that were converted to local currency (ZWL) using an exchange of 1:1 in compliance with Statutory Instrument 33 of 2019 (SI 33/19). I believe that the economic substance of transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 ZWL: USD exchange rate. The use of the 1:1 exchange rate thereby constitutes a departure from the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates".

On February 22, 2019, the entity changed its functional currency from USD to local currency, all balances that were previously denominated in USD were translated into local currency using an exchange of 1:1 in compliance with SI 33/19. This constitutes a material departure from the requirements of IAS 21– The Effects of Changes in Foreign Exchange Rates. which requires the use of market exchange rates when translating figures from one currency to another. Figures that were previously reported as USD prior to January 1, 2019 were converted to the local reporting currency (ZWL) from the previous reporting currency (USD) at a rate of 1:1. The exchange rate used do not represent the true market exchange rate that existed in comparative year in terms of IAS 21– "The Effect of Changes in Foreign Exchange Rates".

The effects of misstatements due to non-compliance with IAS 21– The Effects of Changes in Foreign Exchange Rates, on prior year financial statements and opening balances have not been quantified.

Opinion 2022

In my opinion, the inflation adjusted financial statements present fairly, the statement of financial position of Midlands State University as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Policies and procedures manual

Finding

The University did not have approved policies and procedures manual to regulate its operations during the year ended December 31, 2022.

Risk / Implication

Inconsistent treatment of transactions.

Recommendation

The University should ensure that the policies and procedures manual is approved.

Management response

Noted. The Standard Operating Procedures will be submitted for approval.

1.2 Taxation of allowances

Finding

The University was not deducting tax on airtime and data allowances for its employees. Airtime and data allowances were not going through the payroll. As a result, the amounts were not subject to tax. This was contrary to section 8 (1)(f) of the Income Tax Act [*Chapter 23:06*].

Risk / Implication

Financial loss due to penalties and fines that may be levied by the tax authority.

Recommendation

The University should comply with the requirements of the Income Tax Act.

Management response

Noted. The issue was presented and adopted by the Finance Committee. The University has taken a position to comply with the provisions of the Income Tax Act.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The University made progress in addressing the audit finding and recommendation raised in my 2020 annual report. The audit finding was addressed as indicated below.

2.1 Motor vehicles

The finding was addressed. The University has managed to register all the four (4) motor vehicles.

Background information

National University of Science and Technology is a higher education institution established in terms of the National University of Science and Technology Act *[Chapter 25:13].* The mandate of the University is for advancement of knowledge with a special bias towards the diffusion and extension of science and technology through teaching, research and learning and, so far as is consistent with these objects, the nurturing of the intellectual, aesthetic, social and moral growth of the students of the University.

I have audited the financial statements of National University of Sciences and Technology for the year ended December 31, 2021 and I issued a Disclaimer of Opinion with an emphasis of matter on contingent liabilities.

Disclaimer of Opinion

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

Basis for Disclaimer of Opinion

i. Valuation, completeness and existence of construction materials

As part of the decommissioning process on construction projects, the University received building materials from one of the contractors during the prior year. However, these materials were not valued and recognised in the financial statements in accordance with IFRS. As a result, the value of the inventory items disclosed in the financial statements may be materially understated. I was not able to quantify the value of this understatement on the financial statements through alternative audit procedures.

I was unable to satisfy myself as to the completeness, existence and accuracy of the inventories amounting to ZWL5 715 000 as at the reporting date through alternative audit procedures.

ii. Accuracy, occurrence and completeness of prior year revenue and current year retained earnings

I was unable to verify the completeness, occurrence and accuracy of revenue amounting to ZWL335 688 155 as disclosed in the comparatives for the current year financial statements due to significant control weaknesses over the billing, recording and cut off of revenue transactions during the prior year audit. In addition, delivery notes for goods sold on credit were not being signed off by customers as acknowledgement of having received the goods.

I was unable to perform alternative audit procedures to satisfy myself on the completeness, occurrence and accuracy of the revenue amount as stated in the prior year audit.

Misstatements in the above matters have a significant bearing on the current year retained earnings, opening balances for accounts receivables, inventories, cost of goods sold as well as the comparative amounts, among others.

iii. Revenue from short courses and consultancy

The University was recognising short course and consultancy revenues on a cash basis. I could not satisfy myself on the occurrence, completeness and accuracy of short courses and consultancy revenues amounting to ZWL8 668 504.

iv. Accuracy, valuation and completeness of student fee income and debtors

The University was not following proper cut off procedures when accounting for student fee income in the prior year period. In addition, there was a system breakdown and the billing system crashed at some point during the year and some records could not be recovered. As such, I could not satisfy myself as to the accuracy and completeness of student fee income as well as the student debtors balance included in the financial statements for the year ended December 31, 2021.

v. Right of use asset

The University entered into a lease with the Government in respect of some farm land. The University has not recognised the right of use asset in respect of this farm in accordance with *IFRS 16: Leases*. Accordingly, the carrying amount of the University's assets may be significantly understated.

vi. Valuation and existence of library books

The University was not following its policy on revaluation of library books on an annual basis in order to determine their existence and fair value and at each reporting date. Accordingly, I could not satisfy myself as to the valuation and existence of the library books.

vii. Accuracy of expected credit loss allowance ("ECL")

The University applied the simplified approach and used a provision matrix in determining the expected credit loss ("ECL") allowances at year end in line with *IFRS 9: Financial Instruments (IFRS 9)*. However, the University did not use relevant, reasonable and supportable forward looking information in establishing loss rates in accordance with IFRS 9. In addition, the University did not appropriately age its accounts receivables, as a result, I could not rely on the different loss rates used for accounts receivables in different cycles or buckets of default based on historical payments profiles.

Management did not make use of probability weighted expected credit losses on the different scenarios. In addition, the accounts receivables were not segmented according to the differing credit risk profiles. Furthermore, the University did not define defaults consistently with the definition used for internal credit risk management purposes, and it also did not appropriately define curing rules for the staging of the accounts receivables.

Accordingly, the value of expected credit losses amounting to ZWL71.1 million may be materially misstated. I was not able to quantify the financial effects of this non-compliance with IFR 9.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Access rights

Finding

There was no evidence to support that the University's employee clearance system was water tight. As a result, the University had not disabled system access rights for some employees who left the University years ago.

Risk / Implication

Fraud may be perpetrated and go undetected.

Recommendation

Management should enforce access controls on employees leaving the University as per its policy.

Management response

Human resources has to let the ICTS department know as and when personnel leave the University.

1.2 Navision system crash

Finding

The University was not complying with Section 7.11 of the NUST SIP Policy regarding the backup and regular testing of backup information. As a result, there was a system crash in September 2021, which resulted in the permanent loss of information for the period July 2021 to September 2021 and this disrupted the University's operations and its accounting and financial reporting.

In addition, my review of the IT System Crash report revealed that the University has been failing to keep pace with changing technology as most of the hardware and network infrastructure was outdated. Also the University did not have adequate storage facilities for backup of data. As a result, data backed up was being deleted to create room for new backup.

Risk / Implication

Misstatement of financial statements due to loss of information.

Service delivery may be compromised due to disruption of operations and financial reporting.

Fraud or errors may go undetected.

Recommendation

Management should put adequate infrastructure to ensure the appropriate backup and testing of backup information on a regular basis as provided for in the NUST SIP Policy document.

Management response

Purchase of servers and back-up power solutions is currently in progress.

Regular backups are being done. Incremental backups done weekly.

1.3 Library management system

Finding

There was no evidence to support that the library management system was water tight. This was evidenced by the loss of 17% of books received through donations in 2021 and absence of reconciliations between records per the Library Management system and the detailed fixed asset register during the year under review. In addition, management was unable to provide me with the valuation of books and collections as at year end. I could not therefore satisfy myself on the existence and valuation of the books as at year end.

Risk / Implication

Misstatement of financial statements.

Financial loss due to misappropriation of library books.

Recommendation

Management should conduct the valuation of books and collections in accordance with IFRSs.

Management response

Noted and will be implemented. Management note that:
- **The Library is in the process of migrating to a new platform. During the process we are also identifying errors and irregularities in the current system and correcting them during the migration;**
- **On 17% of books acquired in 2021 and lost, the library security system has loopholes since it is manned by security personnel. We are exploring installation of a digital security system which should be in place in the first quarter of year 2023;**

The Library will investigate ways to revalue books that are more than 25 years old; and all the remaining concerns will be interrogated and addressed.

1.4 Point of sale bank card

Finding

The University's debit card account had reconciling items that were outstanding as at December 31, 2021.These items had not been cleared as of August 2022. In addition, there was no proper register to track the usage of the debit card. There were also reconciling items relating to payments made from the account amounting to $2 141 266 which had no supporting documents. The items that were being procured included food, building materials and general groceries.

Risk / Implication

Fraudulent payments may be processed and go undetected.

Recommendation

Management should put appropriate safety measures on the storage, issue, use and retention of the debit card.

Management response

The observation is noted and will be implemented. Management advise that a register for the issuance of the bank card is now in place. The speed at which bank reconciliations are being done will be accelerated for quicker identification of anomalies going forward.

1.5 Right of use asset

Finding

The University entered into a lease of a farm with the Government. However, the University did not recognise the right of use asset in respect of this farm in accordance with IFRS 16 - “Leases”.

Risk / Implication

Misstatements of University’s assets.

Recommendation

Management should measure and recognise the right of use asset in accordance with IFRS 16- “Leases”.

Management response

Recommendations have been noted. Management will ensure that this is implemented during the preparation of the 2022 financial statements.

1.6 Taxation of benefits

Finding

The deemed interest benefit on revolving loans granted to employees at below market interest rates were not being subject to taxation in accordance with Section 8(1)(f) of the Income Tax Act [*Chapter 23:06*]. In addition, education benefit that accrued to the members of staff in 2021 was not taxed in accordance with the Income Tax Act [*Chapter 23:06*].

Risk / Implication

Financial loss due to penalties and interests.

Recommendation

The University should consider frequent tax health check, alternatively staff should receive regular tax continuous professional developments (CPDs) to enhance compliance with tax laws.

Management response

The anomaly is noted. However, management appreciates the provisions of the Income Tax Act as this taxation has been on-going over the years. Perhaps the impact of the Covid-19 came into effect as many operations were affected due to inconsistent reporting for work by staff.

The schedule of taxation of the benefit is received from a different section to the one that does taxation. More-so the overseer role was done by an acting employee who has since left the University. Going forward the enforcement of SOPs is being implemented so that anyone who occupies a role for whatever long will be guided accordingly.The taxation matter on revolving fund loans is being attended to for the future vis-à-vis the LIBOR+5% formula.

1.7 Bank reconciliations

Finding

Bank reconciliations were not being done on time as a result, there was a dual payment that remained as reconciling items ($47 000 which was made on May 28, 2021) as at December 31, 2021. Bank errors were not being corrected appropriately, for instance, dishonoured payments to suppliers were not being reversed in the respective supplier`s ledger accounts, instead they were being posted into a different general ledger control account, making it difficult for bank reconciliations to be done.

In addition, the University paid salaries amounting to US$48 724 on August 28, 2020 through their nostro bank account. However, at the time of concluding the audit the payments were still shown as reconciling items.

Risk / Implication

Fraud and material errors.

Recommendation

Bank reconciliations should be performed regularly and any anomalies noted should be resolved in a timeous manner.

Management response

The backlog in reconciliations is due to a general high number of unfilled vacancies in the department. Requests for replacements have been submitted to the Registrar's department but progress is very slow. Staff members are currently being stretched by working long hours hence the backlog.

Efforts are underway to clear all reconciling items for 2020 and prior years before year end. All reconciling items will be investigated and resolved.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1 Completeness of revenue

Finding

The University experienced data loss following system crash. Although management resorted to conduct an exercise of recapturing the transactions, numerous errors were noted. Efforts to correct all the errors were affected by the volume of the transactions involved and the staff levels to the extent that errors were still noted during the audit. Hence management could not demonstrate whether appropriate procedures had been put in place to identify and correct all the errors in the system. I was therefore not able to validate completeness of revenue. In addition, revenue from the Innovation and Business Development (IBD) department was not being reconciled to amounts recorded in the general ledger in accordance with the University's standard internal controls practices. As a result, there was an unexplained difference amounting to $45 million between IBD sales reports and the general ledger.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should correct all anomalies.

Management response

The system crash resulted in total loss of data and information for the affected period. An exercise to recover data through recapturing had to be embarked on. This took a long time and human errors were realised. The validation of this exercise is still ongoing and all anomalies will be corrected. Because of the general understaffing in the department, staff members had to put in extra hours and this worsened the occurrence of errors.

The initial ledger had some errors which were mainly due to re-capturing errors that occurred as a result of the system crash and were in the process of correction when the audit commenced. Corrections were subsequently done and the IBD sales report reconciled with the ledger as at year end. Going forward management will ensure that reconciliations between IBD sales reports and the general ledger are conducted on a monthly basis.

One major challenge has been the appointment of a substantive IBD Accountant as outsiders could not be attracted into NUST, and hence acting personnel are being utilised. Recruitment initiatives will be intensified in the new-year in order for the University to recruit a substantive IBD Accountant.

2.2 Student accounts receivables

Finding

There was no evidence to support that journal entries adjusting students accounts were adequately supported and reviewed by management. As a result, there were errors resulting from journals that were posted in students' sub-ledger accounts despite the fact that there were no corresponding transactions in the current year. In addition, journal reversals were also being done to an account where no transactions had not been posted to. These errors were not corrected at year end.

Risk / Implication

Fraud and error may go undetected.

Recommendation

Journal entries adjusting student account balances should be reviewed and adequately supported.

Management response

Some of the anomalies were due to human errors, where transactions were posted to wrong accounts. Management will set up some Standard Operating Procedures (SOPs) in order to ensure the adequate validation of the processing of journal entries in the general ledgers.

3. PROCUREMENT OF GOODS AND SERVICES

3.1 Annual procurement plan

Finding

The University did not prepare and submit an annual procurement plan as required by the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Risk / Implication

Inefficient and ineffective procurement at the University.

Recommendation

An annual procurement plan should be prepared at the beginning of each financial year in accordance with the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Management response

The volatility in the economic environment in the first half of the year brought high uncertainty which made production of a procurement plan very difficult. Short term plans were then developed with departments to manage expenditure; and a Procurement Plan will be developed at the beginning of each financial year and confirmed once the budget of the financial year is approved.

3.2 Withholding tax on tenders

Finding

The University was not deducting withholding tax on all payments to suppliers who did not submit valid tax clearance certificates as required by the Income Tax Act [*Chapter 23:06*].

Risk / Implication

Financial loss due to fines and penalties that may be levied by tax authorities.

Recommendation

Management should withhold tax on all payments made to suppliers without valid tax clearance certificates.

Management response

Most suppliers are currently getting short term ZIMRA Tax Clearance certificates whose monitoring has been difficult. A system has now been put in place to ensure that these gaps are covered. We will ensure that we obtain current tax clearance certificates from all suppliers and deduct 10% withholding tax from those who fail to submit and have proper records.

3.3 Prepayment for goods

Finding

The University prepaid an amount of ZWL2 906 625 to a supplier for the supply of an Uninterrupted Power Supply (UPS) in July 2021. These UPS had not been delivered as of December 31, 2021.

Risk / Implication

Financial losses arising from procurement irregularities.

Recommendation

University should follow up with the supplier.

Management response

Engagements are still in progress with the supplier to deliver a functioning UPS.

4. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The University made progress in addressing audit findings raised in my 2020 and 2021 annual reports. I raised eight (8) audit findings and two (2) had been partially addressed and six (6) were not addressed as indicated below;

4.1. Innovation Business Development (IDB) unit

The finding was not addressed. Formal structure to manage the IBD project are yet to be established.

4.2. Alignment accounting processes to new developments

The finding was not addressed. Management yet to upgrade the Navision accounting module so as to process the required IFRS 9 information.

4.3. Management of revenue

The finding was not addressed. Some goods were sold without signed delivery notes. While cash sales were separated on walk in customers it was not consistently done for customers who were buying some goods on credit.

4.4. Procurement of goods

The finding was partially addressed. Requirement for sourcing of three (3) quotations was not being done consistently in 2021.

4.5. Security of cash at bank

The finding was partially addressed. The delay in updating bank signatories was occasioned by the late appointment of the Bursar and Deputy Bursar-Finance and Administration. In future this exercise will be done instantly.

4.6. Contact leave

The finding was not addressed. The University employees continued to be paid for contact leave on termination. This matter is yet to be addressed.

4.7. Demolition of prefabricated structures

The finding was not addressed. This project has been discontinued and is unlikely to be continued.

4.8. Non-compliance with International Financial Reporting Standard (IFRS) 9 “Financial Instruments”

The finding was not addressed. The relevant IFRSs requires debtor’s information to be presented and formatted in a specific way and the University’s Navision accounting package has serious limitations in that regard. The University had engaged consultant to work with University’s ICTS team in implementing all the relevant modules that will enables generation of all the required information in the suitable format.

Background information

The University of Zimbabwe is a Higher Education Institution governed by the University of Zimbabwe Act *[Chapter 25:16].* The University's core functions involves teaching, research, community engagement, innovation and industrialisation and offers degrees, diplomas and certificates in various disciplines which include arts and humanities, agriculture, environment and food systems, law, medicine and health science, social and behavioural sciences, science, engineering and the built environment, education, business management sciences and economics, computer engineering, informatics and communications and veterinary sciences.

I have audited the financial statements of the University of Zimbabwe for the year ended December 31, 2021 and I issued a qualified opinion.

Qualified Opinion

In my opinion, except for the matters referred to in the Basis for Qualified section of my report, the financial statements present fairly, in all material respects, the financial position of the University of Zimbabwe as at December 31, 2021and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Opening balances of property, plant and equipment

The University's property, plant and equipment for the prior year (December 31, 2020) was revalued. The valuation was performed in USD using the December 31, 2019 valuation results carried out by an independent valuer as a basis. The University converted the USD values to ZWL using the Reserve Bank of Zimbabwe auction exchange rate. In my view, this may not give a reasonable indication of fair value as defined by International Financial Reporting Standard (IFRS) 13 -"Fair Value Measurement". IFRS 13- "Fair Value Measurement", paragraph 2 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In the current environment, it is not likely that the ZWL price derived from translating the USD value determined in 2020 at the closing Reserve Bank of Zimbabwe auction exchange rate would be the price at which a ZWL denominated transaction would occur. I was unable to determine whether adjustments to the opening amounts of property, plant and equipment and revaluation surplus were appropriate in these circumstances. Accordingly, the 2021 balances reported may have been misstated due to the effect of incorrect opening balances.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Innovation Hub chairs

Finding

The University paid for three hundred and fifty (350) chairs in 2020 amounting to ZWL3 909 318 to a foreign supplier in South Africa. However, the chairs were not delivered as at December 31, 2021.

Risk / Implication

Financial loss due to non-delivery of goods.

Recommendation

Management should follow up on the delivery of the goods.

Management response

Noted. Balance was provided for and the matter is being investigated.

1.2 Creditors reconciliations

Finding

Creditors reconciliations were not being performed for the period ended December 31, 2021. As a result, there were differences between what was confirmed by the supplier and what was on the University's books.

Risk / Implication

Errors and irregularities may go undetected.

Recommendation

Reconciliations should be performed for all suppliers on a regular basis and investigations carried out where there are variances.

Management response

Management is capacitating the creditors unit to ensure it performs all supplier reconciliations.

Background information

The Institute is incorporated in Zimbabwe in terms of the Zimbabwe Institute of Public Administration and Management Act of Parliament *[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 of Zimbabwe Institute of Public Administration and Management for the years ended December 31, 2021 and 2022 and issued an unmodified / clean opinion for both years.

Opinion 2021

In my opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Institute of Public Administration as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion 2022

In my opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Institute of Public Administration and Management as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Annual budget

Finding

The Institute's annual budget was not approved by the Minister. This was contrary to the requirements of the Public Finance Management Act [*Chapter 22:19*] which requires the budget to be submitted for approval at least 30 days before the start of the financial year.

Risk / Implication

Expenditure incurred may not be in line with the mandate of the Institute.

Recommendation

The Institute should submit its budget to the Ministry for approval in line with the Public Finance Management Act [*Chapter 22:19*].

Management response

The recommendation has been noted. The annual budget will be submitted to the parent Ministry in compliance with the Public Finance act [*Chapter22:19*].

1.2 Fuel receipt and storage

Finding

The Institute was purchasing fuel in bulk. However, on delivery there was no confirmation of quantities received. In addition, there were no fire suppression systems to suppress fire in the event of an incident.

Risk / Implication

Possible theft of fuel which may not be detected.

Loss of property in the event of fire outbreak.

Recommendation

The Institute should come up with a mechanism to measure fuel on receipt.

Fire suppression systems should be put in place.

Management response

The recommendation has been noted. As a control measure, the Stores receiving Clerk accompanies the procurement clerk to the fuel station. This is to ensure that he verifies the amount of fuel purchased against that which is received into the drum. As a long-term measure underground fuel tanks and fire suppression systems will be properly budgeted for.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1 Debt management

Finding

The Institute was allowing guests to check in without paying the required minimum deposit of 80% contrary to the its accommodation policy. As a result, the Institute had long outstanding receivables. I was not availed with evidence to support that follow ups were being done as provided for in the Institute's accounting procedures manual.

Risk / Implication

Service delivery may be compromised.

Recommendation

The Institute should engage Government and negotiate for a deposit before check in to assist in covering some of the immediate costs.

The Institute should devise strategies to ensure that maintenance costs are recovered.

Management response

The recommendation has been noted. However, enforcement of the 80% deposit by clients before check-in is still a challenge on government sector clients. Efforts will be made to recover the outstanding debts and enforce the 80% deposit policy to reduce the Institute's debt level.

3. MANAGEMENT OF ASSETS

3.1 Asset register

Finding

The Institute's asset register was incomplete in that the asset numbers for furniture and fittings were not included in the register. In addition, items of furniture and fittings were not numbered. As a result, I was unable to trace from the physical item to the asset register. This was contrary to the Institute's Accounting and Procedures Manual.

Risk / Implication

Missing assets may not be detected on time.

Recommendation

The asset register should be updated with all necessary information.

Management response

Management is in the process of transferring its Assets from Excel to Pastel system. The process is almost 85% complete. Going forward the register will then be updated on a monthly basis. Quarterly physical asset verification will also be conducted to verify asset existence.

3.2 Asset maintenance and replacement

Finding

The Institute had no asset maintenance plan and replacement policy. As a result, some of their rooms were taking time to be refurbished.

Risk / Implication

Service delivery may be compromised.

Recommendation

Asset maintenance plan and replacement policy should be considered for the Institute.

Assets should be maintained and replaced in time.

Management response

The recommendation has been noted. Management is already coming up with a policy to guide the maintenance and replacement of assets.

4. PROCUREMENT OF GOODS AND SERVICES

4.1 Sourcing of quotations

Finding

The Institute solicited for quotations when it procured services for the revaluation of 2021 and 2022 property, plant and equipment which was above the USD5 000 threshold. This was contrary to the provisions of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] which requires procuring entities to invite suppliers to submit bids when the consulting services being procured are above USD5 000 threshold.

Risk / Implication

Financial loss due to irregular procurements.

Recommendation

The Council should comply with the provisions of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Management response

Noted. Management will in future ensure procurement is done in compliance with the Public Procurement and Disposal of Assets Act [*Chapter 22.23*].

4.1 External facilitators

Finding

The Institute had no agreements with the external facilitators engaged during the year. As a result, there was no basis for the payments made in cash and fuel that were made to the external facilitators. On enquiry, management stated that payments for external facilitators were based on management`s decision and discretion.

Risk / Implication

There will be no legal recourse in the event of labour disputes

Recommendation

The Institute should have an approved framework to guide remuneration and other benefits for the facilitators hired.

Management response

The observation has been noted and management will improve on the current guiding framework which is being used for the remuneration of Facilitators.

5. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The Institute made progress in addressing my prior year audit findings. I raised six (6) issues in my 2020 annual report, four (4) of them were addressed and two (2) were partially addressed.

5.1 Non-current assets

The finding has been partially addressed. Some assets have been tagged whilst some are not. The asset register is not yet fully updated.

5.2 Inventory records

The finding has been addressed. Issues of inventory variances are still noticeable.

5.3 Board of Governors

The finding was addressed. A new Board of Governors was appointed.

5.4 Bank reconciliation statements

The finding has been partially addressed. There were instances where bank reconciliations were not being prepared in time for the year ended December 31, 2021.

5.5 Expenditure supporting documents

The finding was addressed. Expenditure supporting documents are now being attached for all payments.

5.6 Institute`s garden

The finding was addressed. The project committee met with the selected supplier and explained the specifications. The supplier came up with the design and materials to be used. These were agreed upon before the supplier was given an order. Monitoring and evaluation was done throughout the project and corrections were done along the way. The project was completed within two weeks and both parties signed the certificate of completion.

Background information

Zimbabwe Open University was established in terms of Zimbabwe Open University Act [*Chapter 25: 20*]. The University is an education institution with the mandate to provide higher and tertiary education through open and distance learning.

I have audited the financial statements of the Zimbabwe Open University for the years ended December 31, 2021 and 2022. I issued a qualified opinion for both years.

Qualified Opinion 2021

In my opinion, except for the effects of the matter described in the basis of qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Zimbabwe Open University as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified opinion

Noncompliance with International Financial Reporting Standards (IFRS) 13 - ''Fair Value Measurements''

The University performed a revaluation of Land and Buildings as at December 31, 2021. The University engaged professional valuers to determine fair values, which was done in USD and converted to ZWL as at December 31, 2021 at the ZWL/USD RBZ auction exchange rate.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. I was unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD RBZ auction exchange rate in the determination of the final ZWL fair valuations presented. IFRS 13 requires:

- A fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- Fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

I was therefore unable to obtain sufficient evidence to support the appropriateness of applying the closing ZWL/USD RBZ auction exchange rate in determining the ZWL fair value of Land and Buildings and other USD based transactions without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing those assets. Such matters include, but are not limited to:

- The correlation of the responsiveness of ZWL valuations of Land and Buildings and Investment Properties to the auction RBZ exchange rate and related underlying USD values; and
- The extent to which supply and demand for the respective Land and Buildings and other USD transactions reflects the implications on market dynamics of the auction exchange rate.

Qualified opinion 2022

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 the Zimbabwe Open University as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

Non-compliance with International Financial Reporting Standards (IFRS) 13 - "Fair Value Measurement"

The University performed a revaluation of land and buildings for the prior period ended December 31, 2021. The revaluation was performed in USD and converted to ZWL at the RBZ auction exchange rate. This was not in compliance with IFRS 13 - "Fair Value Measurement". The standard defines fair value as the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the current environment, it is not likely that the ZWL value derived from translating the USD at the RBZ auction exchange rate would be the price at which a ZWL denominated transaction would occur. Accordingly, I was unable to determine whether the carrying amount of property, plant and equipment and revaluation surplus were appropriate in these circumstances. Had the University performed the revaluation as required by IFRS 13 - "Fair Value Measurement" in the prior period, the revaluation adjustments that were recognized in the comparative period's financial statements would have been materially different. As a result, the misstatements in the comparative information consequently impacted the opening balances of property, plant and equipment in the current year.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Reviews of transactions

Finding

The accounting system log reviews were not performed during the year. As a result, in August 2022 one of the system users deleted debtors' information and audit trail failed to record it because was deactivated.

Risk / Implication

Data integrity may be compromised.

Recommendation

Regular review of transactions should be enabled.

Management response

Audit trail was activated for main transactional tables after the incident.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The University made progress in addressing audit findings that I raised in my 2020 annual report. The finding I raised was partially addressed as indicated below;

2.1 Farms accounting procedures

The finding was partially addressed. The farms are recording their transactions manually with the plan of incorporating the farms as standalone projects into the accounting package that the University is migrating to.

Background Information

Zimbabwe School of Mines was incorporated in Zimbabwe by an Act of Parliament, Mines and Mines Act [*Chapter 21:05*]. The functions of the entity are to provide technical education and training of persons leading to the award of diplomas, certificates and other qualifications relevant to the mining industry.

I have audited the financial statements of Zimbabwe School of Mines for the years ended December 31, 2020 and 2021 and I issued a qualified opinion for both the years.

Qualified Opinion 2020

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 Zimbabwe School of Mines as at December 31, 2020 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

i. Non-compliance with International Accounting Standard (IAS) 21 - "The effects of Changes in Foreign Exchange Rates" on opening balances

The prior year financial statements did not comply with IAS 21 - "The Effects of Changes in Foreign Exchange Rates," as the School had been unable to use an appropriate exchange rate on change of functional currency. The School translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The School translated its comparative financial statements and transactions for the period up to February 22, 2019 using a rate of 1:1 per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in United States Dollars before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The School's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with Statutory Instrument 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. In that regard, the School's 2020 opening balances misstatements have an impact on the current year financial statements. Had the School applied the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates", many elements of the financial statements would have been materially impacted. As a result, the impact of the School's inability to comply with IAS 21 - "The Effects of Changes in Foreign Exchange Rates", has been determined as significant. The effects on the financial statements, of the non-compliance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates", are considered material to the financial statements.

ii. Non-compliance with International Accounting Standard (IAS) 36- "Impairment of Assets" and (IAS) 16- "Property, Plant and Equipment"

There was no evidence that the School reviewed the useful lives of its assets in line with IAS 16 and carried out an impairment assessment for its assets in line with IAS 36 - "Impairment of Assets", regardless of indicators of impairment noted on some of the assets. As a result, Property, Plant and Equipment at a carrying amount of ZWL66 .5 million may be misstated in the financial statements. I therefore could not satisfy myself on the valuation of Property, Plant and Equipment as shown in the statement of financial position as at December 31, 2020.

Qualified Opinion 2021

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 Zimbabwe School of Mines as at December 31, 2021 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

Non-compliance with International Accounting Standard (IAS 36) "Impairment of assets" and (IAS 16) "Property, Plant and Equipment"

There was no evidence that the School reviewed the useful lives of its assets in line with IAS 16 and carried out an impairment assessment for its assets in line with IAS 36 regardless of indicators of impairment noted on some of the assets. As a result, Property, Plant and Equipment with a carrying amount of ZWL486 634 548 may be misstated in the financial statements. I therefore could not satisfy myself on the valuation of Property, Plant and Equipment as shown in statement of financial position as at December 31, 2021.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Alignment of processes to the Public Entities Corporate Governance Act [Chapter 10:31)]

Finding

The School had not aligned its governance processes to the Public Entities Corporate Governance Act [Chapter 10:31]. For instance, the Board operated without a Board charter and the Code of ethics. It was also not gender balanced as it had one female board member out of fifteen board members for the period under review. There was no evidence that the Board had a member in the field of law or with legal skills.

In addition, the Chairperson of the Board was also the Permanent Secretary of the Ministry of Mines and Mining Development. The Board members did not have performance contracts and performance evaluation of the Board and Chairperson's independent evaluation were not done. This was in contravention with the requirements of Sections 11.5, 25.1, 26.2, 37, 79, 94 and 114 of Public Entities Corporate Governance Act [Chapter 10:31].

Risk / Implication

Oversight role may be compromised.

Recommendation

The School should assess the provisions of charter against the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*] and study how they can close the gaps.

Management response

The Zimbabwe School of Mines was formed through a Presidential Charter in 1994 which provided for legal capacity, objects, autonomy and its administration. The Charter gave authority that the operations of the school be under the Minister and the Mining Industry represented by the Chamber of Mines of Zimbabwe on an equal stake holding. However, the Public Entities Corporate Governance Act [*Chapter 10:31*] brought a new dimension which appears to conflict with the Charter and affects the marriage between the two main Stakeholders, as such the School has been carefully waiting for guidance going forward. Complying in full with Public Entities Corporate Governance Act [*Chapter 10:31*] has an effect on the other stakeholder which is the Mining Industry and may affect their support to the school. Public Entities Corporate Governance Act [*Chapter 10:31*] will affect the founding philosophies of the school.

ZSM has a draft Board Charter and Code of Ethics, it was noted that the said documents had an effect on the ZSM status hence the Board resolved to put on hold approval of these documents awaiting Public Entities Corporate Governance Act [*Chapter 10:31*] exemption. Hon Minister of Mines & Mining Development advised that the School should apply for exemption in accordance to Section 43 a process that is underway.

1.2 Policy documents

Finding

There is no evidence to support that the School reviewed its key policies. As a result, the School had no key policy documents in support of their operations. The review of human resources and the accounting policy and procedures manual was not done. In addition, there had no whistle blowing policy.

I also noted that the School had not yet aligned its procurement procedures to the new Public Procurement and Disposal of Public Assets Act [*Chapter 22:23].*

Risk / Implication

Inconsistencies in accounting for transactions.

Inconsistent application and treatment of human resources issues.

Recommendation

The School should expedite the process of reviewing, developing and alignment of its policies.

Management response

Anti-fraud and corruption (Whistle blowing policy) to be developed in 2022/3 period. Human resources manual being reviewed and a total of 6 polices approved from 2020 to date and work is in progress for the rest of the policies to make a complete manual. Accounting manual being reviewed and a total of 6 polices approved and work is in progress for the rest of the policies to make a complete manual.

1.3 Impairment of assets

Finding

There was no evidence to support that the School carried out an impairment assessment for its assets in line with IAS 36 – "Impairment of assets", regardless of indicators of impairment noted on some of the assets and neither did they review the useful life of the assets in line with IAS 16 - "Property, plant and equipment".

Risk / Implication

Misstatement of financial statements.

Recommendation

The School should comply with its accounting policy and standards.

Management response

Impairment assessment or testing was not done for years 2020 and 2021 with a view that since the school is a not for profit making entity. However, going forward the school will do impairment assessment or testing for a class of assets which show indications of impairment.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Purchase of laptops

Finding

There was no evidence to support that the School took all the necessary actions to recover refund for breach of contract by the supplier who supplied thirteen (13) laptops on September 8, 2020 with old batteries. As a result, the School incurred additional expenditure of ZWL278 420 on procuring new batteries. This was contrary to Section 72 of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Risk / Implication

Financial loss due to wasteful expenditure.

Recommendation

The School should comply with the requirements of the Act.

Management response

The supplier delivered 13 laptops on 07/09/2020. On opening the laptop exhibited the signs of not being new. A verbal report was made to the Finance and Administration Manager. On 06/10/2020 the technician wrote a memo to the Head of Department IT giving details on how the laptops were received. On 07/10/2020 the Chief Security Officer was tasked with carrying out an investigation on the matter.

The Chief Security Officer's recommendations were that the school notifies the supplier and seek redress. On 13/10/2020 The Finance and Administration Manager wrote a letter to the supplier advising him that the school was not happy with the delivered laptops. The supplier promised to give the school laptop batteries which he never did. The Finance and Administration Manager undertook all the communication with the supplier to try and redress the issue of the laptops. The Supplier was no longer cooperating and ended up not picking up his phone no redress was done.

PUBLIC ENTITIES UNDER THE CATEGORY OF OTHER

Background Information

The National Museums and Monuments of Zimbabwe (NMMZ) was established in terms of the National Museums and Monuments Act [*Chapter 25:11*]. The Act established a Board of Trustees to provide for the establishment and administration of museums and to provide for the preservation of ancient, historical and natural monuments, relics and other objects of historical or scientific value or interest.

I have audited the financial statements of National Museums and Monuments of Zimbabwe for the year ended December 31, 2019 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 the financial position of National Museums and Monuments of Zimbabwe as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates"

On October 1, 2018, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement ("MPS") that directed a separation of Foreign Currency Bank Accounts ("FCAs") into two categories, Nostro FCAs and the Real Time Gross Settlement ("RTGS") FCA. The Nostro FCAs were to hold individual foreign currencies permissible in Zimbabwe's multi-currency economy at the time. The RTGS FCA, mobile money, bond notes and coins would be held at the same value as the USD. During the prior financial year, and for the period January 1, 2019 to February 22, 2019, the Organization transacted using a combination of the Nostro FCAs and RTGS FCA, mobile money, bond notes and coins. In terms of International Accounting Standard 21 – "The Effects of Changes in Foreign Exchange rates", these payment methods would have been considered as separate currencies to be translated for financial reporting purposes to the functional and presentation currency of the Organization at appropriate exchange rates. However, in order to comply with the legislation, the RTGS transactions and balances in the financial statements for the prior financial year, are reflected at parity with the US$. The Organization changed its functional currency on February 22, 2019 to comply with legislation, which is not in compliance with IAS 21 – "The Effects of changes in Foreign Exchange Rates", which would have required a functional currency change on October 1, 2018.

Had the financial statements been prepared in accordance with the requirements of IAS 21– "The Effects of Changes in Foreign Exchange rates" many elements in the financial statements would have been materially restated.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Alignment of key processes to new developments

Finding

The entity's processes were not aligned to the new developments in statutory provisions and the accounting framework. As a result, the organization was operating with outdated key policy documents including accounting manual, security manual, human resources manual and the internal audit charter. These policies were last updated between 2010 and 2015 and may no longer be relevant to the current operating environment.

Risk / Implication

Inconsistences in the treatment of transactions.

Recommendation

Management should update policies to align with new standards and technological advancements.

Management response

The observation is noted. The Institution is in the process of updating the relevant policies to be consistent with the technological environment.

1.2 Tourism levy

Finding

The Organisation was operating a lodge. However, I was not availed with an operating licence from the Zimbabwe Tourism Authority authorising the Organisation to operate a lodge. In addition, the entity was not remitting tourism levy, contrary to the Zimbabwe Tourism Act [*Chapte14:20*] Section 55.

Risk / Implication

Financial loss due to penalties that may be levied

Recommendation

Management should obtain the necessary licenses and remit the tourism levy in compliance with the statutes.

Management response

The observation is noted. We will engage ZTA to map the way forward.

1.3 Client service charter

Finding

The organization did not have a client service charter in place during the year.

Risk / Implication

Service delivery may be compromised.

Recommendation

The organization should put in place and publicise its client service charter.

Management response

The observation is noted, and a draft charter has since been produced.

1.4 Internal audit

Finding

The internal audit function was not adequately resourced to carry out assignments as per the internal audit plan. As a result, internal controls for two (2) of the largest branches of National Museum and Monuments Zimbabwe, the Southern and Western regions were not subject to review.

Risk / Implication

Oversight over internal controls may be compromised.

Recommendation

Management should avail the necessary resources to the internal audit function.

Management response

The internal audit function has now been resourced in so far as equipment is concerned. However, it would be appreciated to note that the Institution's financial capacity is limited in so far as funding all projects and programmes is concerned. In this view, the Institution continues to fund the audit plan as practically as is possible.

1.5 Foreign trips

Finding

The Organisation`s officials undertook trips to Zambia and Mozambique in March and April 2019 respectively. However, there was no evidence to support that cabinet approvals were obtained for the foreign trips.

Risk / Implication

Financial loss as a result of irregular expenditure.

Recommendation

The entity should obtain cabinet approvals for all foreign trips.

Management response

The observation is noted and efforts will be put in place to rectify the anomaly.

1.6 Acquittals for travelling and subsistence

Finding

The entity was not enforcing acquittal of travel and subsistence allowances during the year. As a result, the entity had outstanding travel and subsistence allowances amounting to ZWL470 060 which had not been acquitted within the prescribed 30 days. This was contrary to the entity's policies and procedures manual.

Risk / Implication

Financial loss due to payment of services not rendered.

Recommendation

Management should enforce acquittal of travel and subsistence allowances.

Management response

The non-compliance to laid down regulations is regrettable. Finance Department will ensure that staff acquit their travel advances within the stipulated timeframes.

2. MANAGEMENT OF ASSETS

2.1 Motor vehicles fleet

Finding

The entity had an aged fleet of vehicles, with most of them having been in use for an average of fifteen (15) years. As a result, the entity was incurring high repairs and maintenance costs. In addition, the entity had nine (9) non-runner vehicles.

Risk / Implication

Financial loss as a result of high maintenance costs.

Recommendation
The entity should consider replacing the old vehicles.

Management response

NMMZ was not able to replace the dilapidated motor vehicle fleet during the year under review. The non-runners await Board of Trustees' approval to be disposed. Your recommendation is noted

3. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLEMENTATION OF RECOMMENDATIONS

The entity made progress in addressing audit findings raised in my 2020 annual report. I raised one (1) audit finding, and the finding was not addressed as indicated below;

3.1 Board of Trustees

The finding was not addressed. The Board of Trustees has not yet been appointed.

SCIENTIFIC INDUSTRIAL RESEARCH AND DEVELOPMENT CENTRE (SIRDC) 2021 and 2022

Background Information

The Centre was incorporated in terms of the Research Act *[Chapter 10:22]*. The main activity of the Centre is to promote and enhance scientific and technological research capability through co-operative scientific activities in Zimbabwe.

I have audited the financial statements of Scientific Industrial Research and Development Centre for the years ended December 31, 2021 and 2022 and I issued an unmodified / clean opinion for both years.

Opinion 2021

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Scientific and Industrial Research and Development Centre as at December 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion 2022

In my opinion, financial statements present fairly, in all material respects, the financial position of Scientific and Industrial Research and Development Centre as at December 31, 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit:

1. PROCUREMENT OF GOODS AND SERVICES

1.1 Delivery of goods and services

Finding

The Centre paid two suppliers for the supply of office furniture and laptops in 2021. However, the furniture supplier only delivered eight (8) out of fifteen (15) desks, while the laptops supplier delivered one (1) out of three (3) laptops. This was contrary to the provisions of their signed contracts.

Risk / Implication

Financial loss in the event that the assets are not delivered.

Recommendation

Management should follow up on the delivery of goods.

Management response

The suppliers were engaged on several occasions for the fulfillment of their contractual obligations to no avail. As a result, the Centre has since notified the Procurement Regulatory Authority (PRAZ) in line with Section 72 as read with Section 70 of the Procurement General Regulations in an effort to enforce the suppliers to deliver. The Centre will proceed by way of litigation should the suppliers continue in defiance.

2. EMPLOYMENT ISSUES

2.1 Vacant positions

Finding

The Centre was experiencing a shortage of critical manpower. As a result, some posts were being held in acting capacities.

Risk / Implication

Service delivery may be compromised.

Recommendation

Management should fill the vacancies to ensure effective service delivery.

Management response

The observation is noted. However, the Centre had sought authority to fill 86 vacant posts in the year 2021. The Centre was granted approval to fill only 30 out of the 86 vacant posts, prioritizing critical scientists. Recruitment for the 30 is in progress and will address the current deficiencies. It is worth noting that the Centre continues to lose critical staff due to low remuneration.

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
1.	Agricultural and Rural Development Authority (ARDA)	2020	Adverse opinion due to non-compliance with IAS 21, IAS 29 and IAS 41	2019	Adverse due to non - compliance with IAS 21	2014 2015 2016 2017 2018	Qualified due to impairment of investments Qualified due to impairment of investments Qualified due to impairment of investments Qualified due to impairment of investments Adverse due to non -compliance with IAS 21	-	-	-	-
2.	Agricultural Marketing Authority (AMA)	2021	Qualified due to non – compliance with IAS 21 and IFRS 15	-	-	2020	Adverse due to non -compliance with IAS 21	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
3.	Health Profession Authority of Zimbabwe (HPAZ)	2021	Unqualified	-	-	2019 2020	Adverse due to non -compliance with IAS 21 Qualified Due to non - compliance with IAS 21 on opening balances	2018	Adverse due to non - compliance with IAS 21	-	-
4.	Medicines Control Authority of Zimbabwe (MCAZ)	2021	Unqualified	-	-	2020	Qualified Due to non - compliance with IAS 21 on opening balances	2019	Adverse due to non - compliance with IAS 21	2017 2018	Unqualified Adverse due to non – compliance IAS 21
5.	National Social Security Authority (NSSA)	2020	Qualified due to non- compliance with IAS 21 on opening balances	-	-	2019	Adverse due to non- compliance with IAS 21	2018	Adverse due to non- compliance with IAS 21	2017	Unqualified
6.	Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ)	2021	Unqualified	-	-	2020	Qualified Due to non - compliance with IAS 21 on opening balances	2018 2019	Adverse due to non - compliance with IAS 21 Adverse due to non -	2017	Unqualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
									compliance with IAS 21		
7.	Procurement Regulatory Authority of Zimbabwe (PRAZ)	2021	Unqualified	-	-	2019	Adverse due to non -compliance with IAS 21	2016 & 2017 2018	Qualified due to recognition of administration fees and completeness of cash. Adverse due to non - compliance with IAS 21.	-	-
8.	Radiation Protection Authority of Zimbabwe	2021	Unqualified	-	-	2020	Qualified Due to non - compliance with IAS 21 on opening balances.	2018 & 2019	Adverse due to non - compliance with IAS 21.	-	-
9.	Zimbabwe Energy Regulatory Authority (ZERA)	2022	Unqualified	2021	Qualified due to non- compliance with IAS 21 on	2020	Qualified due to non- compliance with IAS 21 on opening balances	2019	Adverse due to non - compliance with IAS 21	2016 2017	Unqualified Unqualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
					opening balances					2018	Adverse due to non - compliance with IAS 21
10.	Zimbabwe Investment Development Agency (ZIDA)	2021	Unqualified	-	-	2020	Qualified Due to lack of revaluation of property plant and equipment	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
11.	Zimbabwe National Road Administration (ZINARA)	2021	Adverse due to non- compliance with IAS 21, unrecorded tax liabilities.	2019 2020	Adverse due to non- compliance with IAS 21 Qualified due to non- compliance with IAS 21	-	-	2018	Adverse due to non- compliance with IAS 21	2017	Qualified due to inappropriate revenue and receivables recognition.
12.	Zimbabwe National Statistics Agency (ZIMSTATS)	2020 2021	Qualified due to non-compliance with IAS 21 and IAS 16 Unqualified	2019	Adverse due to non - compliance with IAS 21	-	-	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
13.	Zimbabwe Parks and Wildlife Management Authority (ZIMPARKS)	2021	Unqualified	-	-	2019 2020	Adverse due to non- compliance with IAS 21. Adverse due to non-compliance with IAS 21 on opening balances and completeness of revenue	2018	Adverse due to non- compliance with IAS 21	2017	Unqualified
14.	Zimbabwe Revenue Authority	2022	Qualified due to non-compliance with IFRS 16, IAS 21	2021	Unqualified	2020	Adverse due to non- compliance with IAS 21 on opening balances and non-compliance with IAS 36 impairment of assets	2019	Adverse due to non- compliance with IAS 21	2018	Adverse due to non-compliance with IAS 21
	BOARDS										
15.	Grain Marketing Board (GMB)	2020	Adverse opinion due to non-compliance with IAS 21 and IAS 16	-	-	-	-	2019	Adverse due to non - compliance with IAS 21	2018	Unqualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
16.	Tobacco Industry And Marketing Board (TIMB)	2021	Qualified due to valuation of land and building ,non-compliance with IFRS 13	-	-	2019 2020	Adverse due to non -compliance with IAS 21 Adverse due to non -compliance with IAS 21 on opening balances	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified
17.	Tobacco Research Board (TRB)	2021 2022	Qualified due to non-compliance with IAS 21 on opening balances Qualified due to non-compliance with IAS 21 on opening balances and IAS 8	-	-	2019 2020	Adverse due to non -compliance with IAS 21 Adverse due to non -compliance with IAS 21 on opening balances	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified
	COMMISSIONS										
18.	Competition And Tariff Commission	2021 2022	Unqualified Unqualified	-	-	2020	Qualified due to non- compliance with IAS 21	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
19.	Forestry Commission	2019 2020	Adverse due to non-compliance with IAS 21 Qualified due to non-compliance with IAS 21	-	-	-	-	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified
20.	Health Services Commission (formerly Health Service Board)	2021	Unqualified	-	-	2020	Qualified Due to non - compliance with IAS 21 on opening balances	2018 2019	Adverse due to non -compliance with IAS 21 Adverse due to non -compliance with IAS 21	-	-
21.	Insurance and Pensions Commission (IPEC)	2022	Unqualified	2021	Qualified due to non-compliance with IAS 21 on opening balances	2020	Adverse due to non- compliance with IAS 21	2019	Adverse due to non- compliance with IAS 21	2017 2018	Unqualified Adverse due to non-compliance with IAS 21
22.	National Competitiveness Commission	2021	Unqualified	2020	Qualified due to non-compliance with IAS 21 on opening balances	2018 2019	Adverse due to non -compliance with IAS 21 Adverse due to non -compliance with IAS 21	-	-	-	-

ANNEXURE “A”: STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
23.	Securities and Exchange Commission of Zimbabwe (SECZ)	2022	Unqualified	2021	Qualified due to non-compliance with IAS 21.	2020	Qualified due to non-compliance with IAS 21	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non-compliance with IAS 21
24.	Sports and Recreation Commission (SRC)	2021	Qualified due to non-compliance to IAS 21	2020	Adverse due to non - compliance with IAS 21	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
25.	Zimbabwe Anti-Corruption Commission (ZACC)	2019 2020	Adverse due to non-compliance with IAS 21. Qualified due to non-compliance with IAS 21.	2018	Adverse due to non-compliance with IAS 21, and inadequate supporting documentation	2012 - 2017	Disclaimer due to various limitation of scope (incomplete records)	-	-	-	-
26.	Zimbabwe Electoral Commission (ZEC)	2021	Qualified due to valuation of property, plant and equipment	2019 2020	Adverse due to non - compliance with IAS 21 Qualified due to non - compliance with IAS 21 on opening balances	-	-	2016 2017 2018	Unqualified Unqualified Adverse due to non -compliance with IAS 21	-	-

ANNEXURE “A”: STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
27.	Zimbabwe Media Commission	2021	Unqualified	2019 2020	Adverse due to non - compliance with IAS 21 Qualified due to non - compliance with IAS 21 on opening balances	-	-	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
COMPANIES AND CORPORATIONS											
28.	AFC Holdings	2022	Qualified due to processing suspense accounts of the subsidiary.	-	-	-	-	-	-	-	-
29.	AFC Insurance (Private) Limited Company	2022	Unqualified	-	-	-	-	-	-	-	-
30.	AFC Leasing Company of Zimbabwe (Private) Limited	2021 2022	Disclaimer due to completeness and accuracy of transactions. Qualified due to opening balances	-	-	-	-	-	-	-	-

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
31.	Air Zimbabwe (Private) Limited	2019	Disclaimer due to various issues	-	-	2018	Disclaimer due to various issues	2015-2017	Disclaimer on each year	2011-2014	Disclaimer on each year
32.	Allied Timbers (Private) Limited	2021	Qualified due to non-compliance with IAS 21	2020	Adverse due to non - compliance with IAS 21 and absence of audited results of foreign subsidiary	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Qualified with an Emphasis of matter
33.	CMED (Private) Limited	2020	Qualified due to non-compliance with IAS 21 and IAS 16	-	-	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
34.	CMED Fuels (Private) Limited	2020	Qualified due to non-compliance with IAS 21 and IAS 16	-	-	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
35.	Deven Engineering	2022	Qualified due to non-compliance with IAS 21	2021	Unqualified opinion	2019 2020	Adverse due to non -compliance with IAS 21 Adverse due to non -compliance	-	-	2018	Adverse due to non - compliance with IAS 21,

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
							with IAS 21 on opening balances				
36.	Easy Go (Private) Limited	2020	Qualified due to non-compliance with IAS 21 and IAS 16	-	-	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
37.	Genesis Energy (Private) Limited	2021	Unqualified	2020	Qualified due to non - compliance with IAS 21 on opening balances	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
38.	Hotspeck Enterprises (Private) Limited	2021	Qualified due to non-compliance with IAS 21, IAS 8 and IAS 29	2020	Adverse due to non - compliance with IAS 21on opening balances	2019	Adverse due to non -compliance with IAS 21, 29 and IFRS 16	2016 2017 2018	Unqualified Unqualified Adverse due to non -compliance with IAS 21	-	-
39.	Hwange Electricity Supply Company (Private) Limited (HESCO)	2021	Qualified due to non-compliance with IAS 21 and 29	-	-	2020	Adverse due to non -compliance with IAS 21 on opening balances	2019	Adverse due to non – compliance with IAS 21	2018	Adverse due to non – compliance with IAS 21

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
40.	Industrial Development Corporation of Zimbabwe (IDCZ)	2021	Qualified due to non –compliance with IAS 21 on opening balances	-	-	2020	Qualified due to non-compliance with IAS 21, 29 and IAS 8	2019 2018	Adverse due to non – compliance with IAS 21 Adverse due to non – compliance with IAS 21	2017	Qualified
41.	Infralink (Private) Limited	2021	Adverse due to non –compliance with IAS 21 and unrecorded tax liabilities.	-	-	-	-	2018	Disclaimer	2017	Qualified
42.	Kariba Hydro Power Company	2021	Qualified due to non –compliance with IAS 21, IAS 8, IAS 29 and valuation of property, plant and equipment	-	-	2020	Adverse due to non –compliance with IAS 21 on opening balances	2019	Adverse due to non –compliance with IAS 21	2018	Adverse due to non – compliance with IAS 21
43.	Mellofieldde Chemicals (Private) Limited	2021	Qualified due to non-compliance to IAS 21	-	-	2020	Qualified due to non- compliance with IAS 21 and with an emphasis of matter	2018 - 2019	Adverse due to non -compliance with IAS 21	2017	Unqualified with emphasis of matter paragraph

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
44.	Minerals Marketing Corporation of Zimbabwe (MMCZ)	2021	Qualified due to non-compliance to IAS 21	-	-	2020	Qualified due to non- compliance with IAS 21 on opening balances and with an emphasis of matter	2018 - 2019	Adverse due to non -compliance with IAS 21	2017	Unqualified
45.	Mining Promotion Corporation (MPC)	2022	Unqualified	2019 2020 2021	Adverse due to non-compliance with IAS 21 Qualified due to non-compliance with IAS 21 Qualified due to non-compliance with IAS 21	-	-	2016 2017 2018	Unqualified Unqualified Adverse due to non- compliance with IAS 21	-	-
46.	Mosi- Oa Tunya Development Company	2020	Qualified due to non –compliance with IAS 21	2019	Adverse due to non - compliance with IAS 21	2016 & 2017 2018	Qualified due to completeness of expenditure Adverse due to non –compliance with IAS 21	2012 - 2015	Qualified due to completeness of expenditure	-	-

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
47.	National Handling Services	2020 2021	Adverse due to non -compliance with IAS 21, IAS16 Adverse due to non -compliance with IAS 21, IAS 8, IAS 29, IFRS 3 and IFRS 10	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non –compliance with IAS 21	2015 2016 2017	Unqualified Unqualified Unqualified	2014	Unqualified with an Emphasis of matter
48.	National Oil Infrastructure Company	2021	Unqualified	2020	Qualified due to non-compliance to IAS 21 on opening balances	2019	Adverse due to non – compliance with IAS 21	2018	Adverse due to non – compliance with IAS 21	2017	Unqualified
49.	Net*One (Private) Limited	2021	Adverse due to non-compliance with IAS 21, IAS 29 and valuation of Property, Plant and Equipment	-	-	2020	Adverse due to non –compliance with IAS 21 and IAS 29	2018 2019	Adverse due to non – compliance with IAS 21 Adverse due to non –compliance with IAS 21	2017	Unqualified
50.	New Ziana (Private) Limited	2019	Adverse opinion due to non-compliance with IAS 21, and	-	-	-	-	2018	Adverse due to non – compliance with IAS 21	2015 - 2017	Unqualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
			valuation of assets								
51.	Petrotrade (Private) Limited	2021	Qualified due to valuation of property, plant and equipment, IFRS 13	2020	Qualified due to non-compliance with IAS 21 on opening balances	2019	Adverse due to non –compliance with IAS 21	2018	Adverse due to non –compliance with IAS 21	2017	Unqualified
52.	Petrozim line (Private) Limited	2021	Unqualified	2020	Qualified due to non-compliance with IAS 21 on opening balances	2019	Adverse due to non –compliance with IAS 21	2018	Adverse due to non –compliance with IAS 21	2017	Unqualified
53.	Powertel Communications (Private) Limited	2021	Qualified due to non-compliance with IAS 21 on opening balances, IAS 29 and revaluation of property, plant and equipment	-	-	2020	Adverse due to non –compliance with IAS 21	2019	Adverse due to non –compliance with IAS 21	2018	Adverse due to non –compliance with IAS 21
54.	Printflow (Private) Limited	2021	Unqualified	-	-	2019 2020	Adverse due to non –compliance with IAS 21	-	-	2017 2018	Unqualified Adverse due to

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
							Qualified due to non-compliance with IAS 21				non – compliance with IAS 21
55.	Silo Foods Industries (Private) Limited	2021	Qualified due to non - compliance with IFRS 16	2020	Adverse due to non – compliance with IAS 21	-	-	-	-	-	-
56.	Technological and Commercial Information Promotion Systems (TIPS)	2022	Unqualified	-	-	-	-	-	-	-	-
57.	TelOne (Private) Limited	2022	Unqualified with a material uncertainty relating to going concern	2021	Unqualified with a material uncertainty relating to going concern	2020	Qualified due to non- compliance with IAS 21 on opening balances	2019 2018	Adverse with material uncertainty relating to going concern Adverse due to non – compliance with IAS 21	2017	Unqualified with a material uncertainty relating to going concern
58.	Transmedia Corporation	2022	Qualified due to investment in associate	2021	Adverse due to non – compliance with IAS 21, IAS 29 and IAS 28	2019 2020	Adverse due to non – compliance with IAS 21 and IAS 28 Adverse due to non – compliance with IAS 21, IAS 29 and IAS 28	2018	Adverse due to non – compliance with IAS 21	2016 2017	Unqualified Unqualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
59.	Urban Development Corporation (UDCORP)	2020	Adverse due to non- compliance to IAS 21, IAS 8 and valuation of investment property	-	-	2018 2019	Qualified due to non- compliance with IAS 21 Adverse due to non – compliance with IAS 21 and valuation of investment properties.	-	-	2017	Unqualified
60.	Willowvale Motor Industries	2021	Adverse due to non-compliance with IAS 21	-	-	2020	Adverse due to non-compliance with IAS 21	2019	Adverse due to non-compliance with IAS 21	2018	Adverse due to non – compliance with IAS 21
61.	ZESA Enterprises (Private) Limited (ZENT)	2021	Qualified due to valuation of property, plant and equipment	-	-	2020	Adverse due to non -compliance with IAS 21 on opening balances	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
62.	ZESA Holdings (Private) Limited	2021	Qualified due to non-compliance with IAS 21, IAS 29 and IFRS 13	-	-	2020	Adverse due to non -compliance with IAS 21 on opening balances	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
63.	Zimbabwe Academic and Research Network (ZARNet) (Private) Limited	2018 2019	Adverse due to non- compliance with IAS 21. Adverse due to non- compliance with IAS 21, IAS 8	-	-	-	-	-	-	-	-

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
64.	Zimbabwe Broadcasting Corporation (ZBC)	2018 2019	Adverse due to non –compliance with IAS 21 Adverse due to non –compliance with IAS 21	-	-	-	-	2017	Unqualified with an emphasis of matter	2016	Unqualified
65.	Zimbabwe Consolidated Diamond Company (ZCDC)	2021	Adverse due to non –compliance with IAS 21	-	-	2020	Unqualified with an emphasis of matter	2018 2019	Adverse due to non - compliance with IAS 21 Adverse due to non - compliance with IAS 21	2017	Qualified
66.	Zimbabwe Electricity Transmission and Distribution Company (ZETDC)	2021	Qualified due to non - compliance with IAS 21, IAS 8, IAS 29 and valuation of property, plant and equipment	-	-	2020	Adverse due to non -compliance with IAS 21 on opening balances	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
67.	Zimbabwe Mining Development Corporation (ZMDC)	2021	Adverse due to non –compliance with IAS 21, IAS 28, IFRS 11 and IAS 8	-	-	2020	Adverse due to non -compliance with IAS 21, 28 and 29	2018 2019	Adverse due to non - compliance with IAS 21 Adverse due to non - compliance	2015 & 2016 2017	Qualified due to non compliance with IAS 28, 11 on each year

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
									with IAS 21		
68.	Zimbabwe Power Company	2021	Qualified opinion due to non – compliance with IAS 21, IAS 29, valuation of property, plant and equipment.	-	-	2020	Adverse due to non -compliance with IAS 21 on opening balances	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
69.	Zimbabwe United Passenger Company (ZUPCO)	2020	Adverse due to non- compliance with IAS 21, IAS 24, IAS 40, trade and other payables, cash and cash equivalents and revenue issues.	-	-	2019	Adverse due to non -compliance with IAS 21 and IAS 29	2018	Adverse due to non -compliance with IAS 21	2017	Qualified with an emphasis of matter paragraph.
COUNCILS											
70.	Agricultural Research Council of Zimbabwe	2020	Qualified due to non -compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified	-	-
71.	Allied Health Practitioners Council	2019 2020	Adverse due to non- compliance with IAS 21 Qualified due to non-compliance with IAS 21	-	-	2018	Adverse due to non -compliance with IAS 21	-	-	2017	Unqualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
72.	Consumer Council Of Zimbabwe (CCZ)	2021	Qualified due to non -compliance with IAS 21 on opening balances	-	-	2020	Qualified due to non -compliance with IAS 21	2018 2019	Adverse due to non - compliance with IAS 21 Adverse due to non - compliance with IAS 21	2017	Unqualified
73.	Environmental Health Practitioners Council of Zimbabwe	2019 2020	Adverse due to non- compliance with IAS 21 Qualified due to non-compliance with IAS 21 on opening balances	-	-	-	-	-	-	2017	Unqualified
74.	Food and Nutrition Council	2022	Unqualified	-	-	-	-	-	-	-	-
75.	Medical and Dental Practitioners Council	2021	Qualified due to non – compliance with IAS 21, IAS 29 and IAS 8	2020	Adverse due to non - compliance with IAS 21	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21 and IAS 29	2017	Unqualified
76.	Medical Laboratory and Clinical Scientists Council of Zimbabwe	2019	Adverse due to non-compliance with IAS 21 and IAS 16 valuation	-	-	-	-	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
		 2020 2021	of property, plant and equipment Adverse due to non-compliance with IAS 21 and IAS 16 valuation of property, plant and equipment Adverse due to non-compliance with IAS 21, IAS 29 and IFRS 9								
77.	National AIDS Council of Zimbabwe	2021	Unqualified	2020	Qualified due to non - compliance with IAS 21	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
78.	Nurses Council of Zimbabwe (NCZ)	2019 2020	Adverse due to non – compliance with IAS 21 Qualified due to non- compliance with IAS 21, trade receivables.	-	-	-	-	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
79.	Pharmacists Council of Zimbabwe	2021	Adverse due to non-compliance with IAS 21, suspense account and trade	2020	Adverse due to non - compliance with IAS 21	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
			and other payables								
80.	Traffic Safety Council of Zimbabwe (TSCZ)	2021 2022	Qualified due to non-compliance with IAS 21 on opening balances Unqualified	-	-	2020	Adverse due to non -compliance with IAS 21	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
81.	Zimbabwe Council of Higher Education (ZIMCHE)	2021	Qualified due to non- compliance to IAS 21, valuation of property, plant and equipment, depreciation of land and buildings.	2020	Qualified opinion due to non-compliance with IAS 21 on opening balances	2019	Adverse due to non- compliance with IAS 21	2018	Adverse due to non- compliance with IAS 21	-	-
82.	Zimbabwe National Family Planning Council	2021	Qualified opinion due to non-compliance with IAS 21 on opening balances	2020	Qualified opinion due to non-compliance with IAS 21	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
83.	Zimbabwe School Examinations Council (ZIMSEC)	2019 2020	Adverse due to non-compliance with IAS 21 Qualified due to	-	-	-	-	2018	Adverse due to non-compliance with IAS 21	2016 & 2017	Unqualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
			non -compliance with IAS 21								
FINANCIAL INSTITUTIONS											
84.	AFC Commercial Bank Limited	2022	Qualified due to IT systems and impact on suspense accounts	2021	Qualified due to impact of suspense accounts,	2020	Qualified due to non – compliance with IAS 21 and valuation of investment properties	2019	Adverse due to non-compliance with IAS 21	2018	Adverse due to non-compliance with IAS 21
85.	AFC Land and Development Bank	2022	Unqualified	-	-	-	-	-	-	-	-
86.	Deposit Protection Corporation (DPC)	2021 2022	Qualified due to non – compliance with IAS 21 Qualified due to non- compliance to IAS 21, valuation of property, plant and equipment	-	-	2020	Adverse due to non-compliance with IAS 21	2019	Adverse due to non-compliance with IAS 21	2018	Adverse due to non-compliance with IAS 21
87.	EmpowerBank Limited	2022	Qualified opinion – non-compliance to IAS 21, IAS 8 and IAS 29	2021	Adverse due to non-compliance with IAS 21 and IAS 29	2020	Adverse due to non- compliance with IAS 21 and IAS 29, valuation of assets and liabilities	2019	Adverse due to non- compliance with IAS 21	2018	Adverse due to non-compliance with IAS 21

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
88.	Infrastructure Development Bank of Zimbabwe (IDBZ)	2022	Qualified due non- compliance with IFRS 13, valuation of property, plant and equipment and investment property, valuation of unquoted shares.	2021	Qualified due to valuation of investment property, valuation of deferred income	2020	Qualified due to non- compliance with IAS 21	2019	Qualified due to non- compliance with IAS 21 and IAS 29	2018	Unqualified with emphasis of matter
89.	National Building Society (NBS)	2021	Qualified due to valuation of property, plant and equipment and valuation of stands	-	-	2020	Qualified due to non -compliance with IAS 21 on opening balances	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
90.	People's Own Savings Bank	2022	Unqualified	2021	Unqualified	2020	Qualified due to non -compliance with IAS 21 on opening balances	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
91.	Small and Medium Enterprise Development Corporation (SMEDCO)	2020 2021	Qualified due to non- compliance with IAS 21 Unqualified	-	-	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21	2017	Qualified with emphasis of matter.

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
92.	Zimbabwe Women's Microfinance Bank (ZWMB)	2021	Unqualified	-	-	2020	Qualified due to non -compliance with IAS 21 on opening balances	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
FUNDS											
93.	Agricultural Marketing Authority Fund	2021	Qualified due to accounts receivable	-	-	2020	Qualified due to non-compliance with IAS 21 on opening balances	2017 2018 2019	Unqualified Adverse due to non - compliance with IAS 21 Adverse due to non - compliance with IAS 21	-	-
94.	Investor Protection Fund (IPF)	2021 2022	Qualified due non – compliance with IAS 21 Unqualified	-	-	2020	Adverse due to non -compliance with IAS 21	2018 2019	Adverse due to non - compliance with IAS 21 Adverse due to non - compliance with IAS 21	-	-
95.	Lake Kariba Fisheries Research Institute	2021	Unqualified	2020	Qualified due to non - compliance	-	-	2018	Adverse due to non - compliance with IAS 21	-	-

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
					with IAS 21 on opening balances			2019	Adverse due to non - compliance with IAS 21		
96.	Lotteries and Gaming Fund	2021	Qualified due non – compliance with IAS 21	2020	Adverse due to non - compliance with IAS 21 and IAS 16	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21	2017	Unqualified
97.	Rhodes Matopos Estate Fund	2021	Unqualified	2020	Qualified due to non-compliance with IAS 21 on opening balances	-	-	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
98.	Rhodes Nyanga Estate Fund	2021	Unqualified	2020	Qualified due to non-compliance with IAS 21 on opening balances	-	-	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
99.	Rural Electrification Fund (Former REA)	2021	Adverse due to non – compliance with IAS 21 and IAS 29	2020	Adverse due to non - compliance with IAS 21	2019	Adverse due to non -compliance with IAS 21, 29 and IFRS 16	2017 2018	Qualified Adverse due to non -compliance with IAS 21	2016 2015	Qualified Qualified

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
100	Universal Services Fund	2021	Unqualified	-	-	2020	Qualified due to non-compliance with IAS 21 on opening balances	2018 & 2019	Adverse due to non - compliance with IAS 21	2017	Unqualified
101	Zimbabwe Manpower Development Fund (ZIMDEF)	2021	Unqualified	2020	Qualified due to non - compliance with IAS 21	-	-	-	-	-	-
HOSPITALS											
102	Parirenyatwa Group of Hospitals	2021	Qualified due to non- compliance with IAS 21 and IAS 8 and valuation of property, plant and equipment	2019 2020	Adverse due to non – compliance with IAS 21 Qualified due to non – compliance with IAS 21	-	-	2018	Adverse due to non –compliance with IAS 21	2017	Unqualified
103	Sally Mugabe Central Hospital	2020 2021	Adverse due to non –compliance with IAS 21 and IAS 29 Adverse due to non –compliance with IAS 21 and IAS 29	2019	Adverse due to non – compliance with IAS 21 and IAS 29 Misstatement of inventory	-	-	2017 2018	Qualified due to Completeness of accounts payable and receivables Adverse due to non –compliance with IAS 21	2016	Adverse due to accuracy completeness and cut off of revenue and accounts receivables and payables

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
104	United Bulawayo Hospitals (UBH)	2020	Disclaimer due to various issues including accuracy of records and incomplete records.	2019	Adverse due to non – compliance with IAS 21	-	-	2018	Adverse due to non- compliance with IAS 21	2017	Qualified due to completenes s of grants and donations.
TERTIARY INSTITUTIONS											
105	Bindura University of Science Education	2021	Unqualified	-	-	2019 2020	Adverse due to non -compliance with IAS 21 Qualified due to Non-compliance with IAS 21 on opening balances	-	-	2018	Adverse due to non - compliance with IAS 21
106	Chinhoyi University Of Technology (CUT)	2021	Adverse due to non - compliance with IAS 21and IFRS 13	-	-	2020	Adverse due to non -compliance with IAS 21	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
107	Great Zimbabwe University	2021	Unqualified	-	-	2020	Unqualified with an emphasis matter on IAS 21	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
108	Gwanda State University	2020 2021	Disclaimer due to non – compliance with IAS 21, existence of biological assets, Accuracy of payables, completeness, accuracy and occurrence of fees income and occurrence and accuracy of expenditure Qualified due to valuation of property, plant and equipment	2019	Disclaimer due to Non - compliance with IAS 21 Existence and accuracy of receivables Completeness and accuracy of revenue Occurrence and accuracy of expenditure	2018	Adverse due to non -compliance with IAS 21	2017	Qualified due to valuation of land and buildings	-	-
109	Harare Institute of Technology	2021	Qualified due to non-compliance with IAS 21 on opening balances, IFRS 15 and IAS 24	2020	Adverse due to non – compliance with IAS 21 Valuation of PPE	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
110	Lupane State University	2021	Qualified due to valuation of	-	-	2020	Adverse due to non -compliance with IAS 21 on	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
			property, plant and equipment				opening balances				compliance with IAS 21
111	Management Training Bureau (MTB)	2021	Unqualified	-	-	-	-	-	-	-	-
112	Manicaland State University of Applied Sciences	2020	Adverse due to non-compliance with IAS 21 and IAS 29	-	-	-	-	2019	Adverse due to non - compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21
113	Marondera University of Agricultural Sciences and Technology	2020 2021 2022	Qualified due to due to non – compliance with IAS 21 Unqualified Unqualified	2019	Adverse due to non – compliance with IAS 21	2017 & 2018	Unqualified Adverse due to non -compliance with IAS 21	-	-	-	-
114	Midlands State University	2021 2022	Qualified due to due to non – compliance with IAS 21 on opening balances Unqualified	-	-	2020	Qualified due to due to non – compliance with IAS 21 on opening balances	2018 & 2019	Adverse due to non -compliance with IAS 21	-	-
115	National University of Science and Technology	2021	Disclaimer due to various issues.	2020	Disclaimer due to various issues.	2019	Disclaimer due to various issues	-	-	2018	Disclaimer due to various issues

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
116	University of Zimbabwe	2021	Qualified due to property, plant and equipment opening balances	2020	Qualified due to non – compliance with IAS 21	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non -compliance with IAS 21	2017	Unqualified
117	Zimbabwe Institute of Public Administration (ZIPAM)	2021 2022	Unqualified Unqualified	-	-	2019 2020	Adverse due to non -compliance with IAS 21 Qualified due to non -compliance with IAS 21 on opening balances	-	-	2017 2018	Unqualified Adverse due to non - compliance with IAS 21
118	Zimbabwe Open University (ZOU)	2021 2022	Qualified due non – compliance with IFRS 13 Qualified due to non- compliance with IFRS 13	-	-	2020	Qualified due to non-compliance with IAS 21	2018 2019	Adverse due to non - compliance with IAS 21 Adverse due to non - compliance with IAS 21	2017	Unqualified
119	Zimbabwe School of Mines (ZSM)	2020 2021	Qualified due to non-compliance with IAS 21 on opening balances, IAS 16 and IAS 36	2019	Adverse due to non - compliance with IAS 21	-	-	-	-	2018	Adverse due to non - compliance with IAS 21

ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY										
	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2022 AG report		**2021 AG report**		**2020 AG report**		**2019 AG report**		**2018 AG report**	
			Qualified due to non-compliance IAS 16 and IAS 36								
OTHER											
120	National Museums and Monuments of Zimbabwe	2019	Adverse due to non- compliance with IAS 21	-	-	2018	Adverse due to non -compliance with IAS 21	2016 2017	Unqualified with emphasis of matter Unqualified with emphasis of matter	-	-
121	Scientific Industrial Research and Development Centre (SIRDC)	2021 2022	Unqualified Unqualified	-	-	2020	Qualified due to non -compliance with IAS 21 on opening balances	2019	Adverse due to non -compliance with IAS 21	2018	Adverse due to non - compliance with IAS 21

ANNEXURE “B”: AUDITS IN PROGRESS AND BEING FINALISED

ANNEXURE “B”: AUDITS IN PROGRESS AND BEING FINALISED		
	ENTITY	YEAR
1.	Agricultural and Rural Development Authority (ARDA)	2021
2.	Agricultural Marketing Authority(AMA)	2022
3.	Agricultural Marketing Fund	2022
4.	Agricultural Research Council	2021
5.	Air Zimbabwe (Private) limited	2020
6.	Allied Timbers (Private) limited	2022
7.	Aviation Infrastructure Development Fund (AIDEF)	2020
8.	Bindura University of Science Education (BUSE)	2022
9.	Broadcasting Authority of Zimbabwe (BAZ)	2019 & 2020
10.	Chemplex Corporation	2022
11.	Chinhoyi University of Technology (CUT)	2022
12.	Chitungwiza Central Hospital	2020
13.	Civil Aviation Authority of Zimbabwe (CAAZ)	2020
14.	CMED (Private) Limited	2021 & 2022
15.	CMED Fuels (Private) Limited	2021 & 2022
16.	Consumer Council of Zimbabwe (CCZ)	2022
17.	Courier Connect (Private) limited*	2017-2021
18.	Easy Go Car Hire and Travel (Private) Limited	2021 & 2022
19.	Environmental Health Practitioners Council of Zimbabwe (EHPCZ)	2021 & 2022
20.	Environmental Management Agency (EMA)	2020
21.	Genesis Energy (Private) Limited	2022
22.	Grain Marketing Board (GMB)	2021/2
23.	Great Zimbabwe University (GZU)	2022
24.	Harare Institute of Technology (HIT)	2022
25.	Health Professions Authority of Zimbabwe (HPAZ)	2022
26.	Health Service Commission (HSC)	2022

ANNEXURE "B": AUDITS IN PROGRESS AND BEING FINALISED		
	ENTITY	**YEAR**
27.	Hotspeck Enterprises (Private) Limited	2022
28.	Hwange Electricity Supply Company (Private) Limited (HESCO)	2022
29.	Industrial Development Corporation of Zimbabwe (IDCZ)	2022
30.	Infralink (Private) Limited	2022
31.	Ingutsheni Central Hospital	2020
32.	Kariba Hydro Power Company	2022
33.	Lake Kariba Fisheries Research Institute	2022
34.	Lotteries and Gaming Fund	2022
35.	Lupane State University	2022
36.	Manicaland State University of Applied Sciences	2021
37.	Medical Laboratory and Clinical Scientists Council of Zimbabwe (MLCSCZ)	2022
38.	Medicines Control Authority of Zimbabwe (MCAZ)	2022
39.	Mellofieldde Chemicals (Private) Limited	2022
40.	Midlands State University (MSU)	2022
41.	Minerals Marketing Corporation of Zimbabwe (MMCZ)	2022
42.	Mosi Oa Tunya Development Company (Private) Limited	2021
43.	Mpilo Central Hospital	2021
44.	National AIDS Council (NAC)	2022
45.	National Arts Council of Zimbabwe (NACZ)	2021
46.	National Biotechnology Authority (NBA)	2021
47.	National Building Society (NBS)	2022
48.	National Competitiveness Commission	2022
49.	National Gallery of Zimbabwe	2020
50.	National Handling Services (NHS)	2022
51.	National Pharmaceutical Company	2022
52.	National Railways of Zimbabwe (NRZ)	2021
53.	National Social Security Authority (NSSA)	2021 & 2022

ANNEXURE "B": AUDITS IN PROGRESS AND BEING FINALISED		
	ENTITY	**YEAR**
54.	National University of Science & Technology (NUST)	2022
55.	NetOne Cellular (Private) Limited	2022
56.	New Ziana (Private) Limited	2020
57.	Parirenyatwa Group of Hospitals	2022
58.	Petrotrade (Private) Limited	2022
59.	Petrozim Line (Private) Limited	2022
60.	Pharmacist Council of Zimbabwe	2022
61.	Pig Industry Board	2021
62.	Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ)	2022
63.	PowerTel Communications (Private) Limited	2022
64.	Printflow (Private) Limited	2022
65.	Radiation Protection Authority of Zimbabwe (RPAZ)	2022
66.	Research Council of Zimbabwe (RCZ)	2022
67.	Rhodes Matopos Estate Fund	2022
68.	Rhodes Nyanga Estate Fund	2022
69.	Road Motor Services	2020
70.	Rural Electrification Fund	2022
71.	Sabi Gold (Kimberworth Investments)	2022
72.	Sally Mugabe Central Hospital	2022
73.	Small and Medium Enterprise Development Corporation (SMEDCO)	2022
74.	Sports and Recreation Commission (SRC)	2022
75.	State Lotteries Fund	2020 & 2021
76.	Sunway City (Private) Limited	2022
77.	Tobacco Industry and Marketing Board (TIMB)	2022
78.	UDICORP	2021
79.	United Bulawayo Hospitals (UBH)	2021
80.	Universal Services Fund (USF)	2022
81.	University of Zimbabwe (UZ)	2022

ANNEXURE "B": AUDITS IN PROGRESS AND BEING FINALISED		
	ENTITY	YEAR
82.	Willowvale Motor Industries	2022
83.	ZESA Enterprises (Private) Limited (ZENT)	2022
84.	ZESA Holdings	2022
85.	Zimbabwe Anti-Corruption Commission (ZACC)	2021 & 2022
86.	Zimbabwe Broadcasting Corporation (ZBC)	2020- 2022
87.	Zimbabwe Consolidated Diamond Company (ZCDC)	2022
88.	Zimbabwe Electoral Commission (ZEC)	2022
89.	Zimbabwe Electricity Transmission and Distribution Company (ZEDTC)	2022
90.	Zimbabwe Investment Development Agency (ZIDA)	2022
91.	Zimbabwe Investment Development Agency (ZIDA)	2022
92.	Zimbabwe Manpower Development Fund (ZIMDEF)	2022
93.	Zimbabwe Manpower Development Fund (ZIMDEF)	2022
94.	Zimbabwe Mining Development Corporation (ZMDC)	2022
95.	Zimbabwe National Defence University (ZNDU)	2017-2018
96.	Zimbabwe National Family Planning Council (ZNFPC)	2022
97.	Zimbabwe National Road Administration (ZINARA)	2022
98.	Zimbabwe National Statistics Agency (ZIMSTATS)	2022
99.	Zimbabwe National Water Authority (ZINWA)	2022
100.	Zimbabwe Parks and Wildlife Management Authority	2022
101.	Zimbabwe Posts (Private) Limited (ZIMPOST)*	2017-2021
102.	Zimbabwe Power Company (ZPC)	2022
103.	Zimbabwe Schools Examination Council (ZIMSEC)	2021
104.	Zimbabwe Tourism Authority (ZTA)	2021
105.	Zimbabwe Women's Microfinance Bank Limited	2022

ANNEXURE “C”: AUDITS AT SIGNING STAGE

	PUBLIC ENTITY	YEAR
1.	AFC Holdings	2022
2.	AFC Leasing Company of Zimbabwe (Private) Limited	2022
3.	Deven Engineering (Private) Limited	2022
4.	Lake Kariba Fisheries Research Institute	2021
5.	Marondera University of Agriculture Sciences Technology (MUAST)	2022
6.	National Handling Services (NHS)	2022
7.	National Museum and Monuments of Zimbabwe	2019
8.	National Oil Infrastructure Company(NOIC)	2021
9.	National Social Security Authority (NSSA)	2020
10	Nurses Council of Zimbabwe (NCZ)	2020
11	Parirenyatwa Group of Hospitals	2021
12	Rhodes Matopos Estate Fund	2021
13	Rhodes Nyanga Estate Fund	2021
14	Tobacco Research Board (TRB)	2022
15	Zimbabwe Energy Regulatory Authority (ZERA)	2022
16	Zimbabwe Institute of Public Administration and Management (ZIPAM)	2022
17	Zimbabwe Media Commission (ZMC)	2021
18	Zimbabwe Open University	2022

ANNEXURE “D”: ACCOUNTS NOT SUBMITTED FOR AUDIT

ANNEXURE “ D” : ACCOUNTS NOT SUBMITTED FOR AUDIT		
	PUBLIC ENTITY	**YEAR**
1.	Agriculture Research Council of Zimbabwe	2022
2.	Agricultural Rural Development Authority (ARDA)	2022
3.	Airports Company of Zimbabwe (ACZ)	2021 - 2022
4.	Air Zimbabwe (Private) Limited	2021 - 2022
5.	Allied Health Practitioners Council of Zimbabwe	2021 - 2022
6.	Applebridge (Private) Limited	2015 - 2022
7.	Aviation Infrastructure Development Fund	2021 - 2022
8.	Broadcasting Authority of Zimbabwe (BAZ)	2021 - 2022
9.	Bulawayo School of Hospitality and Tourism	2020 - 2022
10.	Chitungwiza Central Hospital	2021 -2022
11.	Civil Aviation Authority of Zimbabwe (CAAZ)	2021 - 2022
12.	Courier connect (Private) Limited	2022
13.	Defold Mines (Private) Limited	2021 -2022
14.	Environmental Management Agency (EMA)	2021 -2022
15.	Forestry Commission	2021 - 2022
16.	Gwanda State University	2022
17.	Ingutsheni Central Hospital	2021 - 2022
18.	Manicaland State University of Applied Sciences	2022
19.	Management Training Bureau (MTB)	2022
20.	Medical and Dental Practitioners Council of Zimbabwe	2022
21.	Medical Rehabilitation Practitioners Council of Zimbabwe	2021 - 2022
22.	Mosi Oa Tunya Development Company (Private) Limited	2022
23.	Mpilo Central Hospital	2022
24.	National Arts Council of Zimbabwe	2022
25.	National Handcraft Centre	2009 - 2022
26.	National Biotechnology Authority (NBA)	2022
27.	National Gallery of Zimbabwe	2021 - 2022

ANNEXURE " D" : ACCOUNTS NOT SUBMITTED FOR AUDIT		
	PUBLIC ENTITY	**YEAR**
28.	National Libraries and Documentation Centre	2009 - 2022
29.	National Museums and Monuments	2020 - 2022
30.	National Railways of Zimbabwe (NRZ)	2022
31.	National Oil Infrastructure Company of Zimbabwe (Private) Limited (NOIC)	2022
32.	New Ziana	2021 - 2022
33.	Nurses Council of Zimbabwe	2021 -2022
34.	Pig Industries Board	2022
35.	Procurement Regulatory Authority of Zimbabwe (PRAZ)	2022
36.	Road Motor Services	2021 - 2022
37.	Silo Foods (Private) Limited	2022
38.	State Lotteries Fund	2022
39.	United Bulawayo Hospital (UBH)	2022
40.	UDCORP	2022
41.	Woodlands Farm (Private) Limited	2022
42.	Zimbabwe Academic and Research Network (Private) Limited (ZARNET)	2020 - 2022
43.	Zimbabwe Council of Higher Education (ZIMCHE)	2022
44.	Zimbabwe Media Commission (ZMC)	2022
45.	Zimbabwe National Defence University (ZNDU)	2019 - 2022
46.	Zimbabwe Tourism Authority (ZTA)	2022
47.	Zimbabwe Posts (Private) Limited (ZIMPOST)	2022
48.	Zimbabwe School Examination Council (ZIMSEC)	2022
49.	Zimbabwe School of Mines (ZSM)	2022
50.	Zimbabwe United Passengers Company Limited (ZUPCO)	2021 - 2022
51.	Zimbabwe Youth Council (ZYC)	2020 - 2022

ANNEXURE “E”: SUBMISSION OF FINANCIAL STATEMENTS STATUS OF STATE OWNED ENTERPRISES AND PARASTATALS 2018-2022

Key
√ - The financial statements have been submitted and the entity is up to date

x - The financial statements have not been submitted and the entity is in arrears for the years indicated in Annexure D

ANNEXTURE “E” : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31						
	PUBLIC ENTITY	**2022**	**2021**	**2020**	**2019**	**2018**
AUTHORITIES AND AGENCIES						
1.	Agricultural Rural Development Authority (ARDA)	x	√	√	√	√
2.	Agricultural Marketing Authority (AMA)	√	√	√	√	√
3.	Broadcasting Authority of Zimbabwe (BAZ)	x	x	√	√	√
4.	Civil Aviation Authority of Zimbabwe(CAAZ)	x	x	√	√	
5.	Environmental Management Agency (EMA)	x	x	√	√	√
6.	Health Professions Authority (HPA)	√	√	√	√	√
7.	Medicines Control Authority of Zimbabwe (MCAZ)	√	√	√	√	√
8.	National Biotechnology Authority (NBA)	x	√	√	√	√
9.	National Social Security Authority (NSSA)	√	√	√	√	√
10.	Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ)	√	√	√	√	√
11.	Procurement Regulatory Authority of Zimbabwe	x	√	√	√	√
12.	Radiation Protection Authority	√	√	√	√	√
13.	Zimbabwe Energy Regulatory Authority (ZERA)	√	√	√	√	√
14.	Zimbabwe Investment and Development Agency (ZIDA)	√	√	√	√	√
15.	Zimbabwe National Road Administration (ZINARA)	√	√	√	√	√
16.	Zimbabwe National Statistical Agency	√	√	√	√	√
17.	Zimbabwe National Water Authority (ZINWA)	√	√	√	√	√
18.	Zimbabwe Parks and Wildlife Management Authority	√	√	√	√	√
19.	Zimbabwe Revenue Authority (ZIMRA)	√	√	√	√	√
20.	Zimbabwe Tourism Authority (ZTA)	x	√	√	√	√
BOARDS						
21.	Grain Marketing Board (GMB)	√	√	√	√	√

ANNEXTURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31						
	PUBLIC ENTITY	**2022**	**2021**	**2020**	**2019**	**2018**
22.	Pig Industry Board	x	√	√	√	√
23.	Tobacco Industry and Marketing Board	√	√	√	√	√
24.	Tobacco Research Board	√	√	√	√	√
COMMISSIONS						
25.	Competition and Tariff Commission	√	√	√	√	√
26.	Forestry Commission	x	x	√	√	√
27.	Insurance and Pensions Commission (IPEC)	√	√	√	√	√
28.	Health Services Commission (formerly HSB)	√	√	√	√	√
29.	National Competitiveness Commission	√	√	√	√	√
30.	Securities and Exchange Commission of Zimbabwe	√	√	√	√	√
31.	Sports and Recreation Commission	√	√	√	√	√
32.	Zimbabwe Anti-Corruption Commission	√	√	√	√	√
33.	Zimbabwe Electoral Commission	√	√	√	√	√
34.	Zimbabwe Media Commission	x	√	√	√	√
COMPANIES AND CORPORATIONS						
35.	AFC Holdings	√	Started in 2022			
36.	AFC Insurance Company (Private) Limited	√	Started in 2022			
37.	AFC Leasing Company of Zimbabwe (Private) Limited	√	√	Started 2021		
38.	Airports Company of Zimbabwe	x	x	The Company was established in 2021		
39.	Air Zimbabwe (Private) Limited	x	x	√	√	√
40.	Allied Timbers (Private) Limited	√	√	√	√	√
41.	Apple Bridge (Private) Limited	x	x	x	x	x 2015-18
42.	Chemplex Corporation	√	√	√	√	√
43.	CMED (Private) Limited	√	√	√	√	√
44.	CMED Fuels (Private) Limited	√	√	√	√	√
45.	Courier Connect (Private) Limited	x	√	√	√	√
46.	Defold Mines (Private) Limited	x	x	√	Started in 2020	
47.	Deven Engineering (Private) Limited	√	√	√	√	√
48.	Easy Go Car Hire and travel (Private) Limited	√	√	√	√	√

ANNEXURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31						
	PUBLIC ENTITY	**2022**	**2021**	**2020**	**2019**	**2018**
49.	Genesis (Private) Limited	√	√	√	√	√
50.	Hotspeck Enterprises (Private) Limited	√	√	√	√	√
51.	Industrial Development Corporation	√	√	√	√	√
52.	Infralink (Private) Limited	√	√	√	√	√
53.	Hwange Electricity Supply Company	√	√	√	√	√
54.	Kariba Hydropower Company	√	√	√	√	√
55.	Kimberworth Investments/ Sabi	√	√	√	√	√
56.	Mellofieldde Chemicals (Private) Limited	√	√	√	√	√
57.	Minerals Marketing Corporation of Zimbabwe	√	√	√	√	√
58.	Mining Promotion Corporation (MPC)	√	√	√	√	√
59.	Mosi oa Tunya Development Company	x	√	√	√	√
60.	National Handling Services (NHS)	√	√	√	√	√
61.	National Oil Infrastructure Company(NOIC)	x	√	√	√	√
62.	National Pharmaceutical Company	√	√	√	√	√
63.	National Railways of Zimbabwe(NRZ)	x	√	√	√	√
64.	NETONE Cellular (Private) Limited	√	√	√	√	√
65.	New Ziana (Private) Limited	x	x	√	√	√
66.	Petrotrade (Private) Limited	√	√	√	√	√
67.	Petrozim Line (Private) Limited	√	√	√	√	√
68.	Post Properties (Private) Limited	N/A[1]	√	√	√	√
69.	Powertel Communications (Private) Limited	√	√	√	√	√
70.	Printflow (Private) Limited	√	√	√	√	√
71.	Road Motor Services (RMS)	x	x	√	√	√
72.	Silo Foods Industries (Private) Limited	x	√	√	√	√
73.	Sunway City (Private) Limited	√	√	√	√	√
74.	TelOne (Private) Limited	√	√	√	√	√
75.	Technological and Commercial Information Promotion Systems(TIPS)	√	The operations were being accounted for under SIRDC			
76.	Transmedia Corporation	√	√	√	√	√
77.	UDCORP	x	√	√	√	√
78.	Woodlands Farm Private Limited	x	The company started operations in 2022			
79.	Willowvale Mazda Motor Industries	√	√	√	√	√
80.	ZESA Enterprises (Private) Limited (ZENT)	√	√	√	√	√
81.	ZESA Holdings	√	√	√	√	√
82.	Zimbabwe Academic and Research Network (ZARNET)	x	x	x	√	√
83.	Zimbabwe Broadcasting Corporation (ZBC)	√	√	√	√	√

[1] Post properties from 2022 merged with ZIMPOST

ANNEXTURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31						
	PUBLIC ENTITY	**2022**	**2021**	**2020**	**2019**	**2018**
84.	Zimbabwe Consolidated Diamond Mining Company	√	√	√	√	√
85.	Zimbabwe Electricity Transmission and Distribution Company (ZETDC)	√	√	√	√	√
86.	Zimbabwe Mining Development Corporation	√	√	√	√	√
87.	Zimbabwe Posts (Private) Limited (ZIMPOST)	x	√	√	√	√
88.	Zimbabwe Power Company (ZPC)	√	√	√	√	√
89.	Zimbabwe United Passenger Company (ZUPCO)	x	√	√	√	√
COUNCILS						
90.	Agricultural Research Council of Zimbabwe	x	√	√	√	√
91.	Allied Health Practitioners Council	x	x	√	√	√
92.	Consumer Council of Zimbabwe	√	√	√	√	√
93.	Environmental Health Practitioners Council of Zimbabwe	√	√	√	√	√
94.	Food and Nutrition Council	√	The operations were being accounted for under SIRDC			
95.	Medical and Dental Practitioners Council of Zimbabwe	x	√	√	√	√
96.	Medical Laboratory and Clinical Scientists Council of Zimbabwe	√	√	√	√	√
97.	Medical Rehabilitation Practitioners Council of Zimbabwe	x	x	√	√	√
98.	National AIDS Council of Zimbabwe	√	√	√	√	√
99.	National Arts Council of Zimbabwe	x	√	√	√	√
100	Nurses Council of Zimbabwe	x	x	√	√	√
101	Pharmacists Council of Zimbabwe	√	√	√	√	√
102	Research Council of Zimbabwe	√	√	√	√	√
103	Traffic Safety Council	√	√	√	√	√
104	Zimbabwe Council for Higher Education (ZIMCHE)	x	√	√	√	√
105	Zimbabwe National Family Planning Council (ZNFPC)	√	√	√	√	√
106	Zimbabwe Schools Examination Council (ZIMSEC)	x	√	√	√	√
107	Zimbabwe Youth Council	x	x	x	√	√
FINANCIAL INSTITUTIONS						
108	AFC Commercial Bank	√	√	√	√	√
109	AFC Land and Development bank	√	The company started operations in2022			
110	Deposit Protection Corporation	√	√	√	√	√
111	EmpowerBank Limited	√	√	√	√	√
112	Infrastructure Development Bank of Zimbabwe	√	√	√	√	√

	ANNEXTURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31					
	PUBLIC ENTITY	**2022**	**2021**	**2020**	**2019**	**2018**
113	National Building Society	√	√	√	√	√
114	People's Own Savings Bank (POSB)	√	√	√	√	√
115	Small and Medium Enterprise Development Corporation (SMEDCO)	√	√	√	√	√
116	Zimbabwe Women Microfinance Bank	√	√	√	√	√
	FUNDS					
117	Agricultural Marketing Fund	√	√	√	√	√
118	Aviation Infrastructure Development Fund	x	x	√	√	√
119	Investor Protection Fund	√	√	√	√	√
120	Lake Kariba Fisheries Research Institute	√	√	√	√	√
121	Lotteries and gaming Fund	√	√	√	√	√
122	Rhodes Matopos Estate Fund	√	√	√	√	√
123	Rhodes Nyanga Estate Fund	√	√	√	√	√
124	Rural Electrification Fund	√	√	√	√	√
125	State Lotteries Fund	x	√	√	√	√
126	Universal Services Fund	√	√	√	√	√
127	Zimbabwe Manpower Development Fund	√	√	√	√	√
	STATE HOSPITALS					
128	Chitungwiza Hospital	x	x	√	√	√
129	Ingutsheni Central Hospital	x	x	√	√	√
130	Mpilo Hospital	x	√	√	√	√
131	Parirenyatwa Group of Hospitals	√	√	√	√	√
132	Sally Mugabe Central Hospital	√	√	√	√	√
133	United Bulawayo Hospitals (UBH)	x	√	√	√	√
TERTIARY INSTITUTIONS						
134	Bindura University of Science Education	√	√	√	√	√
135	Bulawayo School of Hospitality and Tourism	x	x	x	√	√
136	Chinhoyi University of Technology	√	√	√	√	√
137	Great Zimbabwe University	√	√	√	√	√

	ANNEXTURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31					
	PUBLIC ENTITY	**2022**	**2021**	**2020**	**2019**	**2018**
138	Gwanda State University	x	√	√	√	√
139	Harare Institute of Technology	√	√	√	√	√
140	Lupane State University	√	√	√	√	√
141	Management Training Bureau (MTB)	x	√	√	√	√
142	Manicaland State University of Applied Sciences	x	√	√	√	√
143	Marondera University of Agricultural Sciences and Technology	√	√	√	√	√
144	Midlands State University (MSU)	√	√	√	√	√
145	National University of Science and Technology (NUST)	√	√	√	√	√
146	University of Zimbabwe (UZ)	√	√	√	√	√
147	Zimbabwe Institute of Public Administration and Management (ZIPAM)	√	√	√	√	√
148	Zimbabwe National Defence University (ZNDU)	x	x	x	x	√
149	Zimbabwe Open University (ZOU)	√	√	√	√	√
150	Zimbabwe School of Mines	x	√	√	√	√
OTHERS						
151	National Gallery of Zimbabwe	x	x	√	√	√
152	National Handicraft Centre	x	x	x	x	x
153	National Libraries and Documentation Services	x	x	x	x	x
154	National Museums and Monuments of Zimbabwe	x	x	x	√	√
155	Scientific and Industrial Research Development Centre	√	√	√	√	√